

1/31/2014



Nevada Attorney General's Office
Home Again Program
National Mortgage Settlement
Budget 1045
Report - January 2014

NEVADA ATTORNEY GENERAL'S HOME AGAIN PROGRAM

I. Introduction

On March 1, 2012, the state of Nevada, along with 48 other states, the federal government and state banking regulators, entered into a National Mortgage Settlement (NMS) with five banks – Bank of America, Citi, Chase, Wells Fargo and Ally (GMAC) regarding improper mortgage servicing practices.¹ The Settlement took effect on April 5, 2012, upon filing in the United States District Court for the District of Columbia. Under the terms of the NMS, the five banks agreed to the following:

- Make direct payments to the states and federal government of \$5 billion (Nevada received \$57 million).
- Provide relief, including principal forgiveness, refinancing, and other forms of relief to distressed borrowers in the approximate amount of \$20 billion.
- Change the servicing practices that they follow in their dealings with borrowers by the adoption of more than 300 servicing standards.
- Implement various protections for military personnel.
- In collaboration with the settling parties, appoint an independent monitor.
<http://www.mortgageoversight.com>.

On December 17, 2010, Nevada filed suit against Bank of America for improper mortgage servicing practices, among other things. On March 22, 2012, Nevada entered into a settlement with Bank of America which became effective on April 18, 2012 upon filing in the Eighth Judicial District Court of Nevada. Under the terms of the settlement, Bank of America agreed to the following:

- Guarantee at least \$750 million in loan modifications and other assistance in Nevada as part of the NMS.
- Make a direct payment to Nevada of \$30 million.
- Solicit Nevada borrowers for principal reduction.
- Re-solicit the Nevada borrower who is eligible for the National Homeownership Retention Program and suspend any foreclosures during such period.
- Make a decision on a short sale request within 30 days of receiving a complete application from a borrower or agent.
- Provide enhanced quarterly reporting to the Attorney General above and beyond the NMS reporting.
- Support Nevada's participation on the NMS monitoring Committee.

¹ <http://www.nationalmortgagesettlement.com/>

II. Settlement Launches Home Again

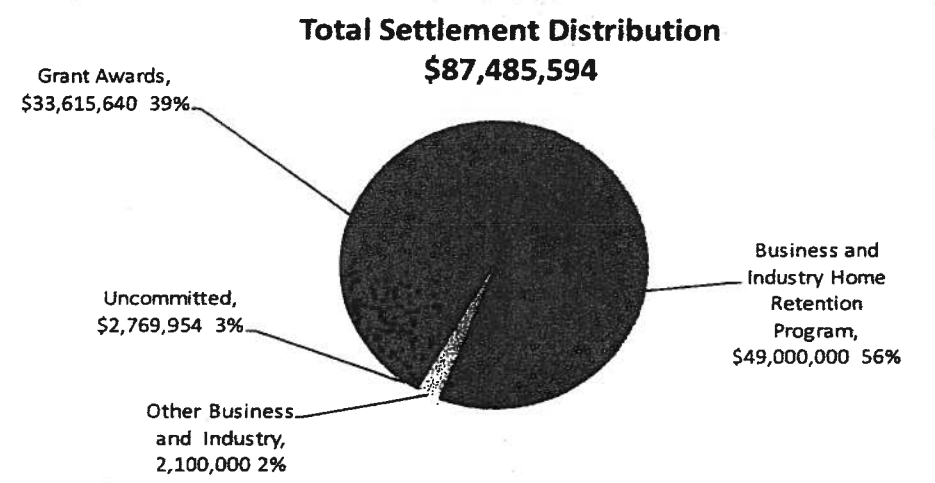
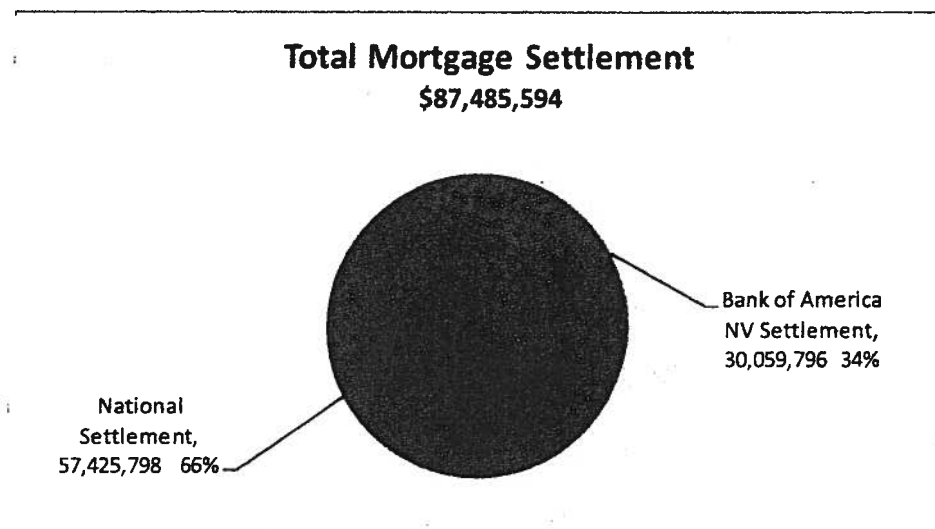
Under the terms of the NMS and the Bank of America settlements (Collective Settlements), the direct payments to the state of Nevada, \$57 million and \$30 million respectively, were to be directed to the Nevada Attorney General (AG) to be deposited into an account and used for the following purposes:

- avoiding preventable foreclosure;
- ameliorating the effects of the mortgage and foreclosure crisis in Nevada;
- enhancing consumer protection and legal aid efforts;
- enhancing consumer financial and housing counseling assistance, including economic education and/or instruction on financial literacy for the benefit of Nevada residents; and
- Enhancing law enforcement efforts to investigate prosecute and prevent financial fraud or unfair or deceptive acts or practices at the sole discretion of the Attorney General.

The Nevada Attorney General's Home Again Homeowner Relief Program (Home Again) officially launched in January 2013 with \$33 million from the direct payments to Nevada as outlined under the Collective Settlements. The allocation of the funds to support Home Again was approved by the Nevada Legislature on August 23, 2012. Home Again is funded over a three-year period. It is a free central resource for Nevada's homeowners, who in many instances are in a distressed financial situation due to the significant housing downturn in Nevada over the past several years. The Home Again Program provides access to financial guidance services and legal counsel as well as to specialized information about available state and federal housing assistance programs. The program is a partnership between the AG's office, Financial Guidance Center (FGC), Nevada Legal Services (NLS), Legal Aid Center of Southern Nevada, and Housing and Urban Development (HUD) approved agencies including Housing for Nevada, Community Services of Nevada, Neighborhood Housing Services, Novadebt, Springboard, and Chicanos Por La Causa.

Home Again will be providing regular reports to the Legislature on the use of the \$33 million. Additionally, any funds not utilized by Home Again will be reserved for future use as outlined in the terms of the Collective Settlements and must be approved by the Legislature.

