

School of Community Economic Development
Southern New Hampshire University

Lowell Foreclosure Prevention Program

Francisco J. Carvalho
04/30/2008

Eric Jacobs, Faculty

Submitted in partial fulfillment of requirements for the M.S in
Community Economic Development.

Approved by: Eric Jacobs

Contents

Abstract:	3
Community Profile:	4
Characteristics of Target Population:	4
Community Needs Assessment:	5
Project Targeted Community:	6
Problem Statement:.....	7
Causes and effects of the problem:.....	8
CEDness of the Project:.....	9
Stakeholders.....	10
Literature Review:	13
Project Design Logic Model	14
Evaluation Matrix:	15
Implementation Plan Matrix	16
Methodology and implementation Plan	17
Lowell Task Force Budget	19
Monitoring Report.....	20
Evaluation	21
Sustainability:	23
Conclusions:	24
Recommendations:	25
Bibliography.....	27

Abstract:

The proposal is to create a Foreclosure Prevention Program in Lowell, Massachusetts.

The challenge facing many home owners with adjustable rate and sub prime mortgages is compounded by the current real estate market. Many home owners with these types of mortgages owe more than the property is currently worth.

Lowell enjoys great ethnic diversity. This diversity introduces increased vulnerability for many people who are not familiar with or connected with traditional lending services.

The homeowners at risk fall into three categories:

1. Those who have not yet purchased a home but are likely targets.
2. Those who have a mortgage in good standing but face increased risk as the interest rates adjust.
3. Those who have mortgages in default

This program goal is to achieve the following outcomes:

Those who have not yet purchase will be encouraged to attend an approved, pre-purchase home buyer training program.

Refinancing options will be promoted to those with risky loans that are still in good standing.

For those already in default, the creation of information resources to provide foreclosure process education and possible legal options.

Community Profile:

The City of Lowell, Massachusetts has undertaken many initiatives aiming at redeveloping an old mill town that faced hard times when the mills shut down and moved to Southern states. Infrastructure improvements, historic preservation, new schools and several incentive programs to help improve commercial space renovation and improve housing stock, have been part of a strategy to create an environment that attracts industry, retail business and homeowners to the City. The strategy has worked well over the last few years as commercial property vacancy is down, homeownership is on the way up, new businesses are starting up or relocating to Lowell, the school system has improved considerably, crime has been reduced and the quality of life improved throughout the City. These positive results are at times negatively impacted by changes in the economic conditions in the region. According to the 2000 US Census, the estimated population for the City of Lowell is 105,000. The last census reported 39,469 housing units available in the City with homeownership accounting for 16,971 units or 43% of all units. The City has seen a construction boom in the last couple years and there are plans to create at least a couple thousand more housing units for home ownership over the next five years.

Characteristics of Target Population:

The targeted population is comprised of Anglo, Asian, South Americans, African, Hispanic and Portuguese ethnic groups. While English is the dominant language, Spanish, Portuguese, Khmer, Vietnamese and Swahili among other African dialects, are also spoken.

The racial mix is much diversified with White, Asian, Black and Hispanic backgrounds. Community members are mostly single and multi family (up to

4 families) residential property owners whose socio economic status range from laborers to blue color and business owners to professionals.

Lowell is home to a community college and a major state university. Seventy one percent of the targeted population over 25 years of age is a high school graduate while 18% of the residents over 25 have a bachelor degree or higher.

There are two major hospitals, a community health center, a visiting nurse association and private doctors servicing the local population. There are over 350 active non profit organizations and 13 neighborhood organizations (Greater Lowell Non Profit Alliance and City of Lowell Website).

Community members keep themselves informed through radio, television, print media in several languages and church bulletins.

Lowell is accessible through two major highways, Interstate 495 and Route 3 as well as through commuter rail and regional bus services, with 16 bus lines servicing the City which has 63,500 registered vehicles (2000 US Census).

There are 39,468 units of housing averaging 2.67 people per household, 22% of which are foreign born (2000 U.S Census).

