

The Colorado Foreclosure Hotline Report

December 16, 2008

Two Years of the Colorado Foreclosure Hotline

The Colorado Foreclosure Hotline is a collaborative project out of the Colorado Foreclosure Prevention Task Force, a consortium of government, industry, non-profit, and community groups to present a unified front in combating the growing problem of foreclosures in the Colorado single-family residential market. The Hotline was launched on October 11, 2006 by the Task Force in response to recommendations made by the Colorado Blue Ribbon Panel on Housing. It is the first and most successful statewide foreclosure hotline in the country, and this method of providing housing counseling has been the mainstay of recent foreclosure prevention efforts.

Currently, the Hotline has a robust network of 26 non-profit, HUD-approved housing counseling agencies across Colorado and, through these partnerships, assists callers based on location and need. To utilize the Hotline, callers simply dial 1-877-601-HOPE, enter the zip code of their endangered property, and they are then automatically routed to the housing counseling agency nearest them. This method is justified by the Task Force's belief that all real estate is local. Areas with particularly high call-volume are assisted by the Hotline's Call Center, based in Denver. The Call Center also assists homeowners with quick answers to basic foreclosure questions.

The Call Center operates out of Brothers Redevelopment in Denver, one of the Hotline's HUD-approved housing counseling agencies. During the institution of the Hotline, management responsibilities were placed up for RFP-bid to the existing housing counseling network. Select individuals from the Task Force acted as a selection committee, to which Brothers Redevelopment and other agencies submitted proposals for the Hotline administration. Brothers Redevelopment was selected as the hub for the Hotline.

The Call Center houses three call representatives who also serve as liaisons for all of the housing counseling agencies. Call Center representatives have direct access to the network of agencies, as well as representatives from the Executive Committee. Additionally, they are well-versed in housing counseling technique and updated legislative and industry information as it relates to the Hotline. Finally, the Call Center is held accountable for collective reporting and financial information for the Hotline and partner agency involvement.

Both the Call Center and each of the housing counseling agencies are equipped with locally-trained professional counselors and encouraged to equally participate in the promotion of the Hotline. Counselors are prepared to explain the foreclosure process to callers, assess the status of their housing situations, and serve as liaisons between borrowers and lenders.

If a caller selects the option to speak with his or her local agency, their identification information may be processed by the Call Center to determine which local agency should be contacted and utilized. Identification information is collected for use in reporting and tracking processes, and all calls are cross-referenced with the records of partner agencies to determine that all callers are receiving appropriate levels of service.

Goals of the Hotline

The primary goal of the Hotline is to reduce the number of foreclosures in Colorado by developing and maintaining a network that serves as both a consumer referral services and a data repository for borrowers experiencing some form of delinquency or foreclosure.

The Hotline achieves these goals in a number of ways. The first is by increasing borrower contact with the lender by use of the media or by direct contact from a housing counselor, a tactic that has been shown to be the most effective method for reaching positive workouts with lenders.

The Hotline also implements an intervention model that provides a swift response to pending delinquencies by connecting borrowers with non-profit housing counselors who can provide information regarding options when facing foreclosure.

Thirdly, and uniquely, the Hotline continues to nurture its centralized network of non-profit housing counseling agencies that can provide mortgage and homeownership education and resources specifically pertaining to a homeowner's location. Additionally, the Task Force includes and promotes housing resources across the state of Colorado outside of its network of HUD-approved housing counseling agencies. These organizations are not directly involved in the Hotline routing system or housing counseling, but do offer information and assistance to clients to the Hotline when referred by a housing counselor.

Reporting Methodology and Disclaimer

Data for this report was collected from a variety of sources. Outcome data is primarily composed of results from housing counseling reports required by the U.S. Department of Housing and Urban Development. Other data has been supplemented from the Hotline's Call Center telephony reports and caller statistics.

In some cases, Hotline staff was able to provide some data from a sampling of calls routed to the Colorado Foreclosure Hotline from the Call Center. This information does not include all calls to the Hotline, nor can it serve as an indication of future calls placed to the Hotline. Information throughout this report does not necessarily represent the general population of Colorado, but is gleaned from callers of the Colorado Foreclosure Hotline. In cases where data is dependent on borrower responses, information reported is deemed accurate though accuracy is not guaranteed.