FUNDING FROM MORTGAGE SETTLEMENT

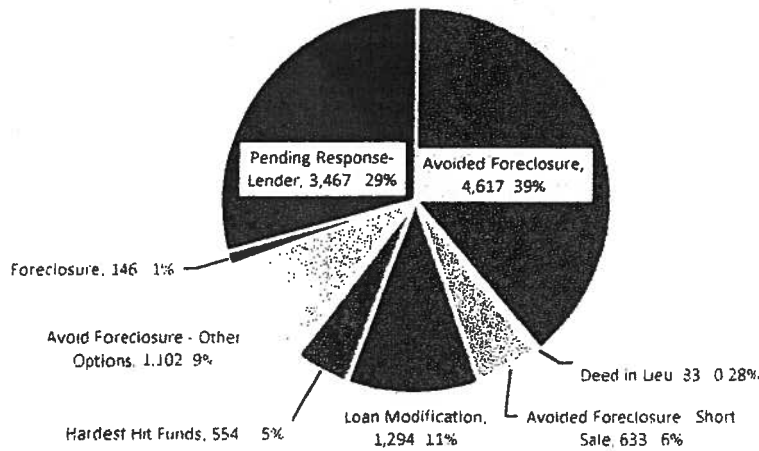


HOME AGAIN - SUCCESS HIGHLIGHTS

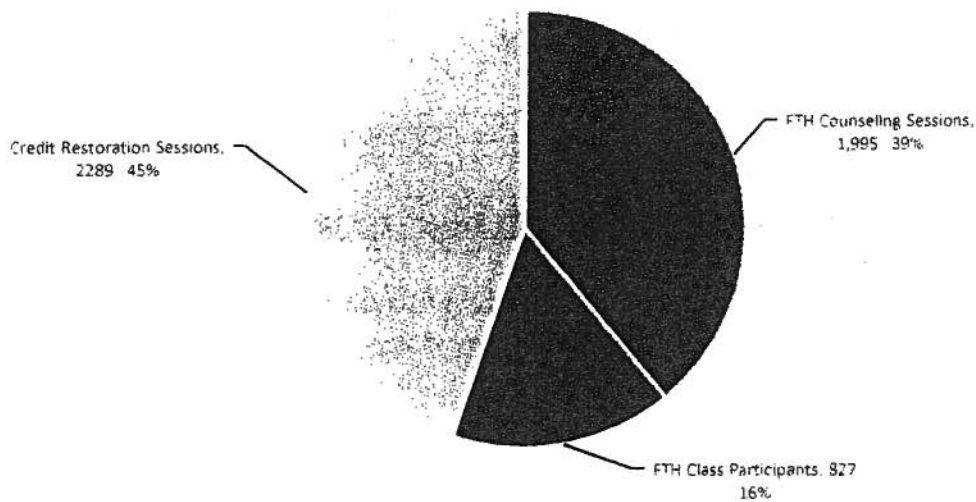
- Financial Guidance Center provided foreclosure prevention comprehensive counseling services to 2,638 Nevada homeowners who avoided foreclosure, stabilizing more than \$580,360,000 in mortgages.
- Housing for Nevada purchased 77 vacant and vandalized homes in 2013, rehabbed the homes, and together with homes purchased in 2012, assisted 89 first-time buyers become homeowners. Mortgages in the amount of \$10,727,736 are being paid by responsible educated homeowners, stabilizing their household and the neighborhood in which they live.

- Neighborhood Housing Services of Southern Nevada provided \$3,188,982 in down payment assistance to 221 first time homebuyers purchasing a vacant home, stabilizing the neighborhood with all related benefits.
- Novadebt provided service to 59 Nevada homeowners and effected a viable modification, allowing the family to remain in their home and stabilizing \$11,876,080 in mortgages.

II. KEY STATISTICS AND PROGRESS OF THE HOME AGAIN PROGRAM



First Time Homebuyers (FTH)



III. Financial Literacy and Educational Programs

The Home Again Program has steadily progressed, providing Nevada residents with easy access to housing counseling assistance to avoid foreclosure, restore credit, and to avail themselves of resources as they work toward homeownership. A small sample identifying the variety of Home Again outreach events includes:

- Homeowner's workshop (Assemblyman James Healey)
- City of Las Vegas Press Conference – presentation of \$100,000 to Home Again
- Reno Association of Realtors (200 in attendance)
- PLAN public event regarding Homeowner Bill of Rights (Senator Segerblom/Senator Jones)
- Latin Chamber of Commerce (Assemblywoman Bustamante Adams)
- City of North Las Vegas – information to all residents through utility bill
- Upcoming Town hall with Mayor Martini of Sparks
- Upcoming Nellis Air Force Base event for Military Consumer Protection Day
- Hispanic International Day Parade
- Town Hall in North Las Vegas with Mayor Lee and in Henderson with Mayor Hafen
- Numerous television, radio, and press interviews and articles

IV. Public Relations - Outreach

Since the Home Again Program launch on January 7, 2013, the call center received 12,126 calls by year's end. More than 6,416 Nevadans have attended one-on-one, primarily face-to-face counseling sessions, with many cases currently in progress. In addition, as of December 31, 2013, 1,686 Nevadans have participated in first time homebuyer programs, 1,577 have attended first time homeowner classes, and 1,406 have participated in credit restoration programs. A total of 11,085 Nevadans have received comprehensive services provided by the resources and services of the Home Again Program.