Community Needs Assessment:

The City of Lowell has a population of 105,000 people with more than 51% of the population comprised of minority residents (2000 US census). The City of Lowell has close to 40,000 housing units with approximately 16,000 listed as home ownership (2000 US census). In 2006, there were 593 orders of notice and 169 foreclosure deeds filed at the Northern Middlesex Registry of Deeds (which serves the Lowell area), a substantial increase when compared to the average of 308 orders of notices and 48 foreclosure deeds filed at the same registry of deeds for the preceding five years. (Middlesex

North Registry of Deeds, 2006) For the first nine months of 2007, there were 742 orders of notices and 325 foreclosure deeds. Lowell accounts for 382 of these notices and 201 foreclosure deeds. (Howe Jr., 2007) Most of the new homeowners or refinances that occurred in Lowell for the last three years were financed with variable rate or sub prime mortgage product (Middlesex North Registry of Deeds, 2006). Most of these homeowners lacked understanding of the mortgage process or mortgage products due to language barrier or lack of educational training. (Wilde, 2006) There is no post purchase educational program in Lowell and the foreclosure prevention program available at CTI, a non profit organization lacks proper staffing and resources to handle the increased demand that it is experiencing for its services. I personally have received numerous telephone calls from local non-profit directors and community leaders, who are being overwhelmed by calls for help from local homeowners and who are frustrated that they cannot provide any assistance. CTI's foreclosure prevention program is receiving in excess of 30 calls per week from homeowners seeking assistance (through 12/31/2006), and some were turned away.

Project Targeted Community:

The targeted community is comprised of homeowners in the City of Lowell who have purchased or refinanced their houses in the last three years. Research of the Northern Middlesex Registry of Deeds has yielded a list of 4,000 homeowners who fall in this category. This project will focus on homeowners whose mortgage rates are adjusting with an increase that will make the monthly payments no longer affordable, thus increasing the likelihood that they may default on their mortgages. Targeted for refinancing will be homeowners whose mortgages are less than sixty days delinquent and whose credit history is within acceptable standards. Also

targeted is any first time homebuyer looking to purchase a house in the City of Lowell.

Problem Statement:

There is an alarming increase in the number of home foreclosures in the City of Lowell. Lowell typically accounts for better than 50% of all orders of notice and foreclosure deeds as shown by the chart below.

Middlesex North Registry Notices and Foreclosures 2001 to 2007			
Year	Foreclosure Deeds	Orders of Notice	% of Notices Resulting in Foreclosure
2001	44	273	16%
2002	45	282	16%
2003	39	297	13%
2004	69	346	20%
2005	41	340	12%
2006	169	593	28%
2006 Lowell Only	91	345	26%
Through 9/30/2007	325	742	44%
2007 Lowell Only	201	382	52%

Many foreclosures have a common theme:

- Most home purchases occurred within the past two years.
- Most received 80/20 and/or interest only mortgages

- Most of the mortgages were obtained through out state mortgage companies.
- Many of the buyers were minority.

Foreclosures escalated since January of 2006 in the Lowell area. The Lowell Sun, the daily newspaper, has consistently published several new foreclosure notices each day. The Registry of Deeds records show 231 foreclosure notices through October 30, 2006, with 44 actual foreclosure deeds. Through the first 9 months of 2007, there were 742 orders of notices and 325 foreclosure deeds. The city of Lowell accounts for 382 of these notices and 201 foreclosure deeds. (Howe Jr., 2007)

The City of Lowell and the non profit community do not have a program nor a designed plan with sufficient resources to address this problem.

Causes and effects of the problem:

Foreclosures are the result of many causes. Homeowners may experience difficulties in maintaining their mortgage payments due to several factors. These factors may be due to loss of a job, decrease in household income due to company downsizing or lower paying jobs, death or disability of a household member, personal financial mismanagement such as excessive credit card debt, lack of information, lack of education, lack of skills, decrease in property values, poor credit history, increase in interest rates and predatory lending activities. (Buckjune, 2006)

The program will attempt to address these concerns with the following actions:

- Those who have not yet purchase will be encouraged to attend an approved, pre-purchase home buying training program.
- Refinancing options will be promoted to those with risky loans that are still in good standing.

- For those close to default or already in default, bimonthly seminars will educate them about the foreclosure process and possible legal options.