Fiscal Year 2007-2008

The following data is based primarily on information for the Colorado Foreclosure Hotline from October 2007 through September 2008, and is representative of clients who called the Hotline and scheduled one-on-one, face-to-face appointments with one of the Hotline's HUD-approved housing counseling agencies. This data was compiled in conjunction with these 26 housing counseling agencies that receive referrals through the Hotline.

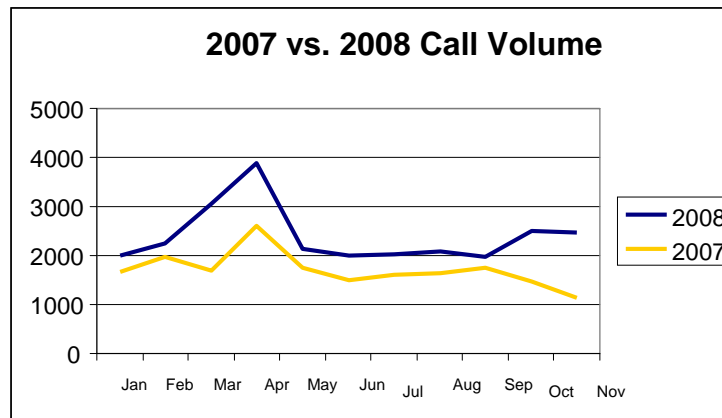
From October 2007 to September 2008, 25,548 calls were placed to the Colorado Foreclosure Hotline, for an inception-to-date total of 52,340 at the end of November 2008. The following is a breakdown of calls routed to the Hotline's housing counseling agencies since January 2008:

Adams County Housing Authority	1,029
Boulder County Housing Authority	656
Brothers Redevelopment, Inc.	2,931
City of Aurora	828
Consumer Credit Counseling Services of Pueblo	239
Catholic Charities of the Diocese of Pueblo	231
Consumer Credit Counseling Services of Northern Colorado	1,350
Del Norte Community Development Corporation	1,790
Douglas County Housing Partnership	146

Grand Valley Housing Initiative	84
Housing Resources of Western Colorado	99
Housing Solutions for the Southwest	69
Consumer Credit Counseling Services - N. Colorado Springs	230
Northeast Denver Housing Center	1,229
NEWSED Community Development Corporation	638
Neighbor to Neighbor	222
Pikes Peak Foreclosure Prevention Partnership	342
Rocky Mountain Mutual Housing Association	159
Consumer Credit Counseling Services – S. Colorado Springs	279
Southwest Improvement Council	788
Tri-County Housing, Inc.	31
Upper Arkansas Area Council of Governments	90
Neighborhood Housing Services of Pueblo, Inc.	8
English Call Center	11,498
Spanish Call Center	582

On average, calls in the 2008 portion of the fiscal year were up 28 percent per month to calls in 2007. The following is a breakdown of monthly call volume for 2008 compared to the breakdown of calls in 2007.

	2008	2007
January	1,997	1,669
February	2,258	1,959
March	3,050	1,689
April	3,901	2,625
May	2,129	1,758
June	2,008	1,501
July	2,025	1,601
August	2,076	1,646
September	1,968	1,752
October (FY 08-09)	2,511	1,463
November (FY 08-09)	2,483	1,140

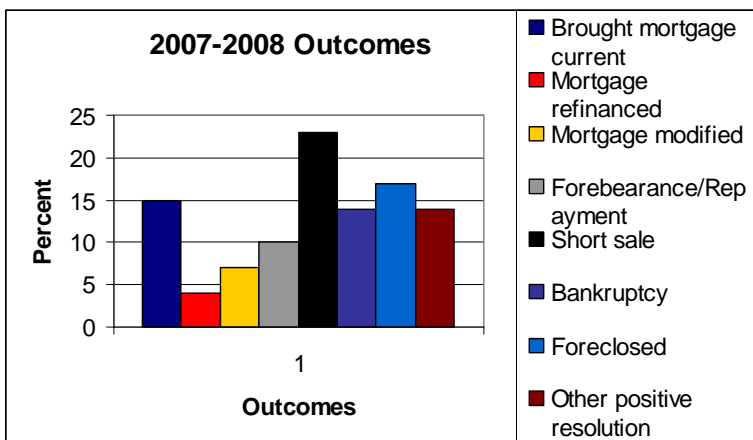


Outcomes 2007-2008

The following are the outcomes of those callers who set one-on-one appointments with HUD-approved housing counselors through the Colorado Foreclosure Hotline for the 2007-2008 fiscal year. Of those