The increase in inquiries (via phone and web), total PR impressions and website visits can be partially attributed to the following events: 1) An aggressive earned and paid media strategy for the launch of the program in January 2013, including social media; 2) In February 2013, Home Again partnered with Channel 8 for a live telethon, which led to an increase in numbers; 3) In June 2013, the City of Las Vegas held a press conference to donate \$100,000 to Home Again for an outdoor promotional campaign; and 4) In August 2013, the Home Again Program delivered a direct mail campaign to 423,481 Northern, Southern and rural area Nevada homes.

In the summer of 2013, the Home Again Program team developed a “Community Partnerships” outreach initiative, which aims to maximize the effectiveness of the program’s advocacy efforts by involving various local community groups, employers, and organizations. (See Appendix A for Community Partnerships’ program materials.)

Throughout the state, community grassroots outreach activities involving these partners and others with whom relationships have been established continue. Town Hall events, working with community centers and farmer’s markets, participation in telethons, and utilizing a recent monetary donation from the City of Las Vegas to advertise the Home Again Program on billboards and at bus stops give a sense of the breadth of outreach involved.

V. Legal Aid Services

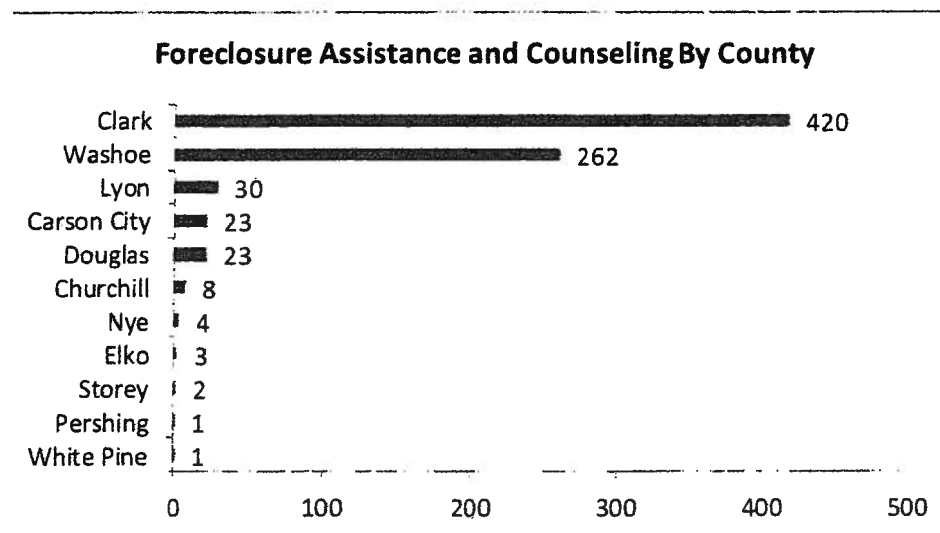
In addition to housing counseling services, Home Again provides Nevada residents with free legal services statewide through its partners, Legal Aid Center of Southern Nevada, and Nevada Legal Services. These organizations represent homeowners in foreclosure mediations, bankruptcy proceedings and other legal assistance as needed.

A. Nevada Legal Services

Direct Assistance

In 2013, Nevada Legal Services (NLS) provided statewide foreclosure assistance and housing counseling to 787 households, helping at least one household in almost every Nevada county.

