



INDIANA FORECLOSURE PREVENTION NETWORK

GET HELP. GET HOPE.

Indiana has always been a great place to experience the American dream of homeownership. Like all Americans, Hoosiers are feeling the effects of the national housing crisis, and their dreams are being threatened by the devastating impact of mortgage foreclosures. The causes of foreclosure are as varied as the people it impacts. Unexpected job losses, health care costs and family changes such as death or divorce are the leading causes of mortgage default in Indiana. Foreclosure is devastating to families and their long-term financial security, but it also sends a ripple effect through entire neighborhoods and communities. Because the threat of foreclosure affects us all, we all benefit from finding ways to combat the problem.



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OVERVIEW

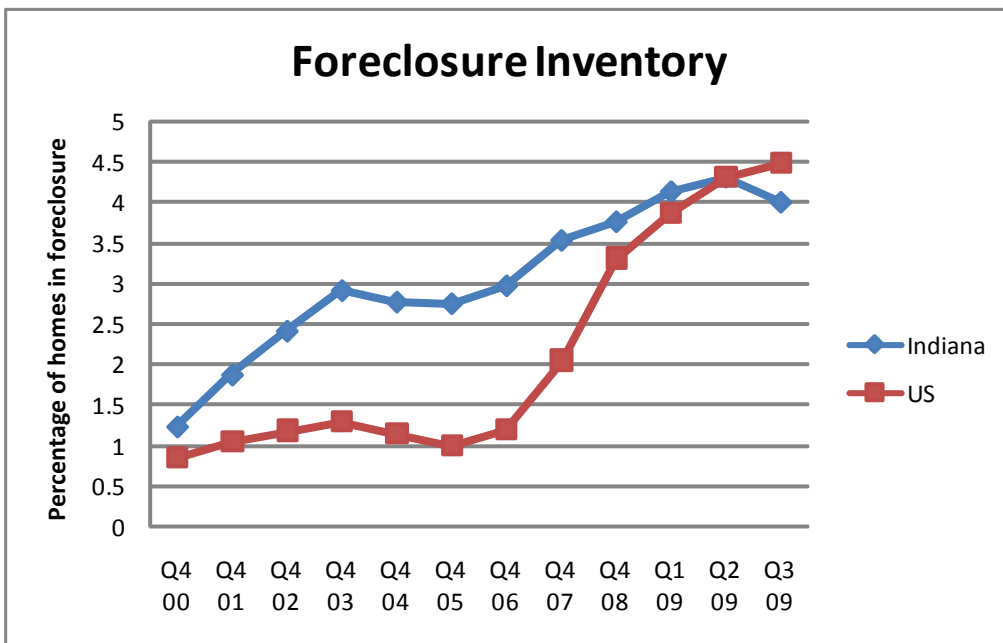
The Indiana Foreclosure Prevention Network is a coalition of community service and housing-related organizations, government agencies, lenders, realtors, and trade associations that are actively addressing Indiana’s foreclosure crisis through a variety of methods.

BACKGROUND

In early 2006, the Indiana Housing and Community Development Authority (IHCDA), under the leadership of Lieutenant Governor Becky Skillman, hosted a series of meetings with government agencies and industry leaders to discuss the issues surrounding foreclosures and potential solutions for reducing foreclosures. Out of these meetings came a group known as the Indiana Foreclosure Prevention Network (IFPN.) IFPN worked with elected officials to create legislation outlining a multi-tiered solution to delinquency and foreclosure in 2007. The initiative was launched in November 2007, including a targeted public awareness campaign, a telephone helpline, and a state-wide network of trained mortgage foreclosure counselors.

INDIANA’S FORECLOSURE CRISIS

The recent, rapid rise in foreclosures has gained national attention in the wake of the collapse of the sub-prime loan market, but has been a source of concern for some time in Indiana and other Midwestern states. In fact, Indiana’s problems with foreclosure predated the current crises, as outlined by the chart below:



Source: Mortgage Bankers Association National Delinquency Survey – Foreclosure Inventory

There are a number of reasons why Indiana’s foreclosure rate has remained persistently high. The two most important are: 1) The loss of high-paying manufacturing jobs in the state, and 2) A relative lack of appreciation in housing prices. For these reasons, Indiana homeowners cannot sell their way out of their financial difficulties, as homeowners in other states may have been able to do.