clients who completed their counseling sessions, more than 80 percent avoided foreclosure, reaching some positive resolution.

Brought mortgage current	15%
Mortgage refinanced	4%
Mortgage modified	7%
Received second mortgage	1%
Initiated forbearance/repayment	10%
Deed-in-lieu	2%
Short sale	23%
Referred to housing agency	4%
Partial claim	1%
Bankruptcy	14%
Entered into debt management	5%
Referred to legal	2%
Withdrew from counseling	2%
Mortgage foreclosed	17%



Caller Demographics 2007-2008

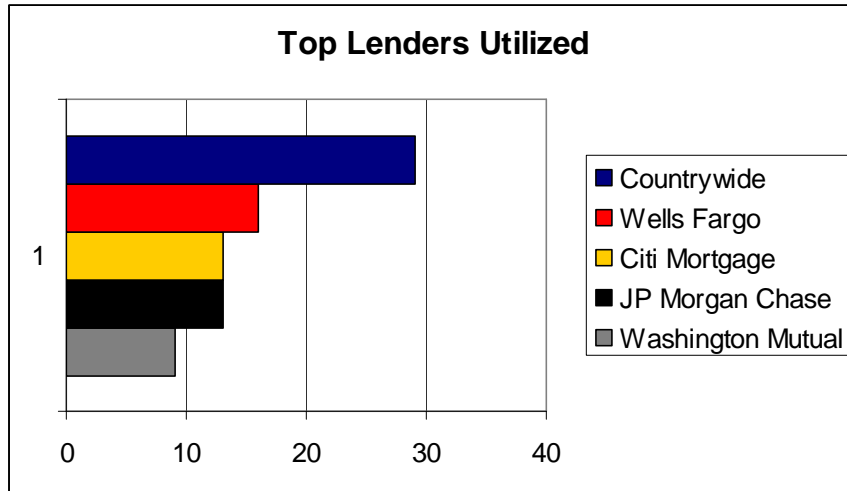
The following lists account for the most recurring characteristics of 15 to 20 percent of the Hotline’s callers seen in the last quarter. These statistics do not account for all homeowners in Colorado, rather are a gauge for callers to the Colorado Foreclosure Hotline. Statistics fluctuate from month to month; the following are the most recent numbers:

Loan Product

ARM	43%
Fixed-Rate	44%
Unsure	13%

Lenders Utilized

Countrywide	29%
Wells Fargo	16%
Citi	13%
JP Morgan Chase	13%
Washington Mutual	9%

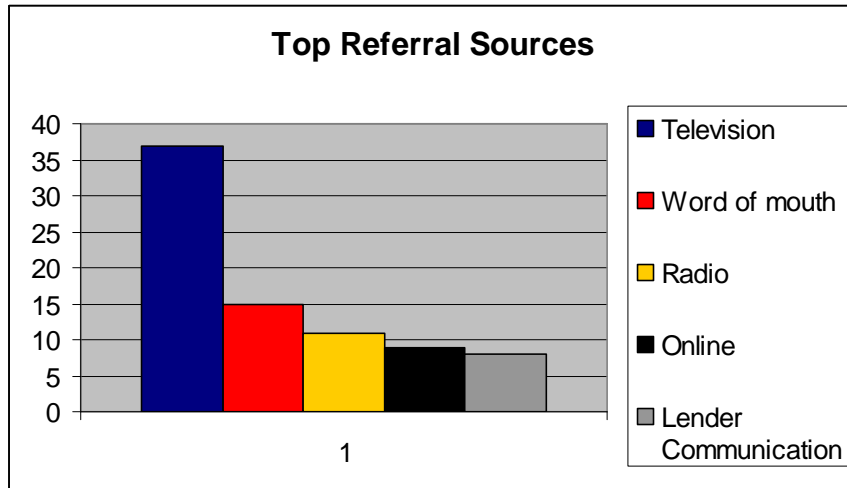


Other lenders were represented less frequently throughout the course of the year. A small sample of approximately 22 percent of lenders represented throughout the 2007-2008 fiscal year most often included Litton Loans, GMAC/Homecomings, Option One, and First Franklin.