Breakdown by County:



F-7

NLS provides the majority of its services to home owners wanting to avoid or mitigate the adverse consequences of a foreclosure. NLS housing counselors negotiate with lenders. NLS attorneys assist clients with the mediation process and represent them during the mediation and in court. NLS also files affirmative lawsuits against lenders and servicers for defective foreclosures. NLS helps homeowners with HOA issues, home equity loans, and other liens against the property. NLS also probates estates so the heir can claim the right to own the home and allow them to negotiate with the lender.

Outreach

NLS currently has an office in Las Vegas, two in Reno, one in Elko, and a part-time office in Carson City. NLS has done extensive outreach in 2013 to promote the Home Again Program and its services. NLS has established a network of contacts at senior centers throughout Nevada who provide referrals for seniors and others with legal problems.

In addition to extensive outreach in Clark County, NLS also visits the Mesquite, Tonopah, and Caliente senior centers on a regular basis and currently has an "Ask A Lawyer" program in the Nye County Courthouse. This activity supplements our monthly clinics at the Pahrump office of Stovall & Associates. These clinics and visits provide general legal assistance and foreclosure counseling whenever needed.

NLS also provides pro bono "Ask A Lawyer" assistance in Reno and outlying cities. Many of these sessions are held at local libraries and senior centers. NLS staff travel to Elko monthly, Winnemucca quarterly, Carson City twice monthly, Fallon twice monthly, Fernley monthly, and Gardnerville twice monthly. In the 249 total outreach events in 2013, we served approximately 2,113 people. These events are in addition to participation in events planned through the Nevada Attorney General's Home Again Program.

B. Legal Aid Center of Southern Nevada

Direct Assistance

Legal Aid Center of Southern Nevada, (LACSAN) a nonprofit organization established in 1958, had a fully developed Foreclosure Prevention Program when the center became a partner in the Home Again Program.

Legal services reports for the first 15 months of the Home Again Program highlight the continued need for homeowners to have access to quality and reliable legal information, advice and representation. Unfortunately, homeowners are still battling banks and servicers for anything relating to their home, including loan reviews, loan modifications

and short sales. This process continues to be incredibly frustrating and difficult, especially if you are a senior, are disabled or a single working parent who doesn't have an extra 10 hours a week to send the bank a set of documents for the 10th time.

More loan modifications are expected to be coming from Ocwen Loan servicing as a result of a recent settlement with the Nevada Attorney General's office that should include principal reductions for many Nevadans.

Since the beginning of the Home Again Program, 1,556 people have been helped at the Civil Law Self-Help Center through the funding of one full-time paralegal, who interfaces with approximately 100 people a month. In 2013 alone, over 53,000 people used the Self Help Center. These homeowners received legal information, counsel and advice or been processed for full legal representation through staff attorneys at LACSN.

Since the inception of the Home Again Program, 512 homeowners have received legal representation. Currently 181 are being represented and 90 homes have been saved. Thus, almost 2,500 people have received some sort of service from LACSN staff since the inception of the Home Again Program.

Classes/ Outreach

Nevada homeowners need quality advice on the details of the various assistance programs available and help understanding which programs are best suited for them. LACSN has developed a high quality information class for Nevada homeowners, that is presented weekly and to any audience requesting it. Materials are also available on the Center's website. Since the beginning of the grant, 263 people have attended these classes.

In addition, LACSN also offers a Foreclosure "Ask a Lawyer" program where homeowners can have a free 30 minute consultation with a lawyer. The sessions are held at the Self-help Center and at community centers around the county. LACSN recruits and trains local private attorneys to volunteer to sit down with Nevada homeowners to provide them the assistance they need. Both of these programs give homeowners legal information about foreclosures or owning a distressed property. In all, over the grant period, 400 homeowners have attended free community legal information classes and Ask-A-Lawyer programs.

In addition to the assistance provided through these programs, LACSN has provided various outreach events including participation in panels regarding foreclosure issues, and legal education classes for the benefit of the public at large. At these events LACSN was able to provide information, counsel and advice to hundreds of individuals in the Las Vegas community about foreclosures and options to avoid foreclosure.

