

7th Annual National P&P Conference
Washington, DC
November 14-16, 2010

Community Relations Part I Summary

November 16, 2010

Moderator

Robert Klein, Safeguard Properties

Panel

Dave Gatton, US Conference of Mayors

PJ McCarthy, Fannie Mae

Joseph Moschetto, Freddie Mac

Jeannie Fantasia, Bank of America

Jim Rokakis, Cuyahoga County, OH

Richard Monocchio, City of Chicago, IL

Steve Bancroft, Detroit Office of Foreclosure Prevention and Response

Catherine Toppel, City of South Bend, IN

John Carter, City of Dayton, OH

Sherri Johnston, American Association of Code Enforcement

Brandon Kirkham, Compliance Connections

Heidi Coppola, REO Clearinghouse

Michael Halpern, Safeguard Properties

Joy Leonelli, Lender Processing Services

Michael Foreman, CoreLogic

Nickie Bigenho, Mortgage Contracting Services

Session Overview

In his opening remarks, Robert Klein stressed that open communication across all sectors of the industry has become the cornerstone for this conference. The industry is recognizing that collaborative relationships have resulted from better and more frequent communication. The once obstructed dialogue between municipal officials and servicers has advanced to the constructive stage of developing new solutions and strategies for addressing the neighborhood blight caused by the foreclosure crisis. The topics discussed during this session continued the conference's established momentum of creating unified, solution-driven approaches. This direction, however, hinges on the participation and contributions by all to create and implement win-win outcomes for communities and the industry alike.

National Perspectives

Dave Gatton provided a high-level overview of the national perspectives shared by the members of the U.S. Conference of Mayors related to the magnitude and impacts of foreclosures on communities, as well as the issues and initiatives of highest priority in 2011 for the organization. Gatton confirmed that elected officials are challenged to find

balance within their cities and work within grave budget constraints; they are weathering the conditions of a post-election climate.

Although the Neighborhood Stabilization Program provided an initial tool to leverage funds for redevelopment, these federal allocations cannot be solely relied upon to address the full gamut of issues and social predicaments that face cities. Additional sources for investment are needed. With small businesses being fundamental to community growth and sustainability, lending for start-ups and expansions is critical. Analysts have anticipated that this bank activity will increase within the next year.

It is imperative that the nation and the industry learn from past mistakes. An ongoing self-policing of activities may prevent the escalation and reoccurrence of the issues currently impacting cities and garnering recent media attention. There is confidence that public perception will likely reverse once positive outcomes are realized.

Early Intervention, Industry Outreach, Code Enforcement Summits

The industry's outreach to municipal code enforcement departments initiated from the frustration expressed to find direct points of contact to address and resolve property maintenance issues. Although not yet fully established throughout all regions of the nation, most confirmed that communication has greatly improved by and between both parties.

Multiple testimonials from the panel and audience supported the effectiveness of early intervention. This proactive measure has included outreach by and between all parties including servicers, code enforcement officers, brokers, asset managers, and property preservation companies.

The Good Neighbor Program, which promotes and includes door-to-door contact with the homeowners or occupants living adjacent to or near a vacant property has encouraged engagement and created relationships that have resulted in positive outcomes by minimizing violations and better protecting the asset. Michael Halpern noted that neighbors provide an additional set of eyes on a property, thereby providing additional monitoring in between the field services companies' routine visits.

Steve Bancroft recommended expanding outreach and engagement to include local block clubs. Bancroft has seen firsthand in Detroit how effective these programs can be. Halpern added that non-profits also provide a destination for outreach and valuable resource for the industry, specifically referencing the many successes working with the well-established network of Cleveland's Community Development Corporations.

Field services companies have collectively taken an active lead in spearheading outreach initiatives through presentations and summits with municipal code enforcement departments and state associations. Joy Leonelli described the three pillars on which these summits were created: outreach, communication, and education. While shedding light on the industry's roles and responsibilities, legislative updates,

available tools and resources for inspectors, and pre- vs. post-sale activities, these presentations have generated win-win outcomes for both servicers and communities, alike. As Klein affirmed, the message of the shared objective to preserve properties and maintain the integrity of neighborhoods has and continues to be delivered through these efforts.

Implementing Best Practices and Addressing the Foreclosure Timeline

Sherrí Johnston noted that nothing is more pleasing and reassuring to her local code enforcement department than seeing a property preservation sticker left at a vacant home. However, newly enacted regulations pose many obstacles to servicers and field services companies in implementing the industry's best practices within various jurisdictions. One such example is in Chicago, where a local attorney confirmed that there has been an increase in the number of cases filed against servicers for trespassing on vacant properties. Monocchio offered his full assistance if a servicer is forced to make the decision to not secure a property for fear of being sued.

The Chicago-based legal professional further suggested that streamlining processes and minimizing foreclosure timelines may provide relief to the volume of abandoned properties within the city. Treasurer Jim Rokakis indicated that Ohio's HB 294 authorizes Cuyahoga County to expedite foreclosures for tax delinquent properties.

Brandon Kirkham chronicled the industry's advancement from attempting to interpret vague language within reactionary ordinances to full and open outreach. Kirkham attests that technology is the missing link between code enforcement and servicers to realizing compliance. A new platform is being created that will bring solutions directly to the market and accommodate the changing structure and influences within communities.

In Closing, Session I

The first session was brought to a close with the confirmation that collaboration and communication have resulted in a majority of abandoned properties being properly maintained. However, the exceptions receive the attention of the public and prove to be largely problematic for municipalities. The industry recognizes and supports the need to continue to work together to bring the number of these exceptions to a minimum. In full agreement, Monocchio indicated that as capacity is stretched to unprecedented lengths, code enforcement officers would prefer not to write trivial violations, but rather to work with the servicing industry to ensure that portfolios are properly managed, which guarantees that vacant homes are maintained and that neighborhoods are kept safe.