Indiana’s reasons for its high foreclosure rate differ from those of states with historically “hot” housing markets, such as California, Florida, Nevada, and Arizona. In these markets, the sharp rise in recent foreclosures appears to be due to speculators walking away from properties because of falling home prices and resets in the adjustable-rate mortgages used to purchase the properties.

There are, however, common causal factors that have exacerbated the foreclosure problem in all states, such as the rapid growth of sub-prime mortgage lending, predatory lending and mortgage fraud.



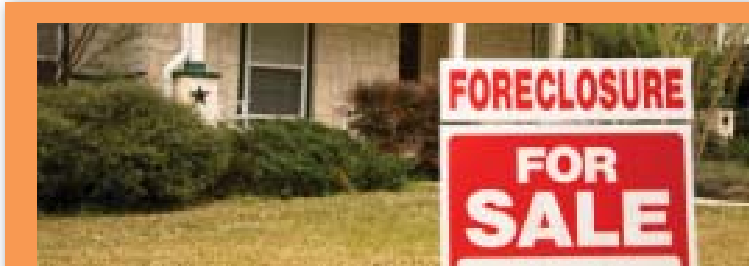
In addition to these factors, non-prime borrowers (FHA and subprime) make up almost 31 percent of mortgage loans in Indiana. Nationally, these types of borrowers make up only 22 percent of total loans serviced. A state's level of delinquency tends to be higher as this percentage increases. A summary of the foreclosure and delinquency situation by type of loan is detailed below:

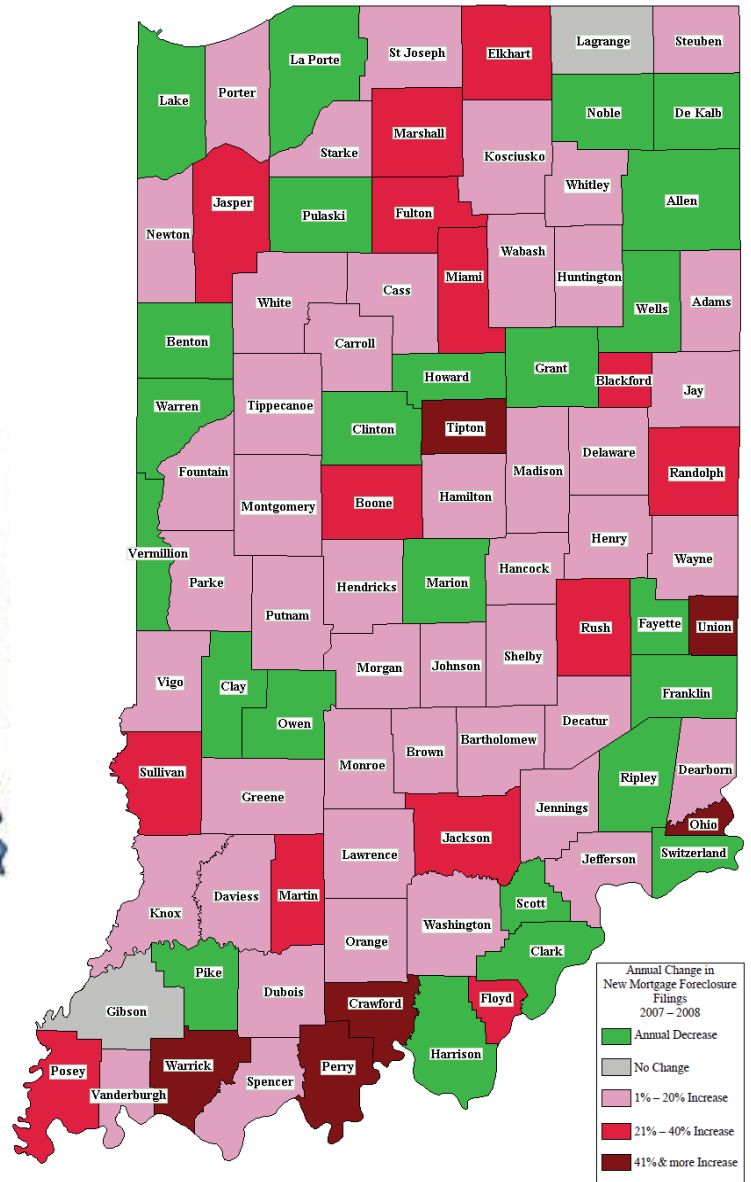
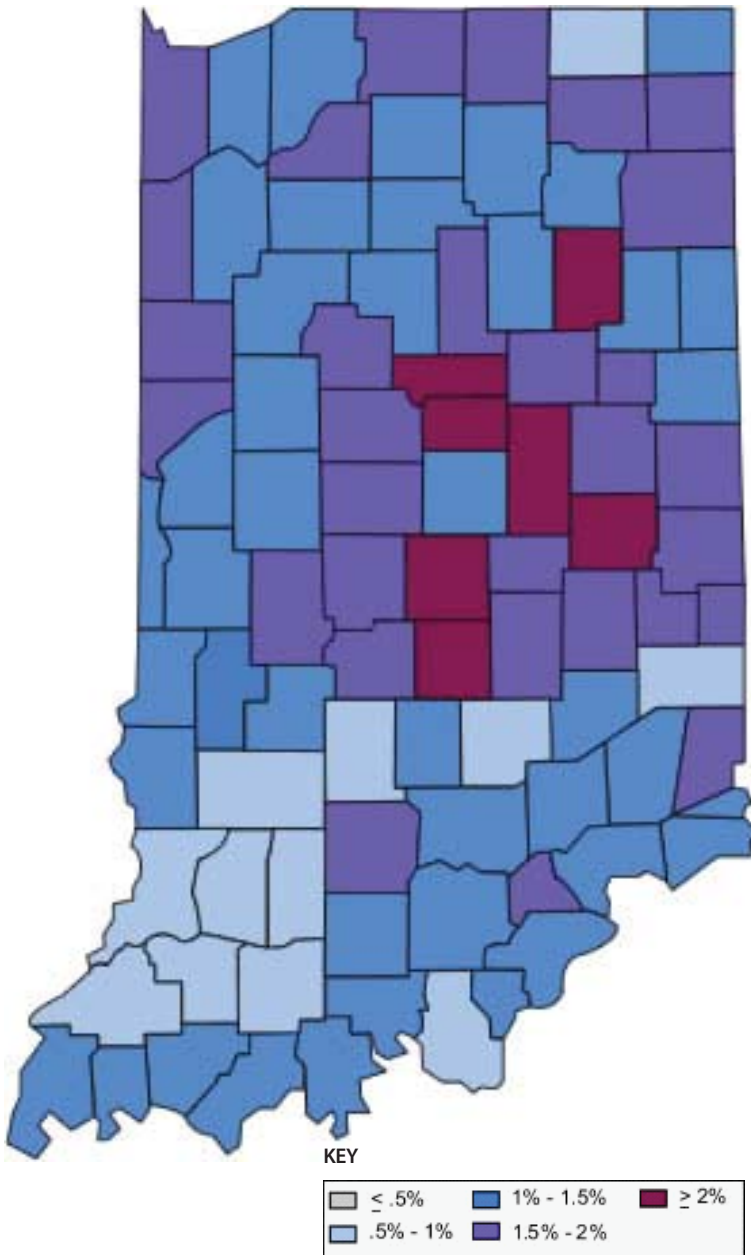
Indiana and US Foreclosures by Loan Type – 3rd Quarter 2009

	Foreclosure Rate		% of Loans Serviced		% of Foreclosed Loans	
	Indiana	US	Indiana	US	Indiana	US
Prime	2.66%	3.20%	66.5%	75.9%	44.2%	54.3%
Subprime	10.96	15.35%	12.1%	10.6%	33.2%	36.3%
FHA	4.25%	3.32%	18.8%	11.0%	20.0%	8.1%
VA	3.99%	2.29%	2.6%	2.7%	2.6%	1.4%
TOTAL	4.00%	4.47%	100.0%	100.0%	100.0%	100.0%

Source: Mortgage Bankers Association National Delinquency Survey – Foreclosure Inventory

The Indiana Supreme Court, Division of State Court Administration, keeps data on the number and types of cases filed in courts across the state, including mortgage foreclosure cases. There were 43,804 new foreclosure filings in 2007 and 45,394 in 2008, roughly a 4 percent increase from 2007 to 2008.





According to the court data, counties with the highest rate of foreclosure in 2007 include Henry, Madison, Marion, Tipton and Warren Counties. Counties with high rates in 2008 include Henry, Huntington, Johnson, Madison, Marion and Tipton.