VI. Home Again Budget

The Home Again Program was approved to spend approximately one-third of the collective settlement funds to assist Nevada Homeowners. The program is progressing as illustrated by the previously stated performance numbers. Further, the program is operating within budget and has a reserve of \$8 million that was previously allocated for fiscal year 2013 that was not spent. **All funding is provided on a reimbursement basis only.** As of December 31, 2013, the program has spent \$4.5 million. The allocation of those expenditures is shown in the table below and illustrated in the two following charts.

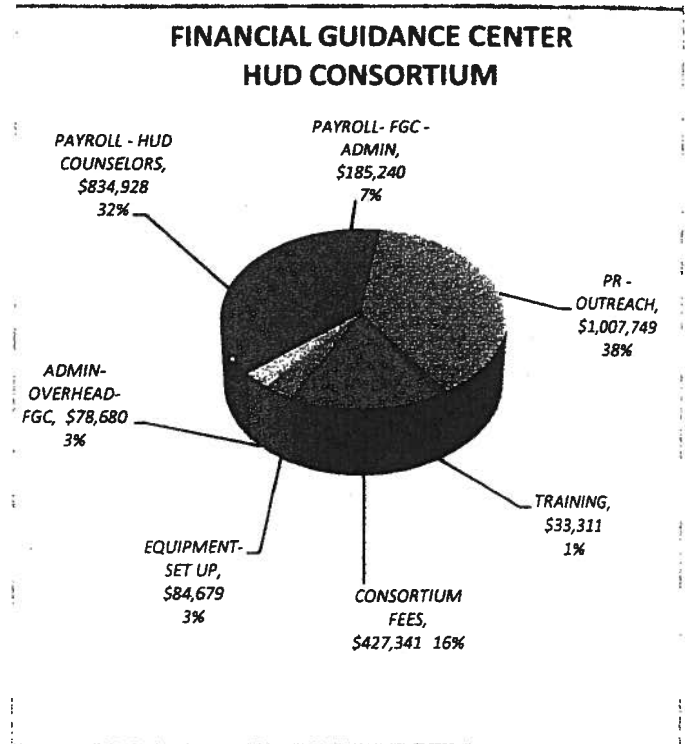
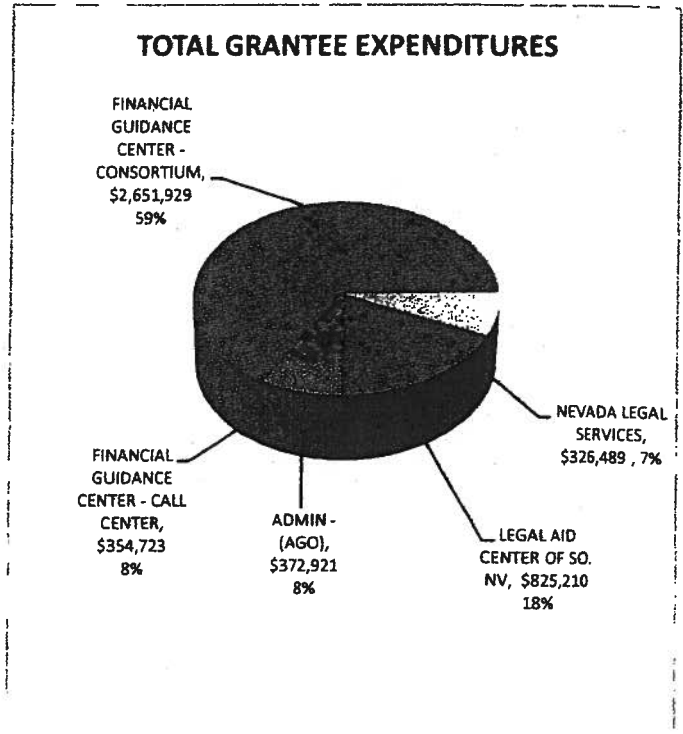
Total Expenditures – Each Grantee