CEDness of the Project:

The primary goal of this project is to establish a community resource that will help homeowners keep their homes through action and educational opportunities.

Specific goals include:

- To connect homeowners who are in need of help to the NeighborWorks national program 1-888-995-HOPE, to access the Mass Housing Home Saver program or to refer them to our program if they don't qualify for the state's program.
- Enhance awareness of existing educational programs that educate potential new homeowners about the home buying process and the mortgage products.
- To create a post purchasing program to educate homeowners about fiscal responsibilities and risks associated with homeownership.
- Create a financial resource through the Lowell Development Financial Corporation, a consortium of local banks, to help homeowners who need a soft second program to meet expenses related to refinancing undesirable mortgage products.
- Create a resource to educate homeowners already in foreclosure about legal options.

Foreclosures are having a negative affect on the targeted population.

Homeowners are losing wealth as well as their credit standing. Families are being uprooted due to relocation to a different neighborhood, city or region.

Home owners are entering a tight rental market that offer substandard living conditions or create a homeless situation for the family.

Foreclosures are helping to destabilize the local real estate market and the quality of life in the neighborhood. The local market has seen property values decline affecting the City's tax base and creating difficulties for homeowners to refinance into a more desirable mortgage product. The market is also affected by conditions created by empty housing units in neighborhoods which contributes to a decrease neighborhood's quality of life, thus further eroding property values while increasing social ills and criminal activities.

Stakeholders.

The project brings together stakeholders from various sectors of the community such as Homeowners, City of Lowell government, non-profit organizations and financial institutions.

The City is represented by a City councilor and a member of the department of Planning and Development, the non-profits by a CDC, The Coalition for a Better Acre and the anti-poverty Agency, Community Teamwork, Inc., the Merrimack Valley Project and the Merrimack Valley Partnership. Most of the local financial institutions are also represented such as Enterprise Bank, Sovereign Bank, Mass Bank, Washington Savings, Lowell Five, Jean D'Arc Credit Union, Butler Bank, Wells Fargo Mortgage, Banknorth and AmeriHome Mortgages. The Lowell Development Financial Corporation, a consortium of local banks, has also joined the effort.

Stakeholder	Stakeholder Interest(s) in the Project	Assessment of Impact	Potential Strategies for Obtaining Support or Reducing Obstacles
Lending institutions	Potential new business; Maintain a healthy local economy.	A	Offer volunteer opportunities for institutions employee participation to enhance CRA activities. Create a system to allow the institutions to evaluate homeowners' capacity to qualify for the mortgage programs offered locally.
City of Lowell	Foreclosures increase vacant housing stocks that lead to increase in crime and drug activity. It may lead to decrease in home values and less taxes.	A	Creation of a program that will leverage outside funding sources. Community involvement. Creation of a hot line. Limiting the use of City resources (money and personnel).
Community Organizations	Their clients are the most affected. Foreclosures increases intervention and additional services and joint efforts maximize utilization of scarce resources.	A	Community participation and inclusive plan of action. Opportunities for shared ownership of program and strategies.
Homeowners	New program that will help those at risk to keep their homes	A	Creating resources presently unavailable that will benefit them.
Community at large	Maintain real estate values stable; friends and neighbors may be able to avoid losing their homes	B	Educating the community on the extent of the problem and the negative impact on their lives and neighborhoods when foreclosures happen.

SWOT Analysis

Strengths

This new program being established will identify potential homeowners that can be helped. It seeks to prevent people from falling behind in their mortgage payments by reaching them prior to their mortgage rate adjustment. Financial resources will be developed to alleviate some barriers to refinance. We are connected to NeighborWorks national program called 1-888-995-HOPE and homeowners will have access to the Mass Housing Home Saver program.

Weaknesses

There are limited resources available both financially and in human resources. The present real estate market conditions limit refinancing options for many people making access to existing loan program very difficult. Limitations in the aforementioned financial and human resources are a major barrier to those who seek assistance to keep their homes. These factors limit the amount of people that can be helped

Opportunities

There is the potential for the public/private and non profit sector to create a long lasting partnership utilizing the best practices and talents from each field. New financial sources can emerge and new strategies may be devised to provide long term solutions. Since this is a unique approach for a local problem, there is opportunity to create a program that can be adapted in other communities.

