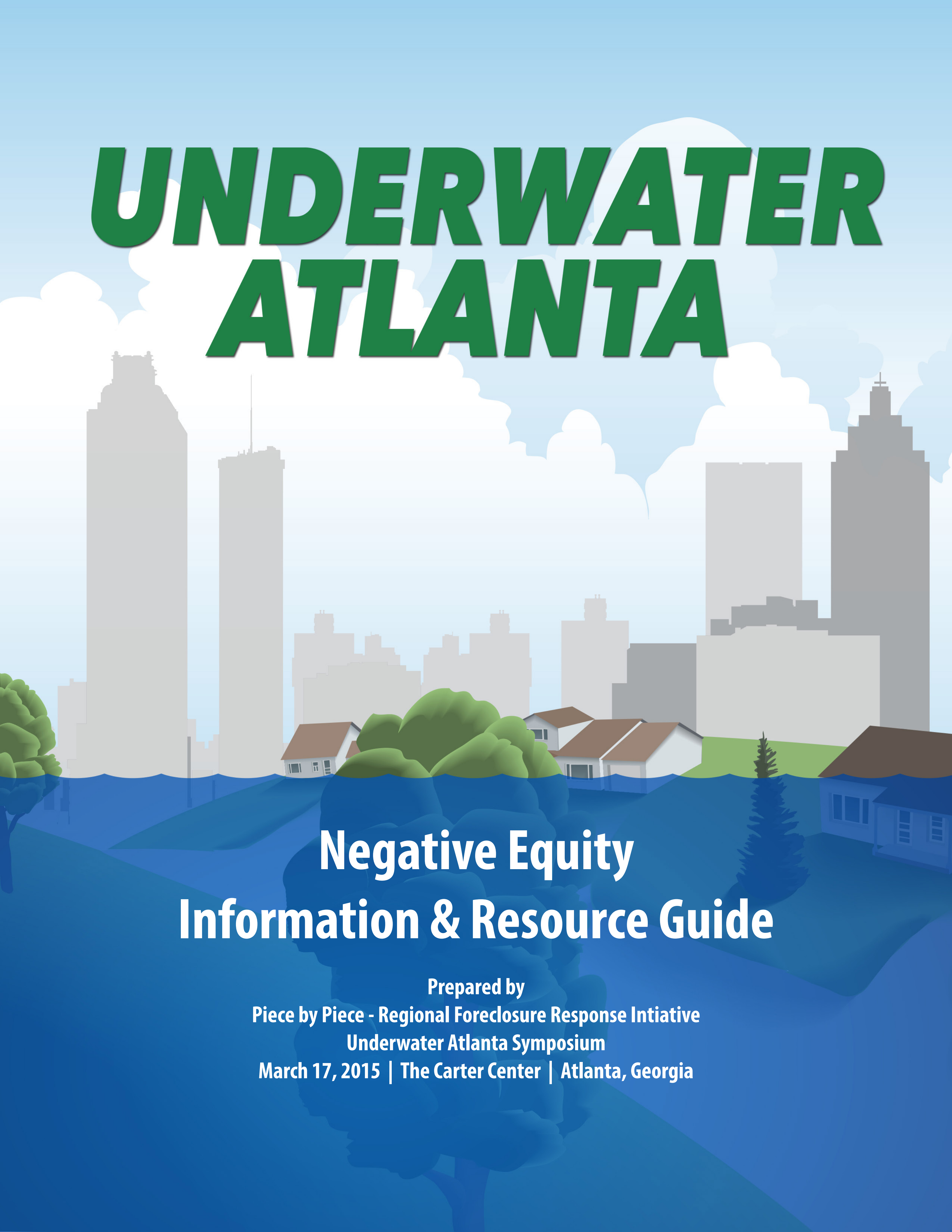


UNDERWATER ATLANTA

Negative Equity Information & Resource Guide

Prepared by
Piece by Piece - Regional Foreclosure Response Intiative
Underwater Atlanta Symposium
March 17, 2015 | The Carter Center | Atlanta, Georgia

Contents:

About the Initiative

Piece by Piece – A Regional Foreclosure Initiative is a bold, coordinated effort designed to spur strategic action from the many regional stakeholders who care passionately about protecting the long-term future of our neighborhoods and communities.

Conceived in 2010, Piece by Piece is being coordinated by a leadership team that includes Atlanta Neighborhood Development Partnership (ANDP), Atlanta Regional Commission (ARC), Clearpoint Counseling, Enterprise Community Partners, The Federal Reserve Bank of Atlanta, the Greater Atlanta Home Builders Association, The Home Depot Foundation, National Housing Conference and NeighborWorks America. The goal of the Initiative is to spur strategic action from a diverse spectrum of regional stakeholders to fight the foreclosure crisis.

PIECE BY PIECE
A REGIONAL FORECLOSURE INITIATIVE

The Initiative has three key objectives:

(1) provide up-to-date status of metro Atlanta's foreclosure crisis and its aftermath and ways to take action to help address challenges;

(2) offer opportunities for coordination and best practice sharing; and

(3) encourage public commitments on goals and actions intended to address the foreclosure crisis and its aftermath.