Financial Guidance Center

Call Center	\$ 354,723
HUD Consortium	\$2,651,929
Nevada Legal Services	\$ 326,489
Legal Aid Center S. NV	\$ 825,210
Administration-AGO	\$ <u>372,921</u>
Total FY '13 & '14	\$4,531,272
Amount to Reserve FY13	\$8,744,738

***HUD Consortium:**

Payroll – HUD counselors	\$834,928
Payroll – FGC – Admin	\$185,240
PR Outreach	\$1,007,749
Training	\$ 33,311
Consortium Fees	\$427,341
Equipment Set-up	\$ 84,679
Admin-Overhead FGC	\$ 78,680



VII. MOVING FORWARD: ADVOCACY AND OUTREACH

When Home Again initially launched in 2013, the program concentrated on foreclosure prevention and assistance from legal aid and HUD counseling services, based on the foreclosure and mortgage crisis faced by Nevada homeowners at the time.

While this approach enjoyed success in the initial year of the program, because of diligent oversight we recognized that it was imperative to adjust our outreach and advocacy efforts to respond to changes in current market conditions and economic trends statewide. Adjustments to our program emphasis have been made to take into consideration the following significant facts:

**Nevada has the second highest foreclosure rate in the nation, up 21% in 2013.
8.4% of borrowers are 90 plus days delinquent on their mortgage payments.**

- The recently passed Homeowner's Bill of Rights automatically enrolls delinquent homeowners in the Supreme Court's Foreclosure Mediation Program (FMP).
- The law also provides homeowners must have a single point of contact with their bank.
- The FMP reports that of 18,092 homeowners who received a Notice of Default in 2013, only 2,563 (14%) have enrolled in the program; leaving 15,529 who may soon receive notices of sale.
- Expecting an increase in calls for assistance from those now facing sale of their homes, Home Again has formed a direct partnership with FMP to use Home Again as an additional means to provide options and resources to these homeowners, including education and information on the program's benefits. This partnership will also provide homeowners referrals for legal representation at mediation hearings through the Home Again legal aid partners.
- Scammers and those attempting to take advantage of Nevadans who find themselves in need abound. Home Again HUD counselors and legal services are trained to spot scams and can provide referrals, resources and, potentially, resolution.
- When criminal activity is suspected, Home Again provides a safe and convenient means for referrals to the Attorney General's office.

The Housing Market Has Improved and Home Prices Have Increased Over the Past Year

- Banks may now be more inclined to foreclosure on properties with equity.
- With fewer homeowners with negative equity, many may decide to remain in their homes and must seek resolution to the delinquent status of their mortgage.
- Home Again will continue counseling and financial literacy efforts to support these homeowners and stem the tide of foreclosures in Nevada.

Overall, Homeownership is Down in Nevada

- Federal regulations (CFPB Qualified Mortgage Program), intended to protect consumers, may also challenge a potential homebuyer's ability to qualify for a new loan.
- Banks must document the homeowner's ability to pay back a loan and higher down payments are now required.
- Home Again is addressing this issue by promoting the First Time Homebuyer program to provide financial assistance to these new buyers.
- Credit counseling programs are also offered to help potential homebuyers succeed in qualifying for new loans.

Nevadans Have the Second Worst Level of Consumers with Subprime Credit Scores in the Nation at 68% and the Second Highest Unemployment in the Nation.

- Many Nevadans who have lost their homes to foreclosure, declared bankruptcy, or suffered job loss face critical challenges to overcome bad credit history.
- Home Again has expanded marketing and outreach approach to include focus on credit restoration.
- Home Again is providing renter's assistance to help Nevadans qualify for homeownership.
- Home Again is improving and expanding financial literacy outreach, access, and opportunities for Nevadans.
- Home Again is facilitating access to the FHA "Back to Work – Extenuating Circumstances Program," designed to reduce to one year the wait to obtain a new home loan for those who experienced a short sale or foreclosure after loss of income.
- Home Again offers assistance to potential homebuyers who must meet the credit restoration and housing counseling requirements to qualify for the FHA program.