Threats

There is a weak local real estate market that is eroding homeowner's equity. Regulations with stricter restrictions to control predatory lending will take a long time to implement through legislation. The local economy is sluggish and loss of jobs is exacerbating the problem. Contractual obligations may make refinance not feasible.

Literature Review:

Foreclosures are rapidly increasing in Lowell area. In 2006 there were 593 orders of notice and 109 foreclosure deeds. The Three quarters of 2007 already show 747 orders of notices and 325 foreclosure deeds with Lowell accounting for 382 orders of notice and 201 foreclosure deeds. (Middlesex North Registry of Deeds, 2006) A review of the refinances and home purchases from three years ago indicate that the problem will escalate starting this summer (Middlesex North Registry of Deeds, 2006). The challenge facing many homeowners with adjustable rate, subprime mortgages is compounded by the current real estate market. Many homeowners with these types of mortgages owe more than the property is currently worth (Middlesex North Registry of Deeds, 2006) The Boston Globe on June 11, reported an increase in mortgage interest rate was compounding the problem and foreclosures were at record amounts nationwide.

Lowell enjoys great ethnic diversity. This diversity introduces increased vulnerability for many people who are not familiar with or connected with traditional lending services. Those at risk fall into one of three categories (Buckjune, 2006)(Sanchez, 2006) (Wilde, 2006)

- Those who have not yet purchased a home but are likely targets.
- Those who have a mortgage in good standing but face risks as the interest rates adjust.
- Those who have mortgages in default.

Foreclosures have become a national concern of such magnitude that the US Congress has recently began to debate how to best intervene to help homeowners (WCVB News, 2007) MassHousing, a state financing agency established in September a counseling and loan program to help borrowers

who were victims of unfair lending practices at the urging of the governor and the state legislature. (www.masshousing.com/foreclosureprevention). Foreclosures negatively impact families, neighborhoods and communities and it takes more than the homeowner to address the problem (DeZube, 2006)

The formation of this task force and the strategies being pursued of bringing civic, public, private and non profit sectors together, is an attempt to minimize the impact of foreclosures and to preserve community and homeowners wealth (Collins, 2006)

Project Design Logic Model

Long Term Outcome	Reduce foreclosures				
Intermediate Outcome	Save at least 10 homes from foreclosure	Preserve quality of life in neighborhoods	Educate home owner of options available	At least 10 mortgages are refinanced	Prevent homeowner from becoming homeless
Short term outcome	Identify 10 homeowners for help	10 families keep their homes and improve their finances	Contact with home owners who are at risk	At least 10 homeowners apply for soft second	Sale home or sound legal advice
Outputs	Create a loan fund of \$100,000.00 to help at least 10 families	Educated 10 home owners who qualified for LDFC loans	Become a member of NeighborWorks national hot line	650 homeowners aware of program to help them	Homeowner s educated about their legal options
Activities	Meet with LDFC to create a soft second loan fund	Offer post purchase counseling	Create awareness of available help	Purchase list of 650 mortgages that will adjust in next 6 months	Bi-monthly seminars on foreclosure process
Inputs	Task Force	CTI & CBA	Task Force	MVHP Task Force	Task Force/ attorneys

Evaluation Matrix:

Outcomes	Indicators	Data Gathering	Source	Timeframe
Letters to 650 owners whose mortgages will adjust in next 6 months	Number of people applying	Loan applications	CTI coordinator	Monthly
Creation of \$100,000 soft second loan program	LDFC board of directors	Meeting with LDFC executive director	F. Carvalho	August 07
At least 10 homeowners apply to refinance	Mortgage referrals to lenders	Task force reports	Member lenders	Monthly
Join NeighborWorks National 1-888-995-HOPE campaign	NeighborWorks	Meet with local affiliates and NeighborWorks regional housing director George Montgomery	Frank Carvalho Ed Sanchez Judy Tavano	February 08
10 people attend post purchase classes	Registration form	Sign up sheets	CTI/ CBA coordinator	Monthly
12 people referred for legal help	Referrals to attorneys	Task force reports	Task Force coordinator	Monthly