Between 2007 and 2008, 26 percent of counties reported a decrease in mortgage foreclosure filings, 72 percent reported an increase, and 2 percent reported no change.



INDIANA'S RESPONSE TO THE FORECLOSURE CRISIS

During the 2009 Legislative session, Senate Bill 492 was passed, requiring that all homeowners (with some exceptions) with a foreclosure action filed against them have the right to participate in a settlement conference with their lender, in order to come to an agreement that will avert a foreclosure. This legislation was effective on July 1, 2009. The legislation states that lenders are required to send two notices to delinquent homeowners. One notice is sent once a homeowner is delinquent but not later than 30 days before the lender intends to file a foreclosure against the homeowner. A second notice is sent at the time of the foreclosure filing. Both notices contain information on the rights of the homeowner as well as information on how to obtain assistance through the IFPN. It is believed that settlement conference success rates will increase if a borrower seeks assistance from IFPN and is represented by an attorney.

Marketing

In November 2007, IFPN and Lt. Governor Skillman launched a public awareness campaign to encourage individuals and families facing foreclosure to seek help by calling 1-877-GET-HOPE or by visiting www.877gethope.org. Upon contact, the homeowner is referred to a certified foreclosure prevention specialist with a local nonprofit organization.

From its outset, the "Don't Let the Walls Foreclose in on You" campaign has concentrated on grassroots strategies that have resulted in the distribution of more than 350,000 marketing and collateral pieces through IFPN partners such as faith-based organizations and congregations, WorkOne centers, library branches, 211 system, as well as county and municipal units of government. Over the past two years, IFPN has purchased radio, print, and billboard in communities experiencing the highest concentrations of foreclosure. In addition to the mass marketing, IFPN has hosted eight borrower outreach events that have brought more than 900 borrowers face-to-face with their lender or a housing counselor to discuss options to avoid foreclosure.

Phone A Thon

In an effort to give troubled homeowners the opportunity to access foreclosure prevention assistance through the privacy of a phone call, in June of 2009 IFPN hosted a Phone A Thon. For five hours, the phone lines at three PBS stations were manned by nearly 150 volunteers including housing counselors, attorneys, representatives from the Attorney General's Office, government volunteers, not-for-profit partners and lender partners.

IFPN partnered with the Indiana Broadcasters Association (IBA) and Indianapolis' Public Broadcasting Service Station (PBS), WFYI. Through this partnership, radio and television stations throughout the state aired Public Service Announcements promoting the event for two weeks prior. The partnership resulted in 5560 radio ads being aired on 120 stations and 1440 television ads being aired on 19 stations statewide. In addition, every PBS Station in the state aired a thirty minute program created by IFPN around foreclosure prevention. More than 3000 troubled borrowers received assistance from the phone a thon.

Indiana's Supreme Court

Over the past five years, Indiana courts have seen approximately a 50 percent increase in the number of foreclosure cases. In January of 2009, Chief Justice Randall Shepard announced his plans to support IFPN's efforts to ward off the housing meltdown by training more judges, attorneys and mediators than any other state Supreme Court on how to deal with foreclosure cases. The goal was fulfilled in September through the "Back Home In Indiana- Guiding Homeowners Through Foreclosure" program resulting in more than one-thousand trained judges, attorneys and mediators. The training sessions included an effort to encourage attorneys and mediators to provide free legal help to homeowners in need of assistance.

Chief Justice Shepard also announced the Court will work to support and increase the effectiveness of the large number of settlement conferences now encouraged in mortgage foreclosure cases by Senate Enrolled Act 492. The Supreme Court and the IFPN are working together to devise a statewide system to organize the local logistics needed to meet the requirements for successful settlement conferences. A program will pilot in January 2010 that will utilize a local settlement conference coordinator to ensure the thousands of expected settlement conferences across the state take place and maintain data on success rates.

Indiana's Attorney General's Consumer Protection Unit

Attorney General Greg Zoeller has identified illegal foreclosure consultants as a significant threat to the financial well-being of Hoosiers. Indiana law regulates the activities of foreclosure consultants and the Attorney General's Professional Licensing and Homeowner Protection Unit (PL & HPU) investigates potential illegal foreclosure consultants in an effort to reduce the number of victims affected by foreclosure rescue scams. In 2009, the Attorney General has filed 10 lawsuits against companies and multiple individuals for operating as illegal foreclosure consultants. At a minimum, these "consultants" are not registered to do business in Indiana and lack the \$25,000 surety bond which is a part of the statutory regulation of this area of business, enacted to protect consumers.



