

June 26, 2015

Counseling for homeowners boosted with state grant

SEATTLE, Wash.—About 1,000 Washington State homeowners facing foreclosure will receive financial counseling to help resolve their mortgage issues, thanks to a grant awarded this week by Attorney General Bob Ferguson to the Washington State Housing Finance Commission.

Over the next two years, the grant for \$807,788 will be used to serve homeowners through the Housing Finance Commission's statewide housing-counseling network.

“Despite the slowdown in the number of foreclosures, the need for counseling is still great,” said Ferguson, who attended the June 25 meeting of the Housing Finance Commission to present the grant. “Without these services, many distressed homeowners really have nowhere to go for quality, trusted and free assistance.”

Default counseling is aimed at stopping preventable foreclosures. Many homeowners seeking counseling to stay in their homes have experienced harm from unfair or deceptive mortgage servicing practices.

“This award will help us maintain current counseling services through our nonprofit partners, especially where the need is greatest,” said Karen Miller, chair of the Housing Finance Commission.

Clark, Pierce and Spokane counties are several high-need areas on which the Commission will focus grant funds. Over the next two years, an estimated 1,000 homeowners will be served.

Since 1998, the Commission has allocated over \$26.3 million to nonprofit agencies throughout the state to provide housing counseling. More than 100,000 homeowners have been assisted.

This assistance works: According to a 2011 report, borrowers in foreclosure counseling are 70% more likely to get up-to-date on payments. Foreclosure counseling increases chances of acceptance for loan



Attorney General Bob Ferguson, second from left, presented the \$807,788 grant for homeowner counseling to the Washington State Housing Finance Commission on June 25. *From left: Dan McConnon, AG Ferguson, Commission Chair Karen Miller, Stephen Moss, M.A. Leonard, Commission Homeownership Director Lisa DeBrock, Pam Tietz, Gina Stark, Randy Robinson.*

modification at better terms. Modifications obtained through counseling are 45% more likely to be sustained.

The grant is especially timely because funds for counseling through the Foreclosure Fairness Act have declined with the number of default notices to homeowners. (The FFA requires lenders to pay a fee for each notice of default to fund counseling services.)

In February 2015, Standard & Poor's Financial Services LLC agreed to pay Washington state \$21 million to resolve allegations the company misled investors when it rated structured finance securities before the financial crisis. Of that total, \$18 million of the funds were returned to the state's general fund. Another \$3 million were set aside to help victims of the mortgage and financial crisis through a *cy pres* grant process. *Cy pres* means "as near as possible" and requires the funds from a legal resolution be distributed in a manner that benefits the category of consumers harmed by the illegal conduct.

The Attorney General's Office received 37 applications for grants from various organizations totaling \$27,312,427. The grant applications represented a variety of worthy efforts underway across Washington state.

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The [Washington State Housing Finance Commission](#) is a publicly accountable, self-supporting team that brings private investment dollars to benefit families and achieve public goals throughout Washington. Over 30 years, the Commission has created and preserved affordable homes for more than 307,000 people across the state, while contributing more than \$42.5 billion and 240,000 jobs to the economy.



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