Implementation Plan Matrix

Activities	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Outcomes
Phone calls to potential volunteer coordinator	x	x									Coordinator named
Meet with LDFC executive director	x	x									Creation of \$100,000 loan pool
Brochures sent to 650 homeowners at risk							150	150	150	150	10 homeowners identified for refinance
Mortgage loans							2	2	3	3	10 homeowners refinance mortgages
Meet with NeighborWorks representatives to connect to national campaign to access Mass Housing program						x	x				State funds available to refinance homeowners who are victims of predatory lending
Post purchase education							2	2	3	3	10 people take post purchase class per month
Legal counsel							3	3	3	3	At least 12 people referred for legal advice

Lowell Foreclosure Prevention Task Force

Methodology and implementation Plan

The Lowell Foreclosure Prevention Task Force will conduct a public awareness campaign to educate Lowell homeowners about the educational and financial resources available to assist homeowners who are facing difficulties or will face difficulties in meeting their mortgage payments due to an increase or readjustment of their interest rates. In particular, the Task Force will promote and encourage homeowners to call the Homeowner's Hope hotline (1-888-995-HOPE).

The process begins with a call to the 24hr, 7 days a week hotline toll free number. Counselors will collect information and refer the case to the local affiliate (Coalition for a Better Acre) where a local counselor will either work the case or refer the case to a counselor at Community Teamwork Inc. The assigned local counselor will work with the homeowner to address their particular situation and offer financial counseling.

After the initial counseling, one or several of the next steps will be followed to benefit the homeowner:

1. Refinance –

- a. The counselor and homeowner will complete an application to be submitted to the Mass Housing Home Saver program. If the loan is approved, the process is over.
 - b. If the loan is not made by Mass Housing, the counselor will present the application to a local Triage committee for evaluation. Member banks of the Triage Committee will evaluate the application and try to match the homeowner to one of their mortgage programs. If necessary, at the request of a member bank, the Triage Committee will recommend homeowners for assistance to the Lowell Development Financial Corporation soft second mortgage program. Maximum loan amount of the LDFC program is \$10,000.00. These funds require participation in a mandatory financial counseling program to qualify. If the loan is approved, the process is over.
2. Other options – Should a homeowner fail to qualify for refinancing, the counselor will continue to work with the homeowner to find other options and educate the homeowner about them. Other options may include:
- a. In case of evidence of predatory lending practices, referral to the Attorney General Office or the Massachusetts Commissioner of Banks office for relief.
 - b. Negotiation with existing mortgagor to refinance or modify terms.
 - c. Deed in lieu of foreclosure.
 - d. Negotiation of a short sale.
 - e. Referral to local attorneys who have agreed to provide a reduced rate or to do pro bono work to learn what other legal options are available.

The homeowner will be referred to Community Teamwork Inc. rental assistance program, to assist them in transitioning to a rental unit, if keeping the house is not an option.

As co-chair of the task force, my job is to coordinate and lead the bi-monthly meetings of the group. I set the meeting agenda and facilitate the

meetings. In addition, I am the spokesperson for the group and I also facilitate communications of all the task force members to ensure that resources needed are obtained and to facilitate cooperative agreement and memorandum of understanding whenever needed.

Lowell Task Force Budget

Revenue:

Chapa/HUD Grant	45,000
CDBG	10,000
In Kind	10,000
Total revenue	65,000

Expenses:

Housing Counselor Coordinator	36,000
Benefits	11,000
Supplies, postage. Phones	10,000
Flyers	2,000
Indirect costs, occupancy, etc	6,000
Total expenses	65,000