For more information about the Piece by Piece Initiative, visit: www.PiecebyPieceAtlanta.org @piecebypieceatl on Twitter

March 17, 2015

Dear Partners:

The aftermath of the foreclosure crisis continues to severely impact portions of our region. Housing recovery has been wildly uneven, bypassing large portions of metro Atlanta, particularly communities south of I-20 and along the I-85 corridor. Our region has the highest rate of underwater homeowners in the country. Negative equity damages the fabric of our communities. Homeowners are stripped of wealth, homes fall into decline, property taxes drop off or remain unpaid, and blight accelerates.

Of the top 10 hardest-hit zip codes in the country for negative equity, nine are located in metro Atlanta. The hardest hit zip code in the country is in Clayton County where a staggering 76% of homeowners are underwater (Haas Institute). In this Clayton community, 89% of homeowners are African American. The most impacted neighborhoods for negative equity in the region have a significant proportion of minority families. The impact of negative equity is even more significant given the fact that home equity accounts for 92% of personal net worth for the typical African-American household.

Thanks to the generosity of our lead sponsors --- The Home Depot Foundation and NeighborWorks America -- Piece by Piece is assembling top representatives from the U.S. Treasury Homeownership Preservation Office, the Federal Housing Finance Agency, local elected officials from the most impacted communities, nonprofit leaders, researchers and key housing stakeholders to examine the prevalence of negative equity in metro Atlanta and identify solutions.

Our region is fortunate to have a strong network in place, through the Piece by Piece Initiative, to help struggling homeowners, empower neighborhood leaders and lift property values through quality market sales. By raising awareness to this critical issue and identifying solutions, we can help to protect our communities from the threat of negative equity and restore economic stability to families.

We are grateful to the many individuals and organizations contributing to the Underwater Atlanta Symposium. We offer special thanks and acknowledgments to the Haas Institute for a Fair and Inclusive Society at the University of California Berkeley, the Woodstock Institute, and Dr. Dan Immergluck and his colleagues at the Georgia Institute of Technology for their respective research on negative equity and its impact on neighborhoods.

SEAdams

Susan E. Adams
Piece by Piece Coordinator

Negative Equity in Metro Atlanta & Georgia

A homeowner is considered to be in negative equity when the value of their home is less than the mortgage loan taken out to buy it. Thus, the buyer is "underwater" or "upside down" with regard to the ratio of value of the home to the remaining loan balance.

"Underwater America: How the So-Called Housing 'Recovery' is Bypassing Many American Communities" by The Haas Institute. Read the full report at: http://diversity.berkeley.edu/underwater-america-report

In the aftermath of the foreclosure crisis, metro Atlanta leads the country with 35% of homeowners underwater on their mortgage loans (Haas Institute). For owners of lower-priced, affordable homes, the negative equity picture is particularly bleak. In the Atlanta region, 50.5% of homeowners in the least expensive price tier are underwater on their loans, according to a recent Zillow report. Housing recovery in the region has been very uneven. The slow rising tide of home prices in affluent neighborhoods has bypassed large portions of metro Atlanta, particularly communities south of I-20 and along portions of the I-85 corridor.

Of the top 10 hardest-hit zip codes in the country for negative equity, nine are located in metro Atlanta. The hardest hit zip code in the country is in Clayton County where a staggering 76% of homeowners are underwater. In this Clayton community, 89% of homeowners are African American. The impact of negative equity is even more significant given the fact that home equity accounts for 92% of personal net worth for the typical African-American household. Neighborhoods with high concentrations of underwater homes are at serious risk. They depress the values of surrounding homes and communities and they undermine the fiscal health of local governments.

Metro Atlanta also leads the country in the growth of suburban poverty. According to the Brookings Institution, 88% of the region's poor live in the suburbs. Negative equity compounds suburban poverty, and addressing suburban poverty requires new strategies (See report link on page 16). **Today, negative equity is one of the single largest threats to neighborhood stability.**

According to The Haas Institute's "Underwater America" report:

CITY OF ATLANTA

- 36% of City of Atlanta homeowners were still underwater on their mortgages at the end of 2013.
- City of Atlanta home prices remain 27% below their peak.
- More than 5,400 homeowners in City of Atlanta went into default or foreclosure in 2013.
- 60% of City of Atlanta residents are African American and Latino, and they have been disproportionately impacted by the housing crisis. City of Atlanta neighborhoods with larger communities of color are more likely to be underwater on their mortgages.

METRO ATLANTA

- 35% of metro Atlanta homeowners were still underwater on their mortgages at the end of 2013.
- Metro Atlanta home prices remain 22% below their peak.
- 9 of the 10 hardest hit ZIP codes in the nation are in our region.
- The hardest hit ZIP code (and 6 of the top 10) in the nation is in Clayton County.

GEORGIA

- 61 of the 395 hardest-hit ZIP codes in the country are located in Georgia, the most of any state.
- Communities of color have been disproportionately impacted. In 43 of these ZIP codes, African Americans and Latinos account for more than 50 percent of the population.
- In 41 of these ZIP codes, the median household income is below the national median of $51,371.