Changes in lenders utilized have fluctuated drastically over the past quarter, accounting for what could be borrowers waiting out potential changes from lenders and legislation. Additionally, industry representatives have noted that as the rate of increase in foreclosure across the state decreases, particularly in the metro-area, there could be a filtering of poor loans, particularly in the subprime market.

Referral Source

Television	37%
Word of mouth	15%
Radio	11%
Online	9%
Lender	8%



These figures are representative of what drove callers to contact the Colorado Foreclosure Hotline from October 2007 through September 2008. Television continues to be in the top rankings in part because of partnerships with the Colorado Broadcasters Association to air public service announcements; and also due to special programming with local news stations, particularly "Mortgage Line 9" at 9News. Public service announcements also air across the state in radio format, and are played in both English and Spanish.

Those clients referred from an online source may have visited the Colorado Foreclosure Hotline website at www.coloradoforeclosurehotline.org, or they may have linked to information about the Hotline from any of the following websites:

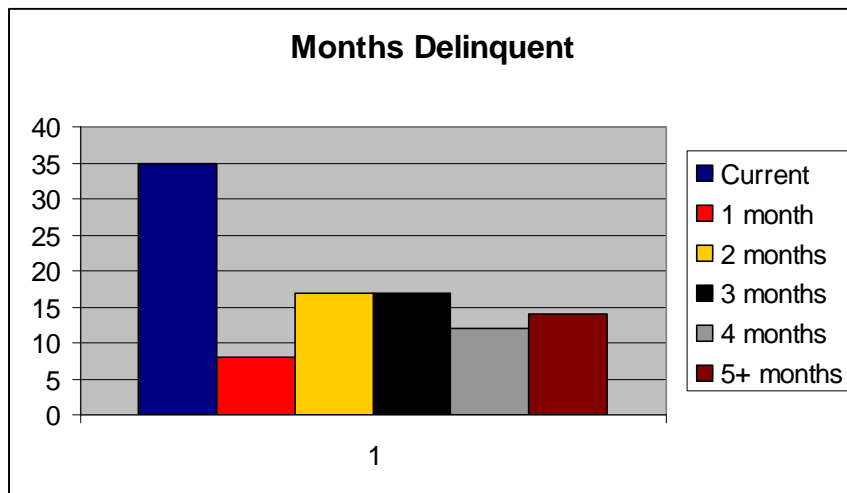
- Division of Housing, www.dola.colorado.gov/cdh/index.html
- Colorado Foreclosure Prevention Task Force, www.youtube.com/user/ColoFCTaskforce
- Colorado Housing Counseling Coalition, www.housingcounseling.com
- Colorado Foreclosure Hotline Blog, www.coloradoforeclosurehotline.blogspot.com

In May 2008, legislators passed HB 1402, requiring lenders to provide contact information for the Colorado Foreclosure Hotline to those borrowers in default across the state of Colorado. Since that bill, the Hotline has seen a substantial increase in callers referred to the Hotline by their lender. This is most clearly demonstrated in late 2008 figures.

Additionally, referrals from public trustees, Realtors, and lawyers account for another approximately 20 percent of callers referred to the Hotline.