Monitoring Report

Activities	Dates	Status	Timeliness	Alternative action	Attainment of Output
Phone calls to potential volunteers	Start: 05/15/07 End: 06/10/07	Completed	As planned		Don Washburn accepted position
Meeting LDFC to establish loan fund	Start: 06/15/07 End: 08/30/2007	Completed	As planned		\$100,000 loan pool for soft second created
Form triage committee among Banks to identify borrowers for mortgage program	Start: 09/15/07 End : 02/ 28/08	As planned	As planned		Target: 10 homeowners To date : 3
Identify homeowners at risk	Start: 10/01/07 End: 10/30/07	Completed 1/28/2008	As planned	MVHP paid for cost. No fundraiser needed	Purchase list of 650 homeowners names with mortgage adjustments in next 6 months
Create mailing piece to mail to homeowners	Start: 10/25/07 End: 11/10/07	Completed 2/05/2007	As planned	Enterprise Bank/ Banknorth paid for brochures	650 brochures ready to be mailed
Mail information to 650 homeowners on list	Start: 11/10/07 End: 02/28/08	As planned	300 pieces mailed 02/07/2008	City and Coalition Press conference	Target: 650 To date: 300
Refer home owners for legal help	Start: 11/15/07 End: 02/08	N/A	N/A	On going	Target:12 To date: 0
Meet with NeighborWorks to join national campaign to access the Mass Housing program	Start: 10/25/07 End: 11/15/07	As planned	Delayed to 02/08		Completed 02/07/2008
Establish CTI as a post purchase counseling agency along with CBA	Start: 10/29/07 End:11/20/07	As planned	Delayed to 02/01/2008	MOU being negotiated	Completed 02/02/2008

Evaluation

When we first launched the project last spring, hope and enthusiasm gave way to despair and disappointment. We had set up a hot line in four languages and trained several people to intake pertinent information. We mailed four thousand brochures to homeowners who were identified as at risk. We had several local financial institutions with mortgage products ready to help. We had fifty people call and we found out that their financial situation was beyond any help we could offer due to poor credit history and negative equity position. Our volunteers were not as reliable as we needed them to be and we really had no products that met the needs. We had raised homeowner's expectations of help but could not meet the problem.

We spent last summer regrouping. We re-evaluated our logic model and decided that to be effective we had to create a process that would target the homeowner earlier in the foreclosure process. We needed to get to the homeowner before they were in default. We needed better tools such as a fund to help with financial short falls as well as a better contact process. And we needed to identify products that could address the needs. We did all of that and were successful in turning the project from being a failure to becoming an effective tool that helps people. A project that will be effective in reducing the number of foreclosures in Lowell.

As of February 7, the project, The Lowell Foreclosure Prevention Task Force, produced several positive outcomes.

Positive outcomes to date include:

The creation of a \$100,000.00 soft second loan fund approved by the Lowell Development Financial Corporation board of directors, which allowed three homeowners to refinance from undesirable mortgage products with interest

rates in the range of 8.5% to 12%, interest only payments to fixed rate mortgages at 7% with principal and interest payments that reduced monthly cash expenditures by an average \$400.00.

A volunteer coordinator was successfully recruited to help me with training coordination and data collection and analyses.

The task force program was officially accepted, through the Coalition of Better Acre, Inc partnership, as a participant in the NeighborWorks national foreclosure prevention hotline, the HopeLine,. This was a significant achievement because it allows homeowners to access refinancing products offered by Massachusetts Housing Corporation, the organization that administers the state's HomeSaver program, instituted by an executive order of the Commonwealth's governor in October of 2006. To access these funds you have to go through the national NeighBorWprks hot line and access to these funds is a key factor due to the ability of the HomeSaver program to finance up to 105% of the property value.

The Lowell City manager and the Mayor joined the effort at a press conference on 2/7/2008 with the manager signing the letter /brochure announcing the task force's program sent to 350 homeowners whose variable mortgage rates are due to reset in March and April of 2008. The City manager has committed the City to mail the letter/brochure to 21,000 residents when the City's water bills are mailed in April and May.

As of February 7, the task force efforts had already provided counseling to 50 families with three positive outcomes as reported above. The counseling effort will now be done in group sessions and overseen by CBA and CTI. CBA has hired another counselor while CTI's counselor is going through NeighborWorks certification. The capacity to provide counseling has been

increased. Several counseling sessions have been scheduled and 17 families are enrolled to date.

The task force has enlisted 9 attorneys who have pledged to offer legal services at a reduced cost to homeowners facing mortgage related financial difficulties, with pro bono services available for homeowners who document inability to pay.