395 ZIP Codes with the Highest Incidence of Negative Equity (see Data Source Notes on p. 37)

Rank	ZIP Code	City/State	Percent of Homes Underwater	Percent Below Peak Home Prices	Homes In Default or Foreclosure	Population	Percent African American and Latino	Median Household Income
1	30273	Rex, GA	76%	56%	252	15,462	81%	$49,321
2	30296	Riverdale, GA	76%	58%	394	28,047	89%	$47,564
3	30274	Riverdale, GA	75%	59%	366	32,386	85%	$39,989
4	30238	Irondale, GA	73%	N/A	702	35,570	82%	$46,109
5	48201	Detroit, MI	71%	23%	13	9,980	67%	$14,017
6	30297	Forest Park, GA	71%	61%	215	27,019	69%	$31,599
7	30058	Lithonia, GA	71%	48%	778	53,870	95%	$47,237
8	30291	Union City, GA	69%	49%	247	18,329	89%	$40,598
9	30294	Conley, GA	69%	48%	588	37,865	85%	$59,634
10	30035	Stone Mountain, GA	68%	56%	253	20,106	92%	$45,008
11	30038	Lithonia, GA	67%	46%	577	37,554	95%	$48,310
12	78252	San Antonio, TX	67%	25%	57	8,308	83%	$44,379
13	30349	Riverdale, GA	67%	51%	874	66,760	95%	$44,873
14	30260	Morrow, GA	66%	57%	201	25,697	65%	$43,432
15	30088	Stone Mountain, GA	66%	49%	348	28,058	92%	$51,394
16	30288	Conley, GA	66%	N/A	98	10,593	87%	$50,428
17	30016	Covington, GA	65%	45%	363	51,113	52%	$50,072
18	30034	Panthersville, GA	65%	52%	505	44,338	95%	$50,100
19	48240	Redford, MI	65%	63%	217	17,533	22%	$51,942
20	07114	Newark, NJ	63%	N/A	47	12,667	88%	$17,251
21	06114	Hartford, CT	63%	35%	177	28,516	75%	$33,210
22	48207	Detroit, MI	63%	N/A	50	18,580	88%	$23,662
23	30168	Austell, GA	63%	39%	202	27,797	84%	$40,230
24	30213	Fairburn, GA	63%	43%	428	28,337	85%	$55,941
25	48239	Redford, MI	62%	57%	415	36,005	40%	$53,692
26	48225	Harper Woods, MI	62%	61%	178	14,685	42%	$43,727
27	89030	North Las Vegas, NV	61%	N/A	369	49,513	87%	$33,148
28	07107	Newark, NJ	61%	N/A	195	36,211	91%	$34,197
29	06106	Hartford, CT	61%	35%	219	36,969	81%	$26,640
30	30228	Hampton, GA	61%	44%	565	36,799	58%	$58,341
31	43215	Columbus, OH	60%	7%	26	12,082	20%	$37,275
32	48021	Eastpointe, MI	60%	58%	347	32,599	32%	$44,312

NOTE: Reprinted with permission from The Haas Institute. Please see full report for the complete list and other key tables. **http://diversity.berkeley.edu/underwater-america-report**

Why Negative Equity Matters

Why is this issue a conern? Simply put, negative equity destabilizes neighborhoods. Neighborhoods with high concentrations of underwater homes are at serious risk. They depress the values of surrounding homes and communities and they undermine the fiscal health of local governments.

- **Homes with negative equity are more likely to go into foreclosure:** The farther underwater a home is, the higher the likelihood of default. According to the Government Accountability Office (GAO), homeowners with LTV ratios higher than 150% are seven times more likely to go into foreclosure.

WOODSTOCK INSTITUTE

Advancing Economic Security and Community Prosperity

- **Making maters worse:** Negative equity can create a cycle in which a growing number of concentrated foreclosures exacerbates the decrease in property values, which further weakens the financial condition of neighboring homeowners, which can lead to additional foreclosures.

- **Diminishing options:** Negative equity reduces neighborhood wealth and stability and limits opportunities for homeowners to use home equity to finance retirement and higher education.

- **Reduced spending power:** Underwater borrowers spend dramatically less on home maintenance, which contributes to neighborhood destablization. They also spend less in the local economy.

- **Taxing Jurisdictions**: Underwater borrowers often do not pay local property taxes in order to conserve limited financial resources.

- **Trapped**: Underwater borrowers can't move to seek new or better job opportunities compounding unemployment rate in Georgia (ranked worst in country, August 2014).

- **Stripping Wealth**: More than half of the net worth of Latinos and African Americans in 2009 was attributable to home equity, compared to that of 38% for whites.

Read more about this issue: "How negative equity impacts community stability" by Katie Buitrago, Woodstock Institute.
http://www.woodstockinst.org/blog/2012/how-negative-equity-impacts-community-stability

Uneven Recovery

Lingering negative equity in communities of color is a result of slower economic recovery, but is also deeply rooted in a key factor of the housing crisis itself - predatory lending.

Dan Immergluck of Georgia Tech cites in his report "Race and Uneven Recovery: Neighborhood Home Value Trajectories in Atlanta before and after the Housing Crisis" (See page 16 for report link):

- Density of subprime loans was the highest in African American and Hispanic neighborhoods during the 2004 to 2006 subprime boom period.

- The highest subprime densities were in relatively low-poverty, but high minority neighborhoods.