The OAG aggressively pursues mortgage fraud and predatory lending practices by working with the U.S. Attorney’s office and county prosecutors. Disciplining actions can be brought against the license of real estate brokers and agents found to be involved with mortgage fraud schemes. As a result of a multi-state settlement with Countrywide in 2009, the PL & HPU hired two attorneys who are responsible for investigating mortgage fraud and responding to consumer complaints relating to deceptive real estate transactions.

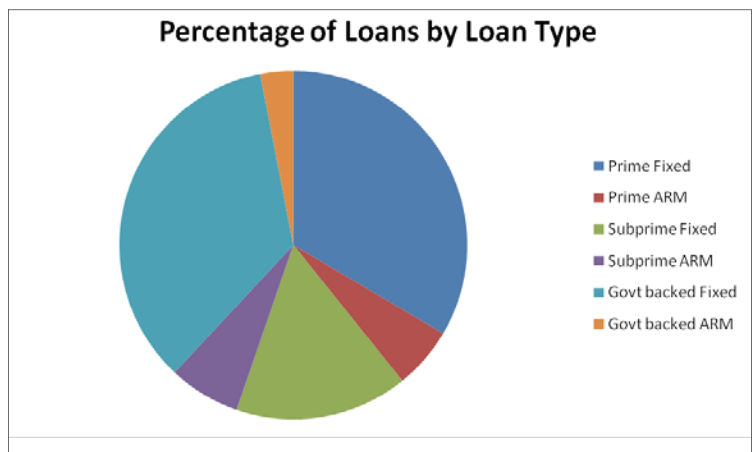
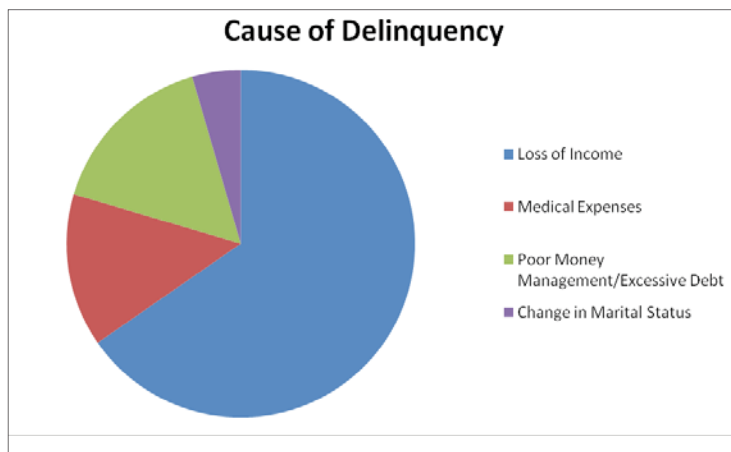
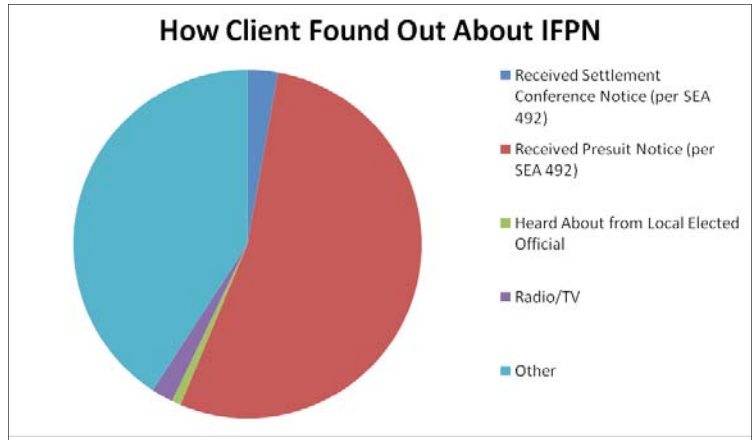
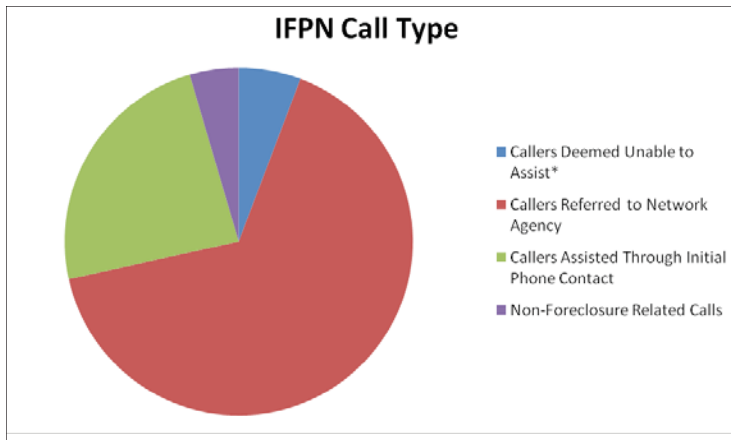
IFPN SUCCESSES