Months Delinquent

Current	35%
1 month	8%
2 months	17%
3 months	17%
4 months	12%
5+ months	14%

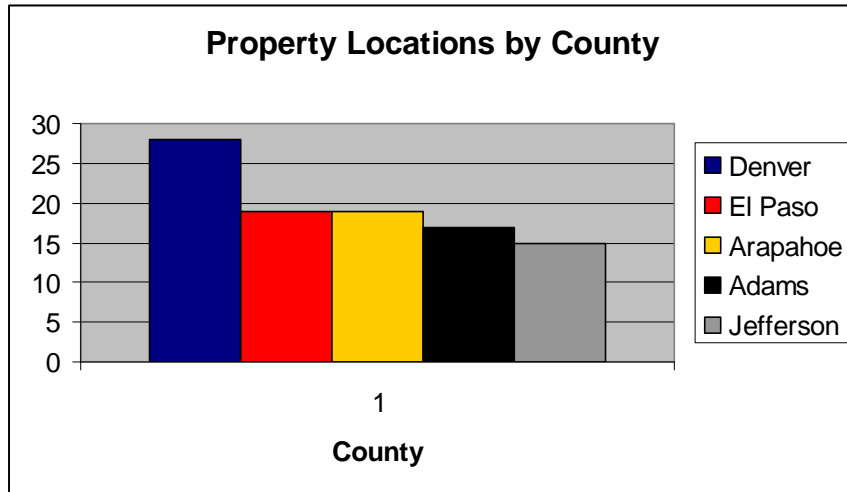


It continues to be important that callers to the Hotline meet with a housing counselor as soon as possible. There has been an increase in positive workout with lenders, even for borrowers not yet seriously delinquent. The Hotline’s outreach message is consistently to “call as soon as possible,” and this is reflected in the large amount of callers still current on their mortgage. It also demonstrates that Hotline callers are very proactive about saving their homes.

Counties

Denver	28%
El Paso	19%
Arapahoe	19%

Adams 17%
 Jefferson 15%



Typically, calls to the Hotline follow the demographic trends of foreclosure filings across the state. Denver County almost always appears as a high call volume area due to concentrated population and the size of the county. However, though such counties as Adams and Arapahoe also appear in these average percentages, the rates of calls from these counties began to taper as the filing rates fell later in the year. The opposite is true of El Paso County, as call volume began to climb in correlation with an increased number of foreclosure filings.

A Closer Look

In July 2008, the Colorado Foreclosure Prevention Office, based at the Hotline’s Call Center, conducted a more detailed study of Hotline callers, routing between 80 and 100 percent of the Hotline’s calls directly to the Call Center. By this method, the staff was able to collect a more detailed analysis of a broader sample of callers to the Hotline.

Callers to the Hotline were asked a series of general data-collecting questions, including the following:

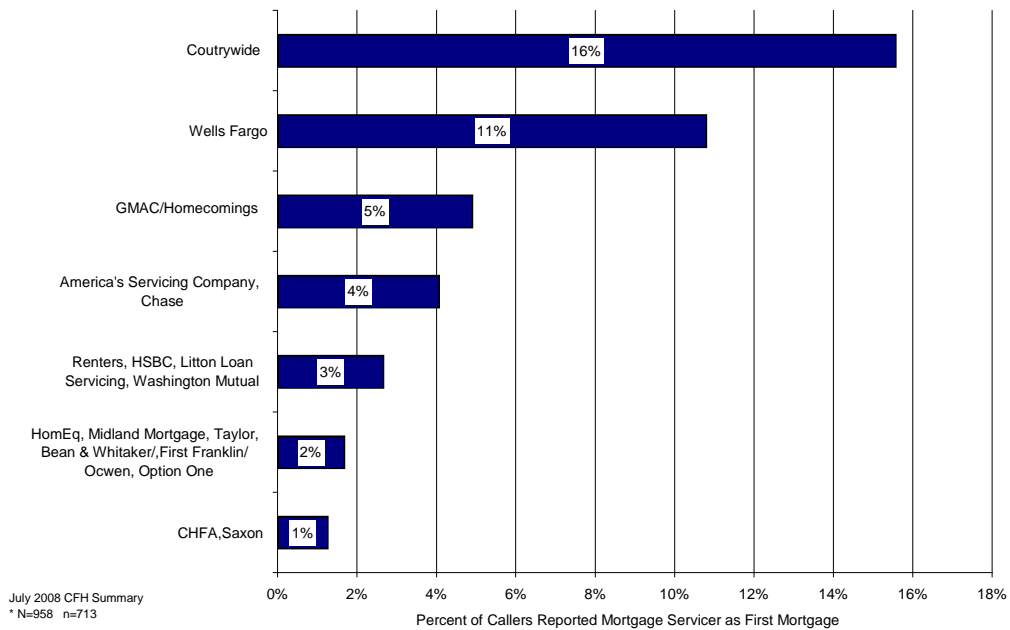
1. Who is your first mortgage servicer?
2. Do you have a second mortgage? If so, who is the servicer?
3. What is your mortgage type?
4. What is your language preference?
5. Where is your property located?
6. Do you owe more on your home than it is currently worth?