- From 1997 to 2002, African Americans were more likely than Caucasians to receive subprime versus prime loans, even after controlling for borrower income and a variety of neighborhood characteristics including educational levels and average credit score.

While negative equity impacts a broad swath of our communities, communities of color have a disproportionate share of negative equity.

According to the Haas Institute 2014 "Underwater America" report:

- In 71 of the 100 hardest hit cities for negative equity, African Americans and Latinos make up at least 40% of the population.

- In 43 of Georgia's 61 hard hit ZIP codes, African Americans and Latinos account for more than 50% of the population.

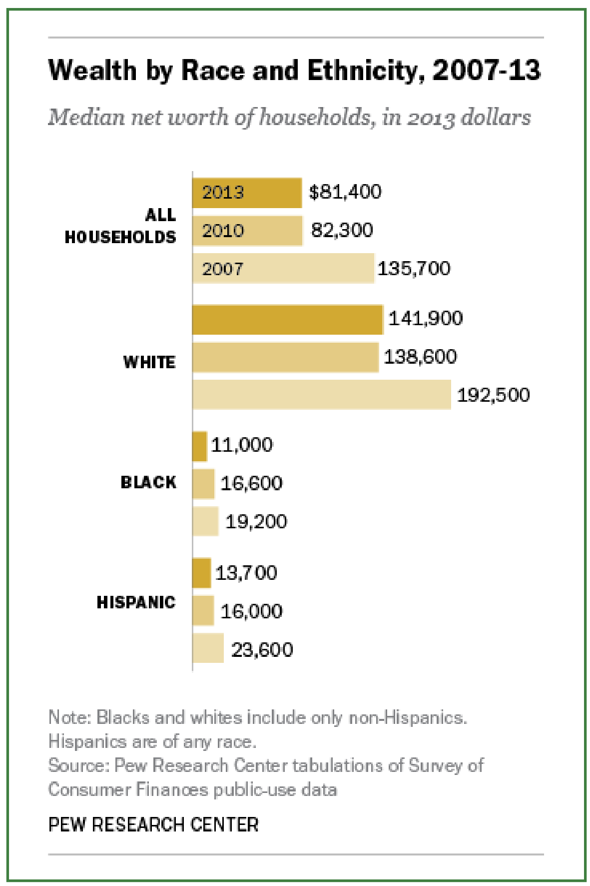
- 60% of Atlanta residents are African American and Latino and have been disproportionately impacted by the housing crisis.

Further, according to Immergluck's report, "Race and Uneven Recovery: Neighborhood Home Value Trajectories in Atlanta before and after the Housing Crisis":

- Neighborhoods experiencing no recovery had a mean African American population of 65% while neighborhoods experiencing a partial recovery had a mean African American population of 36% . In stark contrast to neighborhoods that experienced full recovery which had a mean African American population of 14% .

- Black homebuyers were 31% more likely to receive a high-rate, fixed-rate mortgage with a prepayment penalty than white borrowers with similar characteristics.

- Results suggest that race and ethnicity are strong predictors of the housing market trajectory of a neighborhood, even after controlling for poverty rate, vacancy rate, initial median home value, owner-occupancy, and housing age.



NeighborWorks America is a proud supporter of

Piece by Piece

Like you, we care passionately about protecting the long-term future of our neighborhoods and communities.

A SNAPSHOT OF OUR FY 2014 IMPACT

323,400 HOUSEHOLDS ASSISTED WITH HOUSING

RENTAL HOMES OWNED AND/OR MANAGED 118,200

21,000 NEW HOMEOWNERS

CUSTOMERS COUNSELED AND EDUCATED 108,500

58,600 REPAIRED HOMES

CUSTOMERS COUNSELED THROUGH THE NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM SINCE INCEPTION 1.88 million

For more information, please visit **www.NeighborWorks.org**

SPOTLIGHT: Refinancing Options for Veterans

The likelihood of foreclosure increases with the extent of negative equity; a 2010 report from the Government Accountability Office found that homeowners with LTV ratios exceeding 150 percent were seven times as likely to go into foreclosure than homeowners with some equity in their homes. Some of the most vulnerable homeowners include those who have bravely served our country. Thankfully, veterans have an option to refinance their VA loan through a special program.

U.S. Department of Veteran Affairs - Interest Rate Reduction Refinance Loan

The VA Interest Rate Reduction Refinance Loan (IRRRL) lowers the veteran's interest rate by refinancing the existing VA home loan. By obtaining a lower interest rate, the monthly mortgage payment should decrease. Veterans can also refinance an adjustable rate mortgage (ARM) into a fixed rate mortgage.

Eligibility

An IRRRL can only be made to refinance a property on which the veteran has already used their VA loan eligibility. It must be a VA loan to VA refinance, and it will reuse the entitlement the veteran originally used.

Additionally:

- A Certificate of Eligibility (COE) is not required. If you have your Certificate of Eligibility, take it to the lender to show the prior use of your entitlement.
- No loan other than the existing VA loan may be paid from the proceeds of an IRRRL. If you have a second mortgage, the holder must agree to subordinate that lien so that your new VA loan will be a first mortgage.
- You may have used your entitlement by obtaining a VA loan when you bought your house, or by substituting your eligibility for that of the seller, if you assumed the loan.
- The occupancy requirement for an IRRRL is different from other VA loans. For an IRRRL you need only certify that you previously occupied the home.