Sustainability:

The foreclosure crisis is expected to get worse. A research done at the Northern Middlesex Registry of Deeds by the registrar indicates that over 8,000 mortgages obtained in 2003 were five year adjustable and are set to reset this year. It is his opinion that foreclosures in 2008 will be much higher than in 2007 (Howe, 2008). The political environment in Lowell is very favorable towards the project as it created a resource that is helping the City cope with the foreclosure crisis. The non profit, public and private partnership concept espoused by the task force created an inclusive and community wide appeal. The collegial relationships of all partners enhance the sustainability of the project.

To ensure that the project is sustainable beyond the initial stages, CBA will head the effort with funding for counselors coming from NeighborWorks and CBA receiving funds for positive outcomes that will be sufficient to maintain the counselors on the payroll for years to come. CBA memorandum of understanding with CTI, approved by NeighborWorks at the Task Force request, will ensure that CTI also be compensated for the positive outcomes, thus ensuring continuing funding for their counselors.

The City of Lowell, through the City Manger's office, will continue to support the effort by providing in kind donations and considering CDBG requests to

fund different activities related to the project in the future. The City Council sub committee on Housing has pledged to work closely with the task force to obtain resources to assist homeowners at risk.

As a direct result of the short term successes through partnerships, The CBA, CTI and Lawrence Community Works, from the neighboring City of Lawrence, have formed a partnership to respond to the Massachusetts Department of Housing & Community Development request for proposal to create regional Foreclosure Prevention Centers. The partnership put together a very competitive proposal (and the only proposal for such a regional center for Lowell and Lawrence) and the \$200,000.00 proposal has broad political support in the Cities of Lowell and Lawrence. The proposal was approved on April 4 , 2008 and the store front center will be located at 450 Merrimack Street, the main thoroughfare in the City of Lowell.

In addition, as a result of the project, CBA and Lawrence Community Works have team up and committed funds to start up a Community Development Financial Institution that will among other activities, focus on bringing financial resources that will help homeowners as well as create funds to finance non profits in purchasing foreclosed properties, holding them and later selling them to qualified residents.

Conclusions:

The project was conceived based on an identified need in the City of Lowell. Foreclosures have escalated to a crisis proportion at locally, state and national levels. The first short term outcome completed is that we created a process for the City of Lowell to help homeowners at financial risk of meeting their mortgage payments.

The initial work did not produce the expected results. Although the Task Force tried to come up with quick solutions to address a complex problem, it did not have the proper resources in place to meet the need and had to regroup. Unexpected market conditions, which eroded housing values were not anticipated. Financial intervention models such as local banks financing which had worked in the last local housing crisis in the early 1990's were not adequate to meet the needs at this time. The last crisis was different as mortgages observed a more strict loan to value ratio while this crisis were fueled by sub prime lending that financed in excess of 100% loan to value. The last crisis was also different as it was more regional as opposed to the national aspect of this crisis that affected the financial markets and reduced the amount of funding available to refinance the housing market.

After the Task Force regrouped, it was able to meet its short term outcomes. It created a loan fund to assist the homeowner address equity shortfall. The Task Force also joined a national, 24 hour, 7 day a week hotline that homeowners have free access to and can begin a financial counseling process. While the Task Force did not meet all of its projected outcomes, it was partially successful because it provided counseling to 50 families and has been able to refinance three homeowners. The task Force was successful in creating a project that will be sustainable through the work of CBA and other non profits with financial resources that have been identified. And the Task Force long term outcomes are very likely to be achieved due to identified financial resources and organizational capacity.

Recommendations:

Many lessons have been learned in this process. Community projects of this magnitude should have an institutional sponsor from the beginning rather than an ad hoc committee.

The Task Force was successful in creating an inclusive process which was key in attracting and maintaining the stakeholders participation.

The non profit, public and private sector partnership was a great strategy as each sector's representative brought unique perspectives and made key contributions to the success of the project.

The logic model was instrumental in helping us identify weaknesses and disconnects in the process in a timely manner which allowed us to regroup and successfully implement changes to our project. The Task Force's initial assumptions led it to create a process that was not meeting the need nor allowing it to achieve its short term outcomes. As the Task Force revisited and adjusted its logic model, it was able to begin to create activities that led it to see positive outcomes.