Results

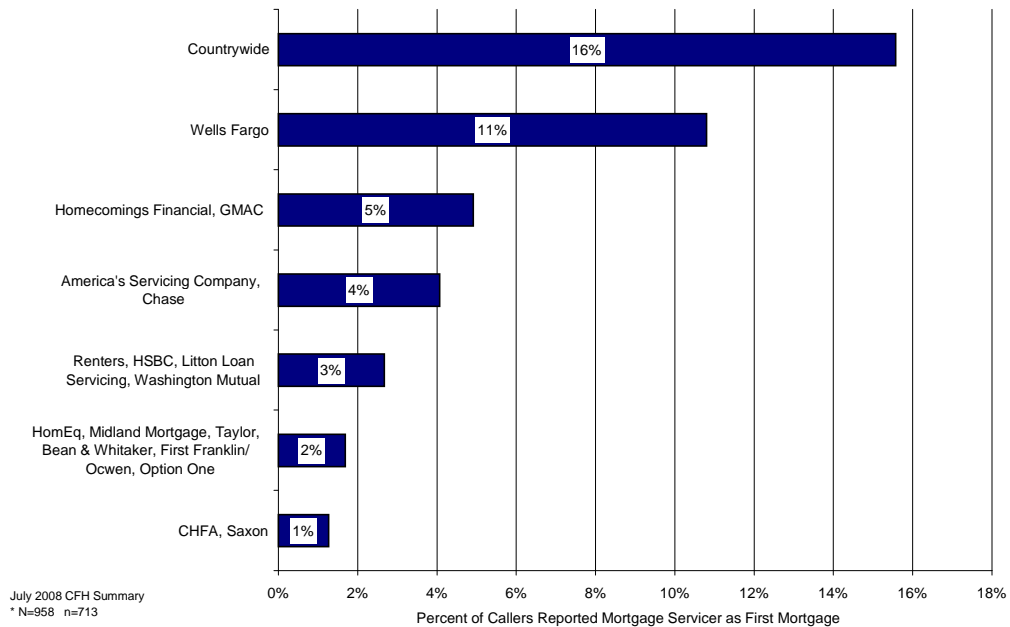
Mortgage Servicers for First and Second Mortgages

The following servicers utilized are a snapshot of those averages reported for the 2007-2008 fiscal year. The top represented servicers for the fiscal year are however represented here as well, namely Countrywide, Wells Fargo, Chase, and Washington Mutual. These are some of the largest servicing agencies for the state of Colorado.