Application Process

A new Certificate of Eligibility (COE) is not required. You may take your Certificate of Eligibility to show the prior use of your entitlement or your lender may use our e-mail confirmation procedure in lieu of a certificate of eligibility.

Loan Limits

VA does not set a cap on how much you can borrow to finance your home. However, there are limits on the amount of liability VA can assume, which usually affects the amount of money an institution will lend you. The loan limits are the amount a qualified Veteran with full entitlement may be able to borrow without making a down payment. These loan limits vary by county, since the value of a house depends in part on its location.

The basic entitlement available to each eligible Veteran is $36,000. Lenders will generally loan up to four times a Veteran's available entitlement without a down payment, provided the Veteran is income and credit qualified and the property appraises for the asking price. See Loan Limits for more information about the limits in your county.

VA Funding Fee

Generally, all Veterans using the VA Home Loan Guaranty benefit must pay a funding fee. This reduces the loan's cost to taxpayers considering that a VA loan requires no down payment and has no monthly mortgage insurance. The funding fee is a percentage of the loan amount which varies based on the type of loan and your military category, if you are a first-time or subsequent loan user, and whether you make a down payment. You have the option to finance the VA funding fee or pay it in cash, but the funding fee must be paid at closing time. You do not have to pay the fee if you are a:

- Veteran receiving VA compensation for a service-connected disability, OR
- Veteran who would be entitled to receive compensation for a service-connected disability if you did not receive retirement or active duty pay, OR
- Surviving spouse of a Veteran who died in service or from a service-connected disability.is better). Beware: It could be a bigger increase than you can afford.

For more details about this program, please visit:
www.benefits.va.gov/homeloans/irrrl.asp

Help for Underwater Homeowners

GETTING STARTED

The most daunting aspect of being underwater is knowing where to begin to resolve the problem. Our recommendation is to work with a HUD-approved, certified housing counseling organization. Metro Atlanta is home to many very strong counseling organizations. **To search for a HUD-approved housing counseling organization, we recommend the following resources:**
http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=GA#searchArea
http://www.consumerfinance.gov/find-a-housing-counselor/

Zillow's website includes a step-by-step guide to loan modification strategies for underwater homeowners, including veteran homeowners with VA loans. Zillow's site also includes interactive mapping that provides information on negative equity rates by neighborhood. For underwater borrowers, refinancing simply means getting a new mortgage to replace your old one with the goal of reducing monthly payments, lowering your interest rate, or changing your loan program from an adjustable rate mortgage to a fixed-rate mortgage. In most cases you do not need to have equity in your home to refinance if you qualify for one of the specialized refinancing programs that have become available over the past several years.
http://www.zillow.com/mortgage-rates/underwater/

Review the following resources to see which may be of assistance to your particular situation. A link for each resource is presented to provide you additional information.

LOWER MONTHLY PAYMENTS

Home Affordable Modification Program (HAMP) - HAMP reduces a homeowner's monthly mortgage payment to 31 percent of their verified gross (pre-tax) income to make their payments more affordable. To create an affordable payment, your mortgage servicer applies a series of modification steps in the following order: rate reduction to as low as two percent; term extension up to 40 years; and principal forbearance (or deferral).
http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/hamp.aspx

Second Lien Modification Program (2MP)- If your first mortgage was permanently modified under HAMPSM and you have a second mortgage on the same property, you may be eligible for a modification or principal reduction on your second mortgage as well, through MHA's Second Lien Modification Program (2MP). 2MP works in tandem with HAMP to provide comprehensive solutions for homeowners with second mortgages to increase long-term affordability and sustainability. If the servicer of your second mortgage is participating, they can evaluate you for a second lien modification. http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/lien_modification.aspx

Treasury/FHA Second Lien Program (FHA2LP) - If you have a second mortgage and your first mortgage servicer agrees to participate in FHA Short Refinance, you may be eligible to have your second mortgage on the same home reduced or eliminated through the FHA Second Lien Program (FHA2LP). If your second mortgage servicer agrees to participate, the total amount of your mortgage debt after the refinance cannot exceed 115 percent of your home's current value. http://www.makinghomeaffordable.gov/programs/lower-rates/Pages/fha2lp.aspx

Principle Reduction Alternative (PRA) - If your home is currently worth significantly less than you owe on it, MHA's Principal Reduction Alternative (PRA) was designed to help you by encouraging mortgage servicers and investors to reduce the amount you owe on your home.
http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/pra.aspx

FHA Home Affordable Modification Program (FHA-HAMP) - FHA, VA and USDA all offer mortgage modification programs for struggling homeowners designed to lower monthly mortgage payment to no more than 31 percent of the homeowner's verified monthly gross (pre-tax) income — making monthly mortgage payments much more affordable. If you have a loan that is insured or guaranteed by the Federal Housing Administration (FHA), you may be eligible for a program offered through that government agency.
http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/fha-hamp.aspx