There were many challenges that made the Task Force members disappointed and frustrated at times but the members persevered and other Task Force efforts were rewarded with achievements that are making this project successful and sustainable.

Bibliography

- Afshar, A. (Third Quarter 2005). Use of Alternative Credit Data Offers Promise, Raises Issues. *Federal Reserve Bank of Boston* , 1 - 5.
- Bloomberg News. (2007, June 15). Foreclosure levels reach record high. *The Boston Globe* .
- Buckjune, S. (2006, September). Foreclosure CreditCounselor. (F. Carvalho, Interviewer)
- Collins, J. M. (2006, July). *Chicago's HOPI Experiment: Lessons from the Field*. Retrieved December 19, 2006, from Policy Lab: www.policylabconsulting.com
- DeZube, D. (2006). The Tragedy of Foreclosure. *NeighborWorks Bright Ideas* , 6 - 11.
- Garcia-Barragan, G., & Theresa, B. (2004, January 1). *BOSS Web Page*. Retrieved February 7, 2007, from Business Owner Support Survey: <http://www.uml.edu>
- Howe Jr., R. P. (2007, November 6). Registrar of the Northern Middlesex Registry of Deeds. (F. Carvalho, Interviewer)
- Howe, R. P. (2008). *Statistical Analysis of Foreclosures in Lowell, Massachusetts during 2007*. Lowell.
- Lowell Small Business Assistance Center. (2003). *Lowell Small Business Assistance Center: Results*. Retrieved February 7, 2007, from Lowell Small Business Assistance Center: <http://www.lowellsbac.org>
- MassHousing. (2007). *Home Saver Foreclosure Prevention Program*. Retrieved October 10, 2007, from MassHousing: <https://www.masshousing.com>
- Middlesex North Registry of Deeds. (2006). *Foreclosure Reports*. Retrieved November 2006, from Middlesex North Registry of Deeds - Lowell, Massachusetts: <http://www.lowelldeeds.com>
- Middlesex North Registry of Deeds. (2006). *Lowell Deeds Blog*. Retrieved November 2006, from Middlesex North Registry of Deeds - Lowell, Massachusetts: <http://www.lowelldeeds.com>
- Mortgage Bankers Association. (2005, June 21). *Residential Mortgage Delinquencies and Foreclosures Down, According to MBA National Survey*. Retrieved December 19, 2006, from Mortgage Bankers Association: <http://www.mortgagebankers.org>

NeighborWorks America. (2006). *Training Institute Course Catalog* . Retrieved November 2006, from NeighborWorks America: <http://www.nw.org>

Research Institute for Housing America. (n.d.). *Research Institute for Housing America*. Retrieved December 19, 2006, from Research Institute for Housing America: <http://www.housingamerica.org>

Sanchez, E. (2006, September). Homeownership Coordinator for CBA. (F. Carvalho, Interviewer)

The World Bank. (n.d.). *Bank Questionnaire*. Retrieved December 19, 2006, from The World Bank: <http://www.worldbank.org>

U.S. Census Bureau. (2000). *Census 2000*. Retrieved February 7, 2007, from U.S. Census Bureau: <http://www.census.gov>

U.S. Census Bureau, Housing and Household Economic Statistics Division . (2005, May 4). *Residential Finance Survey - Some Questions We Ask, Why We Ask Them*. Retrieved December 19, 2006, from US Census Bureau: <http://www.census.gov>

U.S. Department of Commerce Bureau of the Census. (2000, September 21). *Homeowner Questionnaire*. Retrieved December 19, 2006, from U.S. Department of Commerce Bureau of the Census: www.census.gov

U.S. Department of Housing and Urban Development. (2006, April 28). *How to Avoid Foreclosure*. Retrieved December 19, 2006, from U.S. Department of Housing and Urban Development: <http://www.hud.gov>

WCVB News. (2007, April 16). Foreclosure as a National Concern. *WCVB Channel 5 News* . Boston, MA.

Wilde, J. (2006, September). Executive Director of MVHP. (F. Carvalho, Interviewer)