First Mortgage: Reported Servicers

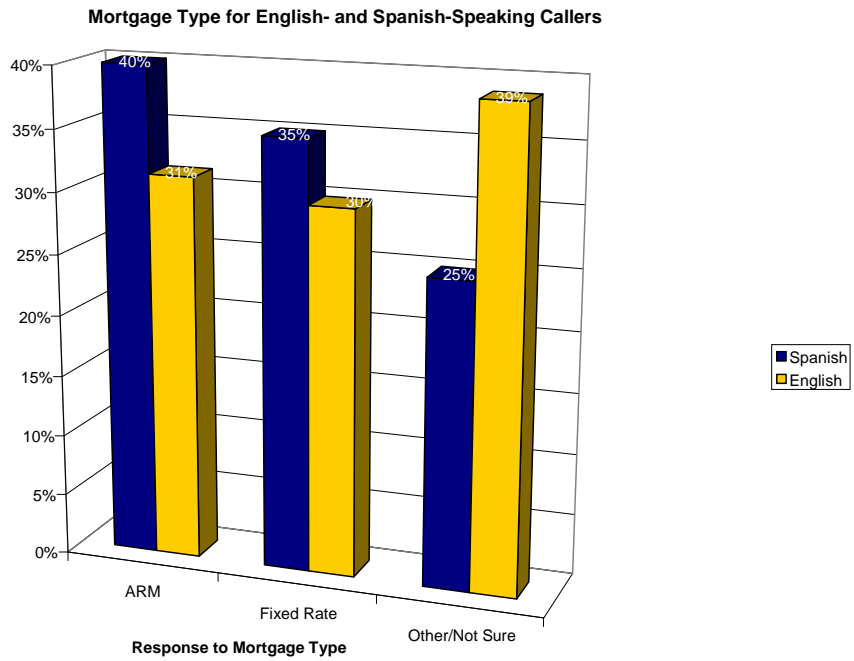


First Mortgage: Reported Servicers

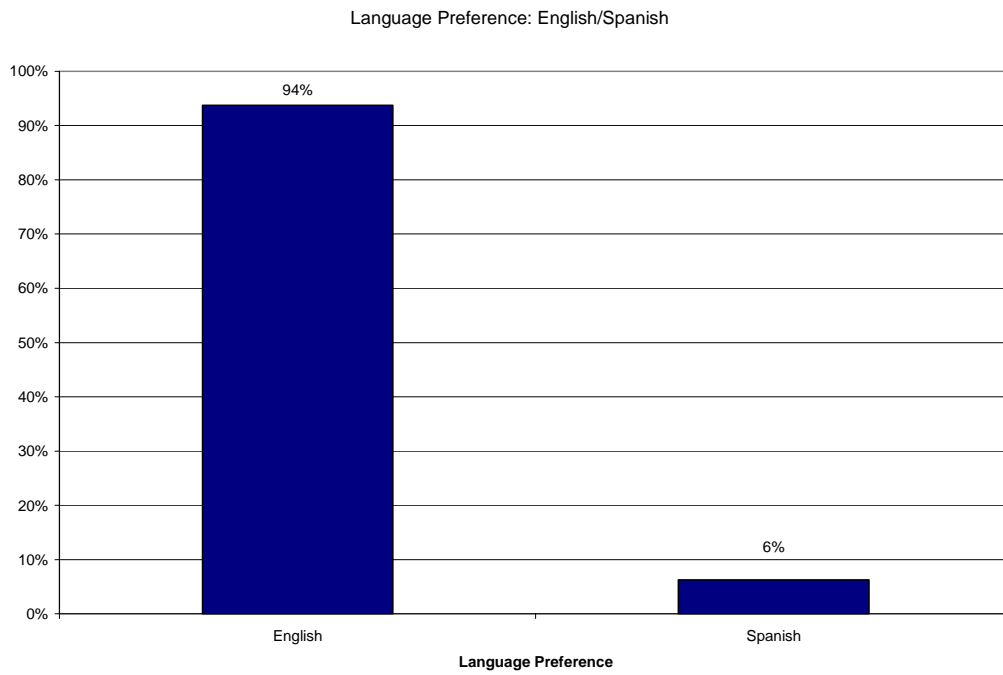


Loan Product

Loan product is comparatively presented with language preference to determine if there is a disproportional occurrence of adjustable rate mortgages when a language barrier may have been present.