USDA's Special Loan Servicing - FHA, VA and USDA all offer programs for rural homeowners to lower their monthly mortgage payment to no more than 31 percent of their verified monthly gross (pre-tax) income — making monthly mortgage payments more affordable. If you have a loan that is guaranteed by the United States Department of Agriculture's (USDA) Section 502 Single Family Housing Guaranteed Loan Program, you may be eligible for a program through that government agency. http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/rd-hamp.aspx

Veteran's Administration Home Affordable Modification (VA-HAMP) - FHA, VA and USDA all offer programs for struggling homeowners that strive to lower your monthly mortgage payment to 31 percent of your verified monthly gross (pre-tax) income — making monthly mortgage payments much more affordable. If you have a loan that is insured or guaranteed by the Department of Veterans Affairs (VA), you may be eligible for a program through that government agency. http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/va-hamp.aspx

LOWER YOUR INTEREST RATE

Home Affordable Refinance Program (HARP) - If you're not behind on your mortgage payments but have been unable to get traditional refinancing because the value of your home has declined, you may be eligible to refinance through the Home Affordable Refinance Program (HARP). HARP is designed to help you get a new, more affordable, more stable mortgage. HARP refinance loans require a loan application and underwriting process, and refinance fees will apply. http://www.makinghomeaffordable.gov/programs/lower-rates/Pages/harp.aspx

FHA Refinance for Borrowers with Negative Equity (FHA Short Refinance) - If you're not behind on your mortgage payments but owe more than your home is worth, FHA Short Refinance may be an option that your mortgage servicer will consider. FHA Short Refinance is designed to help homeowners refinance into more affordable, more stable FHA-insured mortgage. If your current lender agrees to participate in this refinance, they will be required to reduce the amount you owe on your first mortgage to no more than 97.75 percent of your home's current value. http://www.makinghomeaffordable.gov/programs/lower-rates/Pages/short-refinance.aspx

FHA Streamline Refinance Program - If you haven't made more than two, 30-day late payments on your FHA mortgage in the past 12, you might qualify for this special FHA refinance program. Unlike a traditional refinance, an FHA Streamline Refinance allows a borrower to refinance without having to verify their income and assets. An appraisal might not be required either depending on how much you have paid on your original loan balance. http://www.zillow.com/mortgage-rates/finding-the-right-loan/fha-streamline/

IF YOU ARE UNEMPLOYED

Home Affordable Unemployment Program (UP) - If you are unemployed and depending on your situation, MHA's Home Affordable Unemployment Program (UP) may reduce your mortgage payments to 31 percent of your income or suspend them altogether for 12 months or more. http://www.makinghomeaffordable.gov/programs/unemployed-help/Pages/up.aspx

Hardest Hit Fund (HHF) - Early in 2010, Treasury announced that the Hardest Hit Fund® would provide more than $7.6 billion in aid for homeowners in states hit hardest by the economic crisis. Since then, state housing finance agencies have used the fund to develop programs that stabilize local housing markets and help families avoid foreclosure. Hardest Hit Fund programs complement the Making Home Affordable Program but are not limited to homeowners eligible for Making Home Affordable.

> ***HomeSafe Georgia*** - (Georgia program using Hardest Hit Funds) - HomeSafe Georgia is a federally funded, state operated mortgage assistance program that helps homeowners avoid foreclosure. HomeSafe Georgia offers three government mortgage programs to qualified homeowners based on need: Mortgage Payment Assistance: Provides assistance to those who have experienced an unemployment or underemployment hardship in the last 36 months; Mortgage Reinstatement Assistance: Provides assistance to those in need of mortgage help who have suffered a military, medical or death-related hardship in the last 36 months, and Mortgage Payment Reduction: Provides mortgage modification to those who have experienced a significant permanent reduction of income in the last 36 months. https://www.homesafegeorgia.com/

IF YOU HAVE A SECOND MORTGAGE

Second Lien Modification Program (2MP) - If your first mortgage was permanently modified under HAMPSM and you have a second mortgage on the same property, you may be eligible for a modification or principal reduction on your second mortgage as well, through MHA's Second Lien Modification Program (2MP). 2MP works in tandem with HAMP to provide comprehensive solutions for homeowners with second mortgages to increase long-term affordability and sustainability. If the servicer of your second mortgage is participating, they can evaluate you for a second lien modification. http://www.makinghomeaffordable.gov/programs/lower-payments/Pages/lien_modification.aspx

OPTIONS TO LEAVE YOUR HOME – AVOID FORECLOSURE

Home Affordable Foreclosure Alternatives (HAFA) Program - If you can't afford your mortgage payment and it's time for you to transition to more affordable housing, the Home Affordable Foreclosure Alternatives® (HAFA) program is designed for you. HAFA provides two options for transitioning out of your mortgage: a short sale or a Deed-in-Lieu (DIL) of foreclosure. In a short sale, the mortgage company lets you sell your house for an amount that falls "short" of the amount you still owe. In a DIL, the mortgage company lets you give the title back, transferring ownership back to them. http://www.makinghomeaffordable.gov/programs/exit-gracefully/Pages/hafa.aspx