From November 2007 until July 2009, clients contacted the IFPN via the 1-877-GET-HOPE helpline at a rate of approximately 1,700 per month. During that same time, an average of 300 clients per month contacted the IFPN through the website www.877gethope.org. All clients that used the website were immediately referred to local network agencies. Of those clients that utilized the helpline, approximately 15 percent were referred out to local agencies, while 85 percent were assisted immediately over the phone by trained helpline counselors.

While this was an effective and efficient model, it was determined that many of the clients who were not referred out did not receive adequate counseling services and it was difficult to quantify how their contact with the IFPN assisted them or if they were ultimately able to avoid a foreclosure. Therefore, it was determined that as of July 1, 2009, that a new IFPN model would be launched. In this new model, the helpline would operate solely as intake, taking basic information that is needed by local counseling agencies. Helpline operators also answer basic questions that do not qualify as comprehensive foreclosure counseling. Therefore, the current referral rate to local agencies is now above 65 percent.

Since SEA 492 required that lenders send a pre-suit notice to delinquent borrowers that send them to the IFPN, contacts to the helpline have almost doubled since July. Below is information on the clients who contact the IFPN:

AVERAGE MONTHLY CALLS ANSWERED	2,745
ANNUAL EXPECTED CALLS ANSWERED	32,944
AVERAGE MONTHLY WEBSITE REFERRALS	309
ANNUAL EXPECTED WEBSITE REFERRALS	3,708



*Percentage of Contacts Per County and Statewide County Ranking*

	PERCENTAGE	RANK		PERCENTAGE	RANK
ADAMS	0.47%	45	LAWRENCE	0.45%	48
ALLEN	4.23%	3	MADISON	2.39%	10
BARTHOLOMEW	1.21%	18	MARION	18.53%	1
BENTON	0.14%	85	MARSHALL	0.81%	26
BLACKFORD	0.31%	65	MARTIN	0.14%	86
BOONE	0.81%	25	MIAMI	0.49%	44
BROWN	0.32%	63	MONROE	1.01%	23
CARROLL	0.22%	77	MONTGOMERY	3.35%	6
CASS	0.61%	37	MORGAN	1.19%	19
CLARK	1.78%	14	NEWTON	0.22%	78
CLAY	0.27%	70	NOBLE	0.77%	29
CLINTON	0.45%	47	OHIO	0.09%	90
CRAWFORD	0.13%	87	ORANGE	0.18%	80
DAVISS	0.16%	83	OWEN	0.31%	67
DE KALB	0.49%	42	PARKE	0.09%	91
DEARBORN	0.72%	30	PERRY	0.23%	73
DECATUR	0.49%	43	PIKE	0.13%	88
DELAWARE	1.60%	15	PORTER	2.48%	8
DUBOIS	0.36%	57	POSEY	0.23%	74
ELKHART	2.66%	7	PULASKI	0.22%	79
FAYETTE	0.31%	66	PUTNAM	0.63%	35
FLOYD	0.95%	24	RANDOLPH	0.34%	61
FOUNTAIN	0.25%	72	RIPLEY	0.32%	64
FRANKLIN	0.29%	68	RUSH	0.40%	54
FULTON	0.27%	71	SCOTT	0.36%	59
GIBSON	0.34%	60	SHELBY	0.68%	31
GRANT	0.63%	34	SPENCER	0.38%	56
GREENE	0.40%	52	ST JOSEPH	4.07%	4
HAMILTON	3.78%	5	STARKE	0.50%	41
HANCOCK	1.22%	17	STEUBEN	0.45%	49
HARRISON	0.52%	39	SULLIVAN	0.16%	84
HENDRICKS	2.27%	11	SWITZERLAND	0.18%	81
HENRY	0.79%	28	TIPPECANOE	1.10%	21
HOWARD	1.46%	16	TIPTON	0.18%	82
HUNTINGTON	0.29%	69	UNION	0.05%	92
JACKSON	0.52%	40	VANDEBURGH	2.01%	12
JASPER	0.67%	32	VERMILLION	0.23%	75
JAY	0.41%	50	VIGO	0.81%	27
JEFFERSON	0.38%	55	WABASH	0.54%	38
JENNINGS	0.40%	53	WARREN	0.13%	89
JOHNSON	2.39%	9	WARRICK	0.63%	36
KNOX	0.41%	51	WASHINGTON	0.67%	33
KOSCIUSKO	1.15%	20	WAYNE	1.04%	22
LA PORTE	1.94%	13	WELLS	0.34%	62
LAGRANGE	0.36%	58	WHITE	0.23%	76
LAKE	9.98%	2	WHITLEY	0.47%	46



