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**To Tip or Not To Tip
Who Should Decide?**



COMMUNITIES UNITE

Partnership Strives to Educate and Counsel Local Families to Restore and Ensure Homeownership

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The housing market crash abruptly and without mercy brought the United States to its knees in 2007. Across the nation, the foreclosure rate began to rise due to outstanding mortgage loans, and home prices plummeted. The median single-family house price in the United States fell to \$220,800 in 2007—down two percent from the year before—and a year later fell to \$208,000.

Hard-hit neighborhoods turned quiet as homes became abandoned and families were forced out of their communities. In the tri-city area of southeastern Massachusetts, foreclosures were also up and median home prices fell by 11.51 percent in June 2008 to \$247,000, according to First American CoreLogic.

Many homeowners had, in the early 2000s, taken out loan programs that weren't right for them, says

Nelson Braga, senior vice president of Residential Lending at Bristol County Savings Bank.

"Then as housing evaluations fell, they couldn't refinance and now they have a mortgage balance that's greater than the value of their home—they didn't know where to go

next," he says. "Local banks and credit unions never operated under those guidelines; for the most part, we are all families within the communities here, and we don't want to see that happen to anybody."

To help support the community, a group of local lenders, including Bristol County Savings Bank, joined state and city agencies to form the Fall River/New Bedford Housing Partnership to address the immediate issues affecting area families and neighborhoods. Over the years, the Partnership has grown and evolved as the needs of the community changed; but back in 2007, as families battled layoffs and struggled to meet mortgage payments, the

Development, for the city of New Bedford. She and Patrick J. Sullivan, director of the Department, became immersed in efforts to clear a path for those in need of assistance.

Families with loans from larger, out-of-town banks were the most affected by subprime mortgages, and their troubles were compounded by the fact that they couldn't get in touch with the big banks—and when they did, they were hit with requests for a ton of paperwork and then weeks of waiting time for answers on modifications and how to proceed.

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Partnership stepped in to help homeowners stay in their homes.

The local lenders began working with homeowners to modify their loans in an effort to avoid foreclosure, explains Lori Moring, deputy director of the Department of Planning, Housing, and Community

hoods. Even if people were keeping up with their mortgage payments, they didn't have the extra income to make needed repairs to their home."

The concept of the Partnership between the city, state, and private lenders was to step in and offer guidance and assistance. It was

“People showed up and could then see that there is a light at the end of the tunnel for them,” says Braga. “Once we figured out their problem, we could get connections for them or provide them with mortgage assistance or loan modifications to help them. There’s been a lot of little success stories we’ve all seen over the years.”



felt that given the opportunity to connect lenders, local homeowners would become more involved and educated to the process. Braga adds, “Or a lot of times we helped them with connections at their banks so they could get some guidance.” The effort to connect people who might otherwise see each other as adversaries, moved everyone toward an understanding of how a partnership could be built.

Although Braga says it is unique that a group of local competitors united in a volunteer capacity to support the community at large, it isn’t the first time these lenders have collaborated together.

“Local banks and credit unions often come together,” he says. They often gather to figure out how to apply new changes in regulations, or the sponsoring of fundraising or charity events. From this program, it appears that even though each financial institution is looking to carve out their own market share, the friendly—yet competitive nature—is all positive.

Because the local lenders live and work in the communities, they have a better handle of what’s going on when it comes to the industry within the communities, Braga

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adds. “In New Bedford, if the fishing industry is going down, we are well aware of that and we know that there will be people hurt and losing jobs because of that,” he says. “If you are a bank in California, you don’t know what’s happening in Fall River or New Bedford. That’s what we saw as a group—that there’s a void we could help fill with information and education.”

RETAINING AND OBTAINING HOMEOWNERSHIP

Education has been at the heart of the Housing Partnership since its inception. It began with a focus on helping people retain their homes as well as obtain affordable homeownership, explains Goretti Joaquim, business development officer of Homeownership and Mortgage Insurance Develop-





ment for the Massachusetts Housing Finance Agency (MassHousing).

A big part of this in the beginning was spreading awareness about foreclosure prevention and providing one-on-one counseling to struggling homeowners in the form of local seminars and workshops. The local lenders and agencies involved in the Partnership began a round-robin approach to hosting these educational workshops in various areas and neighborhoods in the community.

meets every month to discuss the direction of the program—started hosting credit counseling workshops to help people understand their credit, says Moring.

“If they had credit issues, they would learn about how they could repair it or how long it takes to rebuild their credit,” she says. “That was a large focus for us. We wanted to help people reestablish and be able to monitor their credit. This, too, became important for people.”