MILITARY RESOURCES

HAMP Military Resources - Under recently announced changes to HAMP®, military homeowners and other families who are permanently displaced by a job-related move may be eligible for a mortgage modification. If you're a service member struggling with your mortgage payment, you may be eligible for a HAMP modification if: You are displaced due to an out-of-area job transfer such as permanent change of station (PCS) orders and were occupying the home as a principal residence immediately prior to the displacement; You intend to return to the home at some point in the future; and You do not own any other single-family real estate. Military and other families who do own other residential properties may still qualify for a HAMP modification under an expanded rental property modification option or qualify for a short sale under the Home Affordable Modification Program. http://www.makinghomeaffordable.gov/programs/military-resources/Pages/default.aspx

U.S. Department of Veteran Affairs – Interest Rate Reduction Refinance Loan - The VA Interest Rate Reduction Refinance Loan (IRRRL) lowers your interest rate by refinancing your existing VA home loan. By obtaining a lower interest rate, your monthly mortgage payment should decrease. You can also refinance an adjustable rate mortgage (ARM) into a fixed rate mortgage. (See Page ## of this document for more details or visit http://www.benefits.va.gov/homeloans/irrrl.asp

Creating Value in Underwater Neighborhoods

Negative equity impacts more than the individual underwater homeowner - it impacts the homeowners street, block, neighborhood and local jurisdiction tax base. Piece by Piece believes that the best way to help underwater homeowners and create value in hard-hit neighborhoods is a three-pronged approach

1. Modify loans for existing homeowners: Maximize use of expiring federal loan modification strategies and bank settlement funds to modify loans for the thousands of families whose homes are underwater. The section above provides a detailed listing of available loan modification programs.

2. Increase home values in underwater neighborhoods, through: single-family foreclosure redevelopment; demolition of vacant properties. The Reinvestment Fund (TRF) released research that shows the demolition of vacant properties provided a significant boost to surrounding property values. Other strategies include: neighborhood clean-up and beautification efforts combined with marketing and branding efforts; and crime reduction and strong code enforcement initiatives.

3. Increase in homeownership rates: Every sale of a vacant or underwater home to a new owner decreases the rate of underwater homeowners.

Home Marketing and Sales Guide: The NeighborWorks America Stable Communities Initiative created this guide to assist nonprofits, local governments and others in marketing and selling the homes they've worked so hard to develop to increase the supply of affordable housing and to stabilize and revitalize neighborhoods. The Guide presents a series of planning steps and offers practical tools to help affordable housing developers create a marketing and sales plan document. http://homesales.stablecommunities.org/

Branding Your Neighborhood: In order to build strong neighborhoods, community stabilization efforts need to do more than restore the housing stock—they also need to make the case for investment by current and future residents, businesses and stakeholders. NeighborWorks America launched the Neighborhood Marketing Program to create strong neighborhood brands and rebuild market demand.
http://stablecommunities.org/marketing

Building Stronger Neighborhoods: The Center for Community Progress offers nonprofits, local officials and other stakeholders, including local institutional, business and community leaders, a new way to look at how they can manage neighborhood change in order to bring about sustainable and equitable revitalization. http://www.communityprogress.net/building-stronger-neighborhoods-pages-200.php

Optimum Use of Code Enforcement in Stabilizing Neighborhoods; Leveraging Existing Tools in City of Atlanta: The Center for Community Progress identified the optimum legal and policy response to vacant, abandoned and substandard properties in light of the tools currently available to the City of Atlanta. They found that the City of Atlanta already has at its disposal the necessary legal and policy tools to maximize efforts to force property owners to fix up problem properties, pay up taxpayer expended funds spent on such properties or give up problem properties to responsible public or private ownership. http://www.communityprogress.net/filebin/Full_Atlanta_TASP_Report_Final.pdf

Understanding Foreclosure and Market Dynamics in Your Region/Neighborhood: NeighborWorks America distills key points from research showing that foreclosures and vacancies are impacting different neighborhoods in different ways, and the most rational approach to stabilization includes developing an understanding of the patterns of foreclosures and the market conditions in neighborhoods throughout each community, and tailoring strategies accordingly. http://stablecommunities.org/stabilization-planning/understand-market-dynamics

203(k) Rehab Mortgage: Section 203(k) insurance enables homebuyers and homeowners to finance both the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage or to finance the rehabilitation of their existing home.
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k/203k--df

Support for Neighborhood Activities: The Community Foundation for Greater Atlanta - Neighborhood Fund builds upon grassroots ideas, energy and passion to empower community members to improve their neighborhoods. Neighborhood Fund provides comprehensive support that assists residents and neighborhood groups as they organize around their strengths and assets. Neighborhood Fund provides resources to community groups seeking to impact their community. http://www.cfgreateratlanta.org/Community-Leadership/Current-Initiatives/Neighborhood-Fund.aspx

Special Reports and Other Resources

Underwater America - The Haas Institute: In the first report of its kind, the authors analyze negative equity and foreclosure data together with race and income data, at a zip code level, as well as city and metropolitan area. The report uncovers the depth of the housing problem that persists in these hard hit communities, as well as how the legacy of predatory lending has meant a disproportionate negative impact on African American and Latino communities. One in ten Americans live in the 100 hardest hit cities where the number of underwater homeowners range from 22% to 56%, the report says. http://diversity.berkeley.edu/underwater-america-report