IFPN CLAIMS AND OUTCOMES

The IFPN pays Network Agencies both for counseling services and for outcomes, also known as workouts. The counseling services are primarily funded through federal funds awarded by the National Foreclosure Mitigation Counseling Program (NFMC), administered by NeighborWorks of America. The outcome based payments are funded solely through funds provided by the State of Indiana.

When the IFPN began in late 2007, there were no NFMC funds to pay for basic counseling services, although there was a \$50 per client referral fee that was paid to all Network Agencies. Therefore, the first several months of operation exhibited a dearth of claim submission. The counseling work was being done, but it was difficult to document that a counselor had assisted a client in averting a foreclosure. An example: if a client receives a loan modification from their lender/servicer, the IFPN requires documentation that the client is in compliance for at least one month, defined as making one payment, in order to pay the counselor for this workout. Very often, it is difficult or impossible for counselors to track down the necessary documentation to meet this payment threshold.

When the IFPN began receiving NFMC funds, the regulations of the program indicated that payment was to be based on services provided and not outcomes. There is a "workout plan" level, which consists of basic counseling services plus a "workout plan implementation" level, which involves further counseling along with an official workout submission to a lender. For these purposes, the second NFMC level of counseling is considered a workout, albeit with a less stringent documentation requirement.

Due to the absence of NFMC funds in 2007 and early 2008, as well as the fact that claim submission for foreclosure counseling has a natural lag time (in some cases, up to six months), claim submission continues to be below expected levels. However, with a 700 percent increase in claims in 2009 over 2008, it is assured that this problem is slowly resolving itself.

Below are details on claim (output and outcome submission) for 2008 and 2009:

	January - October 2009	2009 Annualized
Clients for which claims were submitted	3834	4601
Basic Counseling Services	1,732	2078
Successful Workout	588	706
Total Savings to Stakeholders*	\$23,520,000.00	\$28,224,000.00

* Conservative estimates indicate that averted foreclosure results in approximately \$40,000 in cost savings to the homeowner, lender, mortgage insurance provider, local government and other stakeholders.





SUCCESS STORIES

Mike, a veteran, experienced a series of heart attacks and a stroke that forced him to leave his job. During his time of unemployment, he fell behind on his mortgage. After recovering from his health issues he was able to start a small business and begin making up mortgage payments. However, the amount had more than tripled. Mike reached out to Pathfinder Services, an IFPN agency serving Northeast Indiana, who was able to work with his lender to waive late fees and reduce his payments. Today, Mike is successfully running a small business out of the home IFPN helped him save.

Sally bought her home in 2006, and the following year was involved in a car accident which was compounded by other major medical issues. With a Sheriff's sale scheduled, she reached out to Affordable Housing Corporation, an IFPN agency, for assistance. With her health problems and reduced income, the mortgage was nearly half of her monthly disability. Affordable Housing Corporation contacted her lender and negotiated a payment plan to reduce her delinquency and a loan modification with a lower interest rate. Now her payment is just over 20 percent of her monthly income.

