



## **Increase Funding for Foreclosure Prevention & Homebuyer Education Fully Fund the Division of Banks' Program at \$2 million (Line Item 7006-0111)**

### **Foreclosures Continue to Plague Massachusetts Communities**

Despite the stronger economy and housing markets, thousands of homeowners across the state continue to be at risk of foreclosure and counseling agencies are struggling to serve their clients with diminishing resources. Foreclosure petitions in MA rose from 7,588 in 2014 to 11,767 in 2015, a 55% increase, according to The Warren Group. In addition to picking up the pace of foreclosures, loan servicers are too often unwilling to consider necessary loan modifications and in some cases are not meeting their required legal obligations.

### **Nonprofit Counseling Agencies Offer Effective Assistance to Families Facing Foreclosure and Those Hoping to Buy Their First Home**

According to a 2015 report issued by the MA Division of Banks, 21 agencies who received awards served almost 5,300 clients with foreclosure prevention and homebuyer counseling. The range of services they provided ranged from financial literacy and budget counseling, to advocacy on behalf of homeowners with loan servicers, to providing foreclosed homeowners with transitional assistance. While not every foreclosure can be averted, MACDC's members have been able to help more than 40% obtain a loan modification or other positive outcome. MACDC members also helped more than 6,000 families buy their first home last year, many with sound state-sponsored mortgages.

### **Counseling Agencies Have Experienced Recent Funding Cuts**

In Massachusetts, the Community Based Home Corps Program, funded in prior years through the MA Attorney General's Office, has been eliminated. Neighbor Works America's National Foreclosure Mitigation Counseling (NFMC) Program has been cut. The U.S. Department of Housing and Urban Development's budget for housing counseling services, which includes funding for foreclosure prevention, has been reduced by approximately 50% since 2010.

### **The Legislature Should Fully Fund the MA Division of Banks' Program**

In 2007, at MACDC's urging, the Legislature established a program that permits the MA Division of Banks to collect fees from licensed mortgage originators, retain up to \$5 million of these fees, and use up to \$2 million of the retained revenue to make grants for foreclosure prevention counseling and homebuyer education. Earlier this year, through the State budget, the Legislature authorized the Division to retain only \$2.35 million from these fees, and the Division in 2015 made \$1.3 million available in grants. We request that the Legislature authorize the MA Division of Banks to retain revenue of \$3.65 million from licensing fees so the DOB can fully fund the program at the legislatively authorized level of \$2 million. Funding at this level will enable counseling agencies to help homeowners stay in their homes, protect neighborhoods from the negative impacts of foreclosure, and help today's aspiring homebuyers to become tomorrow's successful homeowners.

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