Mortgage Payments Sizes and Default Rates: In a report for the Federal Reserve Bank of New York, researchers found that payment size has an economically large effect on repayment behavior. They found that cutting the required payment in half reduces the delinquency risk by about 55 percent. Importantly, the link between payment size and delinquency holds even for borrowers who are significantly underwater on their mortgages. http://www.newyorkfed.org/research/staff_reports/sr582.pdf

Negative Equity Impacts Community Stability: The Woodstock Institute's analysis of negative equity research found that when negative equity is widespread, communities lose, too. http://www.woodstockinst.org/blog/2012/how-negative-equity-impacts-community-stability

HUD Report Looks at Home Values and the Patterns Impacting Them. It also describes the characteristics of borrowers, loans and properties that are struggling with negative equity. Homes that are "underwater" have substantial impact on both homeowners and the surrounding neighborhood; they restrict the owner's ability to build wealth and gain financial freedom, plus inhibit the family's ability to move. Once a homeowner defaults on a loan it has a negative impact on surrounding housing prices, which can be economically destructive to the community.
http://www.huduser.org/portal/pdredge/pdr_edge_research_072012.html

Measuring Impact of Neighborhood Stabilization Program (NSP) on Home Values and Vacancy Rates: The Reinvestment Fund (TRF) analyzed how markets treated with a concentration of NSP investment have changed over time compared to similar markets. Neighborhoods with NSP investment trended better in home sales price change and vacancy rates than other comparable markets. http://stablecommunities.org/sites/all/files/documents/Measuring%20Market%20Change%20-%20Ira%20Goldstein.pdf

Race and Uneven Recovery: Neighborhood Home Value Trajectories in Atlanta before and after the Housing Crisis - Georgia Tech professor Dan Immergluck, reports the degree to which Atlanta neighborhoods recovered after the recession and the role race plays in the recovery.
http://www.piecebypieceatlanta.org/events/ua/Uneven%20Recovery%20Paper_Raymond_Wang_Immergluck_2015.pdf

Confronting Suburban Poverty in America - Brookings Institution - As poverty has grown rapidly in recent years, it has touched more people and places than before, challenging outdated perceptions of where poverty is and who it affects. Brookings experts examine how and why the geography of poverty is changing and what it means for policymakers and practitioners working to connect low-income people and places to broader economic opportunity. http://www.brookings.edu/research/topics/suburban-poverty

Woodstock Institute's "Struggling to Stay Afloat" report examines patterns of negative equity in communities of different racial and ethnic compositions in the Chicago six county region. It finds that negative equity is disproportionately concentrated in African American, Latino, and majority minority neighborhoods, and that borrowers in communities of color have much lower equity than do borrowers in predominantly white communities. This report concludes with recommendations to reduce the impact of declining property values and the number of homeowners with negative equity, including broader use of principal reduction loan modifications and short sales.
http://www.woodstockinst.org/research/struggling-stay-afloat-negative-equity-communities-color-chicago-six-county-region

Impact of Home Rehab Investment - Research conducted by Epic Intentions, an interdisciplinary society of Georgia Tech volunteers whose purpose is to aid local non-profits, social enterprises, and civic-minded entrepreneurs, in conjunction with ANDP and the Douglas County Tax Assessors Office, revealed the power of foreclosure redevelopment work to lift property values in impacted neighborhoods. From 2010 to 2013, ANDP's $2.3 million in home rehab investments in Douglas County through the Neighborhood Stabilization Program (NSP) generated a $14.6 million increase in overall neighborhood property values. Communities and neighborhood values benefit from increased sales of quality-rehabbed and new construction homes to qualified owner-occupant buyers. http://www.andpi.org/frp/ImpactOfHomeRehabInvestment-ANDP-2010-2013.xlsx

SPOTLIGHT: Committed to Communities

Committed to Communities events give prospective homebuyers and neighborhood advocates an opportunity to see real life application of rehab mortgage loans. And tour participants also see a showcase of the neighborhood's best assets - its residents.

Committed to Communities is a collaborative effort to promote and strengthen Atlanta's intown neighborhoods, with a focus on homeownership opportunities along the Beltline. The group organizes regular home tours and community building events, that include crucial information and educational resources for homebuyers.

During the 2013 event , the group sought to promote the use of rehab mortgage loans like the HUD 203k and 203k Streamline products. Committed to Communities partners showcased three homes in the 'before, during and after' stages of renovation using the loans. The event engaged elected officials, neighborhood leaders and potential homebuyers.

The initiative was founded in 2010 and now includes nonprofits, lenders, real estate agents, affordable housing organizations, community development agencies, and community groups

Homeowner Angel Poventude shows off his newly rehabbed home in Adair Park. The Committed to Communities model encourages participation by homeowners, neighborhood leaders, lenders, real estate professionals and more.

Derrick Duckworth's Committed to Communities showcases three homes in Adair Park to demonstrate the use of FHA's 203k loan and 203k Streamline loan

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Initiative Planning & Leadership

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Morris J. Kaplan Communities
National Association of Hispanic Real Estate Professionals - Atlanta
National Center for Prevention of Home Improvement Fraud
National Community Stabilization Trust
National Housing Conference
National Housing Counseling Agency
NeighborWorks America
Newton County Home Builders Association
No Limits Community Development Corporation
Norsouth
Noval & Associates
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