Due to IFPN efforts, nearly 60,000 troubled borrowers have been assisted during the past two years.





APPENDIX A

IFPN Housing Counseling Agencies

Affordable Housing Corporation
812 S. Washington
Marion, IN 46953
(765) 662-1574

City of Bloomington/Housing & Neighborhood Development
401 N. Morton Avenue
Bloomington, IN 47404
(812) 349-3510

City of South Bend
224 West Jefferson Boulevard, Suite 100
South Bend, IN 46601
(574) 235-9449

Community Action of Greater Indianapolis
2445 North Meridian Street
Indianapolis, IN 46208
(317) 396-1786

Community Action of Western Indiana
418 Washington Street
Covington, IN 47932
(765) 793-4881

Community Action Program of Evansville and Vanderburgh Counties
27 Pasco Ave.
Evansville, IN 47713
(812) 425-4241

Consumer Credit Counseling Service of Northwest Indiana
800 E. 86th Avenue
Merrillville, IN 46410
(219) 980-4800

Eastside Community Center
421 McClure Road
Columbus, IN 47201
(812) 376-7840

Family Services Assoc. of Howard Co., Inc.
618 S. Main Street
Kokomo, IN 46901
(765) 457-9313

Fort Wayne Urban League
2135 S. Hanna St.
Fort Wayne, IN 46750
(260) 745-3100

Hoosier Uplands
1500 W. Main St.
Mitchell, IN 47446
(812) 849-4447

Homestead Consulting Services
20 N. 2nd Street
P.O. Box 256
Lafayette, IN 47901
(765) 423-1284

HOPE of Evansville, Inc.
608 Cherry St.
Evansville, IN 47713
(812) 423-3169

Housing Opportunities, Inc.
954 Eastport Centre Dr., Ste. A
Valparaiso, IN 46383
(219) 548-2800

Human Services, Inc.
1585 Indianapolis Road
Columbus, IN 47201
(812) 372-8407

Indianapolis Neighborhood Housing Partnership, Inc.
3550 N. Washington Boulevard
Indianapolis, IN 46205
(317) 610-HOME

Interlocal Community Action Programs, Inc.
615 W SR 38
New Castle, IN 47362
(765) 529-4403

La Casa, Inc.
202 North Cottage Avenue
Goshen, IN 46528
(574) 533-4450

Lincoln Hills Development Corporation
302 Main Street
Tell City, IN 47586
(812) 547-3435

Martindale Brightwood Community Development Corporation
2855 North Keystone Avenue, Suite 130
Indianapolis, IN 46218
(317) 924-8042



Neighborhood Christian Legal Clinic
3333 N. Meridian St., 2nd Floor
Indianapolis, IN 46208
(317) 429-4131

Pathfinder Services, Inc.
227 East Washington Boulevard, Suite 305
Fort Wayne, IN 46802
(260) 424-1831

Providence Housing Corporation
219 Providence Place
West Terre Haute, IN 47885
(812) 533-6807

South Bend Heritage Fund
803 Lincoln Way West
South Bend, IN 46616
(574) 289-1066

TRI-CAP
607 Third Avenue
Jasper, IN 47547
(812) 482-2233

APPENDIX B
IFPN Partners

AARP Indiana
Chase
Citizens Gas
City of Indianapolis
Fannie Mae
FDIC
Federal Home Loan Bank of Indianapolis
Federal Reserve Bank of Chicago
Fifth Third Bank
Freddie Mac
HSBC - The world's local bank
Huntington Bank
Indiana Association for Community Economic Development
Indiana Association of Realtors
Indiana's Attorney General's Office
Indiana Bankers Association
Indiana Black Expo, Inc
Indiana Broadcasters Association
Indiana Builders Association
Indiana Department of Workforce Development Work One Centers
Indiana Housing and Community Development Authority
Indiana Legal Services
Indiana Mortgage Bankers Association

Indiana Office of Faith-Based and Community Initiatives
Indianapolis Neighborhood Housing Partnership, Inc.
Indiana Pro Bono Commission
Indiana Professional Licensing Agency
Indiana's Supreme Court
Ivy Tech Community College
John H. Boner Community Center
Lt. Governor Becky Skillman
National City
NIPSCO
U.S. Department of Housing and Urban Development
Vectren Corporation
WFYI Public Television

APPENDIX C
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