

December 9, 2010

**ALLEGHENY COUNTY
SAVE YOUR HOME
MORTGAGE
FORECLOSURE
PROGRAM**

Program Overview

- Implemented on January 12, 1009 by the Honorable Joseph M. James, President Judge via an administrative order. Judge James, Sheriff Mullen, the Allegheny County Bar Association and several non-profit organizations are owed the credit for creating this program!
- Partnership between:
 - Civil Division Court & Judges
 - Allegheny County Executive's Office (Economic Development implements on the County Executive's behalf)
 - Allegheny County Sheriff's Office
 - Allegheny County Bar Association & Neighborhood Legal Services Association
 - 8 non-profit HUD-certified Housing Counseling Agencies

Program Objective

- Provide a single unified process for the amicable resolution of mortgage foreclosure proceedings through court intervention, counseling and conciliation.

Eligibility Requirements

- Mortgage Foreclosure complaint has been filed in Allegheny County's Department of Court Records, Civil Division. A unique identifier was created for the docket number, which always starts with a MG. This has been key to identifying the eligible cases.
- Property must be owner-occupied, no other properties are eligible.

How it works.

- **Complaint Filed**: Mortgage Foreclosure Complaint is filed against the borrower. Filed in our courts and the borrower is served by the Sheriff's department.
- **Urgent Notice**: In the foreclosure documents, at the top, is a pink piece of paper that is called an "Urgent Notice". This is included for all eligible borrowers to contact the Save Your Home Hotline, and explains that this is a free program to help borrowers resolve their mortgage situation. The sheriff's who serves the documents also hands an additional pink "Urgent Notice" to the borrower. The "Urgent Notice" contains a toll-free number for the borrower to call.

How it works, continued

- ◉ **Hotline**: The borrower calls the hotline, which is staffed by Economic Development staff, and the hotline staff briefly explain the program, and then schedule the borrower with one of the 8 housing counseling agencies.
 - Work out housing counseling agencies availability ahead-of-time, so we can schedule on the first and only phone call
 - Schedule 1 week out, so that the counseling agency can send the borrower a list of information to bring to the appointment, so as to make the appointment efficient & effective.
- ◉ **Hold**: Place a hold on the mortgage foreclosure case, such that the bank may NOT continue with their mortgage foreclosure proceedings. This protects the borrower, while they attempt to work things out with the assistance of their housing counselor.

How it works, continued

- **Housing Counseling**: Borrower meets with and works with their assigned housing counselor. Housing Counselors look at financials, and the global situation, and either encourage the borrower and/or help the borrower to submit a modification package to the bank, or decide on an alternative strategy.
- **Court time**: Once the bank or the borrower becomes unresponsive or uncooperative, we schedule the case for a conciliation hearing before the judge. The borrower, their housing counselor and the bank/lender's attorney attend, and the Judge gets to the bottom of what has/hasn't happened, and decides if there is a deal to be made, or if all parties have truly reached an impasse. Sometimes an extension is granted.

How it works, continued

- ◎ Ultimately there are 2 outcomes:
 - Case is settled & discontinued: which means a deal was reached between the borrower and bank/lender.
 - Case is removed: which means that no deal was reached, and it does not appear that a deal can be reached. The hold is lifted, and the bank can continue with the foreclosure proceedings.
 - Outcomes are ordered by the Judge, and as such final.

Program Statistics

- ◎ As of October:
 - 1,531 cases were entered into the program
 - 33% participation
 - 214 had been settled & discontinued
 - 261 had been removed
 - 1,056 were still active and working with their counseling agencies.

Unique Program attributes

- **This is an “opt-in” program.** While all who receive the unique court-identifier are eligible, they must call the hotline to participate. If they do not call, they are not eligible. They have a certain timeframe (20 days) to call, or the bank/lender can continue with the foreclosure process.
- **Housing Counseling is key:** This is where the “rubber-hits-the-road” and the hard work of determining if someone can really save their home is done. This is tough & thankless work!
- **Legal Services:** Referrals are made for free legal services to income-eligible borrowers upon their request, but usually only if it seems that there was something improper done to set up the original mortgage.

What we're seeing/hearing

- **New programs**: Some of the state/federal program help some people, but they're not the one-size-fits all pandora that some think.
- **Banks/Lenders**: Banks/Lenders are often slow to respond or non-responsive, and are always asked for updated borrower documentation. They also lose a lot of paperwork &/or claim to not get it. Working with the bank's attorneys, especially local counsel, can be very helpful.
- **Not everyone can save their home**. People's lives change (job loss, divorce, etc.), and they can't afford what they once could. Working with the housing counselors to exit gracefully is sometimes the tactic employed.
- **Housing Counseling is Key**: Having the borrowers meet with and spend time with the housing counselors to go over where their mortgage is, how it got there, what their household financials are, how they got there, and what can be done to save their home is key. For those who have been able to save their homes, the time & analysis of the trained & certified housing counselors has been key.
- **Buying time is key**: By placing a hold on the mortgage foreclosure process so that the borrowers can work on and work out their situation is key.
- **Court time is key**: It's amazing how many cases suddenly reach resolution right before or at a conciliation hearing. The pressure of going before a judge, and the judge's ability to make decisions about keeping someone in, or throwing a borrower out is critical.

Questions/Comments

Cassandra Collinge

Manager, Consumer Programs

Allegheny County Economic Development

425 Sixth Avenue, Suite 800

Pittsburgh, PA 15219

Cassandra.collinge@alleghenyconuty.us

412-350-1041