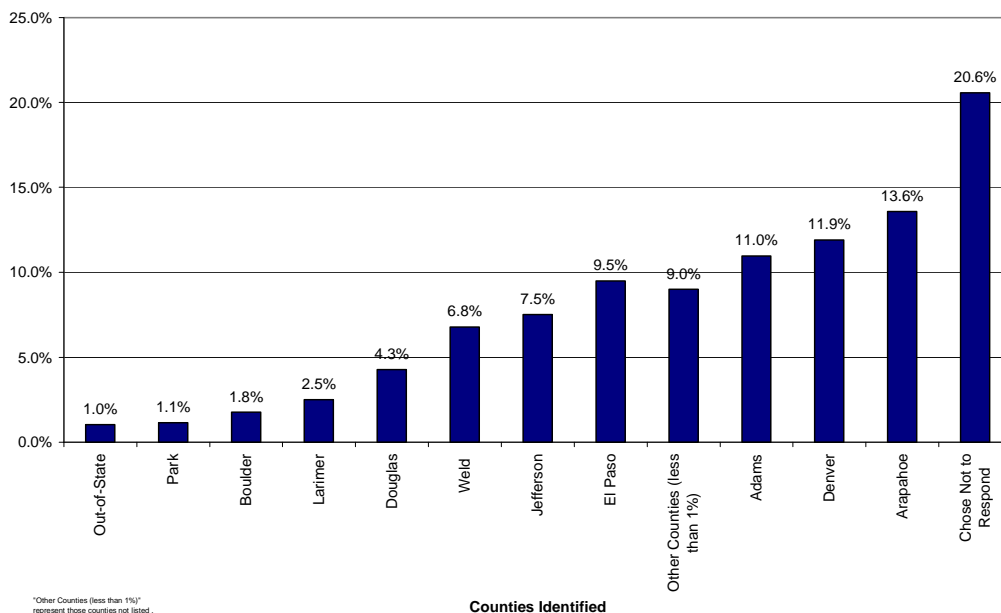


Language Preference



Property Location

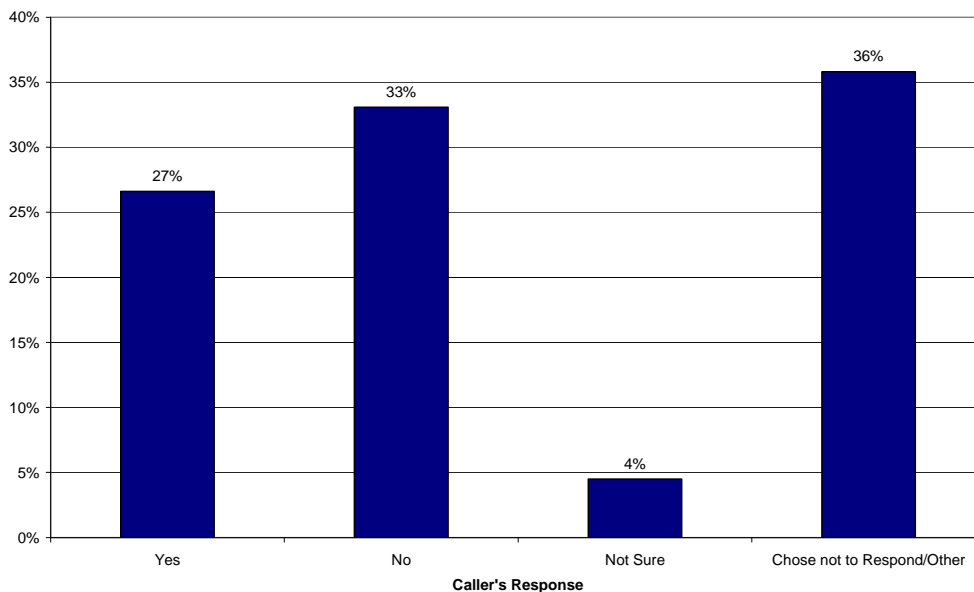
Property Location by County



Property Values

This graph is, in other words, representative of homeowners who could potentially be “upside-down” in their properties.

"Do you owe more than your property is currently worth?"



Conclusion

The model of networking housing counseling agencies continues to prove successful, particularly in light of recent Federal grant monies. The Hotline serves as a substantial referral source for those agencies receiving funding on a per-client basis. Awareness of the effectiveness has significantly increased in the past year, with calls up an average of 28 percent per month, and, in the case of November 2008, up 55 percent from November 2007. Currently some housing counseling agencies are reaching capacity, booking appointments up to two or three weeks in advance.

There continues to be both substantial need and increased demand for services provided through the Colorado Foreclosure Hotline. Experts on the Colorado Foreclosure Prevention Task Force anticipate a need for the program through at least 2009, and possibly mid-way through 2010.

Hotline Partners