First-time homebuyer education forums

It’s an awareness campaign as well as education-based, adds Braga. “We are out there trying to make people aware of what it is like own a home, obtain a home, to qualify to buy a home. It’s the nuts and bolts of being able to do a home budget, so when you are ready to start to look for a home you know these are the things you’re going to encounter—even down to home repairs and providing for contingency factors for unforeseen repairs or things that could come up.”



“What we try to do is just turn them around and get them back on the market, because one property in a neighborhood that is abandoned affects the entire neighborhood,” says Michael Dion, executive director of Fall River Community Development Agency.

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“People showed up and could then see that there is a light at the end of the tunnel for them,” says Braga. “Once we figured out their problem, we could get connections for them or provide them with mortgage assistance or loan modifications to help them. There’s been a lot of little success stories we’ve all seen over the years.”

Once attendance at foreclosure prevention workshops began to wane as the needs of the community shifted, the Partnership—which

entered the mix as the Partnership’s next offering, and it remains one of the big focuses today. Like basic training for homeowners, these workshops teach potential homeowners how to handle their finances prior to applying for a loan. Many times, says Braga, workshop attendees will come back to the lending agency that hosted the seminar with questions or wanting to take the next steps in becoming prequalified for a home.

As the Partnership worked hard to get people to remain in their homes and educate them on how to qualify for new homes, it was equally important to raise awareness of all the local city funds and programs available to help families in need—from state community development funds and programs to down payment and closing cost assistance programs, financial assistance programs, housing accessibility programs, and finally, home rehabilitation programs.



REHABILITATION AND “BUY” PROGRAMS

There has also been effort over the last several years to get families to move back into the communities abandoned by foreclosures and reduce the number of vacant properties or properties in disrepair in local neighborhoods. Through the Partnership and the help of a federally-funded receivership program, the cities of New Bedford and Fall River work to take over and rehabilitate vacant properties to get them back on the market and available to first-time homebuyers, explains Joaquim.

“What we try to do is just turn them around and get them back on the market, because one property in a neighborhood that is abandoned affects the entire neighborhood,” says Michael Dion, executive director of Fall River Community Development Agency. “It’s a quality of life issue.”

These lottery properties are renovated, and then the Partnership makes the community aware of these properties so they can get sold to first-time homebuyers. “It’s on our website,” Joaquim adds of the Partnership’s website: frnbhp.com. “We have a list of local properties that either a rehab agency in conjunction with the city program, or even the state, has been able to renovate.

“Usually it’s a property that needed a lot of tender loving care, and has been renovated, remodeled, and brought up to the latest and greatest in energy-efficiency and can then be turned around to a first-time homebuyer.”

In conjunction with MassHousing, the Partnership also has an exclusive loan program

for the cities of Fall River and New Bedford to help these first-time homebuyers obtain the homes. Called Buy Fall River and Buy New Bedford, the program is offered exclusively to the lender partners of the Partnership, explains Fadra Northrup, a loan officer at Mechanics Cooperative Bank in Fall River.

“So when these lottery homes come up, there’s a list of lenders from the Partnership and those lenders will expand traditional mortgage guidelines to help place these first-time homebuyers into these homes,” she says.

“And the program itself offers flexible underwriting,” adds Joaquim. “For example, we offer unemployment payment, if a homeowner unexpectedly loses their job; they get the benefit of having their mortgage payment covered for a certain period of

agencies to the forefront of the community and allowed them to really showcase the programs they have to offer. “It’s a win-win for the city, for community development, and for the local lending institutions that take part in the partnership,” says Dion.

From a Fall River Community Development Agency standpoint, he adds, “We are now able to let our residents know what the agency has to offer. Most of what people knew about us before was word-of-mouth; we didn’t do much outreach. But becoming part of this Housing Partnership allowed us to let not only the people of Fall River know what we are doing, but also people in the surrounding communities like new Bedford and the greater Fall River area.” ★

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time. So there are some bells and whistles that are added to the program to make it safe and affordable.”

The program also has higher income limits, no necessary down payments, and 100 percent financing at very attractive rates, adds Dion. Fall River Community Development Agency targets affordable housing opportunities for lower-moderate incomes, but didn’t have many programs that were able to help the middle class—until this Buy Fall River, Buy New Bedford program.

Throughout the years, different agencies have been able to contribute differently, adds Joaquim. MassHousing is able to support some events, while the cities of New Bedford and Fall River support others, and the local lenders themselves also foot the bill for marketing and outreach for their own workshops. “So we’ve been able to pool our funds together and work on whatever the projects or education components are of what we are looking to do.”

The Partnership has also brought these

Check out Part 3 of this article in our April issue, which will focus on the current state of the housing industry, the Buy New Bedford and Buy Fall River program, and the new homebuyer programs that the Partnership is now targeting. You will also learn more about how the Partnership is helping families reach homeowner success.

