

U. S. DEPT OF HUD
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**Opening Doors to Homeownership:
Housing Counseling/Foreclosure Prevention**

**Presented By Morris Autry
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Facts About Elizabeth City State University

- Founded in 1891 as an institution to educate African Americans
- Located in Elizabeth City, North Carolina
- Elizabeth City State University is one of 16 state operated institutions comprising the University of North Carolina System

Facts About Elizabeth City State University

- Liberal Arts university enrolling approximately 3000 students
- University is actively involved in the community and economic development of northeastern North Carolina via various academic and outreach activities

Community Development Program

- Established in 1988 through a HBCU Grant
from U.S. Dept. of HUD
- **Program Focus Areas**

Affordable Housing
Neighborhood Revitalization
Economic Opportunity

Service Area/Target Population

■ **Primary Service Area**

- Elizabeth City and surrounding rural communities/counties in northeastern NC

■ **Primary Target Area Characteristics**

- About 50 % low/moderate income residents
- Median Family Income - \$35,000
- Poverty rates ranging from 13.5% - 21.5% in rural six-county target area
- About 40% African American and other minorities
- Primary Employers – University, hospital, public schools, and U. S. Coast Guard Base

Types of Housing Counseling Services Offered

- **Pre-purchase**
- **Homebuyer Education**
- **Rental**
- **Post-purchase**
- **Loan Document Review**
- **Fair Housing**
- **Mortgage Delinquency/Foreclosure**
- **Home Rehabilitation**
- **Credit/Financial Literacy**
- **Reverse Mortgage**

Foreclosure Crisis in Rural Northeastern North Carolina

- Mortgage Default/Foreclosure counseling clients have increased almost 50 % in past 2 years
- Home foreclosures up 40% from 2008 to 2009 in service/target area
- Major Cause of Foreclosure: Economic Recession
 - Loss of Income
 - Loss of Employment

Other Causes of Foreclosure Unrelated to Economic Recession

- Divorce
- Poor Money Management
- Over-extended Obligations
- Long-term Illness
- Lack of concern or understanding of mortgage obligations

Foreclosure Prevention Strategies

- Counseling Services
 - Help homeowners facing foreclosure work out agreements with their lenders

Typical Agreement Strategies to Combat Foreclosure

- **Forbearance**: A lender lets a borrower pay less than the full amount of the mortgage or skip a few payments if there is a reasonable plan to become current on the loan

Foreclosure Prevention Strategies

- **Loan Modification**: An agreement between homeowner and lender to permanently adjust the terms of the mortgage, (i.e., lower the interest rate or extend the loan period)
- **Partial Claim**: Combination of forbearance and loan modification
- **Making Home Affordable** : New Federal plan to modify loans to make monthly payments more affordable-no more than 31% of gross monthly income

Foreclosure Prevention Strategies

Strategies in cases where home cannot be saved

- **Pre-foreclosure sale**: Lender allows homeowner to sell property to help pay off mortgage debt
- **Deed-in-lieu of foreclosure**: Homebuyer voluntarily deeds home back to mortgage lender

HUD-approved Housing Counseling Agency

- ECSU Community Development Program became a HUD-approved Housing Counseling Agency in 1999
- Major Benefits
 - (1) HUD-approved housing counseling agencies are able to apply directly to HUD's Housing Counseling Program for funding to support housing counseling activities; agencies may also receive funds through sub-recipient agreements

HUD-approved Housing Counseling Agency

(2) Oftentimes lenders and landlords are more flexible and understanding with homebuyers and tenants if they know the individual is working with a HUD-approved Housing Counseling Agency

HUD-approved Housing Counseling Agency

Basic Criteria for HUD-approved Status

- **Non-Profit Status** – 501 (c) of Internal Revenue Code
- **Experience** – Must have at least one year experience in administering a housing counseling program
- **Community Base** – Must have functioned for at least one year in geographical area that applicant proposes to serve
- **Counseling Resources** – Must have sufficient resources to implement a housing counseling plan

HUD-approved Housing Counseling Agency

Approval Process

- Interested agencies complete HUD 9902 – Application for Approval as a Housing Counseling Agency
- Local agencies apply to the HUD Homeownership Center that serves their state (Atlanta, Santa Ana, Denver, or Philadelphia)

HUD-approved Housing Counseling Agency

- HUD will generally notify applicants within 60 days of submittal of Application

HUD-approved Housing Counseling Agency

- Successful applicants receiving HUD-approved status receive a Certificate which identifies the types of housing counseling the agency is approved to conduct on behalf of HUD
- Certificates are re-issued on a bi-annual basis following an on-site review by HUD staff to determine if agencies are in compliance with HUD requirements

HUD-approved Housing Counseling Agency

- A Listing of HUD-approved Housing Counseling Agencies by state can be found on HUD's website at:

www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm