



I. Introduction

Across the country, courts and governments at varying levels are struggling to find ways to address the adverse consequences of the mortgage foreclosure crisis. One increasingly popular response is a court-mandated (or offered) *foreclosure diversion or mediation* intervention. In general, these programs represent the public policy interest in preventing avoidable foreclosures. The general objective of these interventions is to create a process that, in states with a judicial foreclosure process, essentially stands between the foreclosure lawsuit and a court order to sell the subject property at Sheriff Sale (or foreclosure auction). In non-judicial foreclosure states, the intervention can look quite similar and may even rely upon judicial foreclosure statutes that continue to exist in state law.^{1,2} So before ordering the final sale of someone's home at auction, an opportunity is presented to the parties to reach an agreement that may save the home from auction. These programs all look a little different in terms of their rules and structure. Thus far though there has been little in the way of systematic data collection on the efficacy and efficiency of these programs.³

This document is intended to offer a set of methods, data sources, data collection procedures, and analytic techniques that can be used to answer the variety of questions that should be asked of any foreclosure diversion process. The alternatives offered in this document should be tailored to the unique circumstances of the program being evaluated. The City of Philadelphia and its Residential Mortgage Foreclosure Diversion Pilot Program serves as the laboratory for this work.

II. Philadelphia Foreclosure Diversion Court; a brief history and process description

As the condition of the mortgage and real estate markets across the country deteriorated, Philadelphia, PA took affirmative steps to temper the impact of mortgage foreclosures on its residents and communities. Philadelphia has a history of proactively addressing mortgage foreclosures in terms of city administrative efforts (e.g., using a generous amount of the City's CDBG funding allocation to support housing counseling), judicial precedents (e.g., a prior temporary stay on Sheriff Sales⁴), advocacy efforts (e.g., leading the effort to create a novel State program designed to assist people facing foreclosure due to job and income losses) and consumer representation (e.g., the extraordinary national reputation of Philadelphia's Community Legal Services, Inc. representing people fighting predatory lending and mortgage foreclosures). The foreclosure diversion process represented an extraordinary collaboration between the Court, the City, and representatives of

¹ Geoffry Walsh, 2009. "State and Local Foreclosure Mediation Programs: Can they save homes?" National Consumer Law Center. http://www.nclc.org/images/pdf/foreclosure_mortgage/mediation/report-state-meditation-programs.pdf. Accessed 10/20/2010.

² While the judicial/non-judicial distinction is critically important for the establishment of the structure of the intervention, it is less relevant in terms of the data and methods used to address the impacts of that intervention. We estimate that approximately 43% of the US population lives in states with a judicial foreclosure process. Another 44% live in states with a non-judicial process. Approximately 12% of the population lives in states with both processes available.

³ Walsh, op. cit., pp. 3-6.

⁴ For the press release announcing the foreclosure diversion program, which discusses past Judicial stays of Sheriff sales, see <http://www.courts.phila.gov/pdf/notices/2008/notice-2008-Press-Release-Mortgage-Foreclosure-Pilot-Program.pdf>. Accessed 10/20/2010.

lenders/servicers/homeowners and housing counselors to address foreclosures as the recession was bearing down on Philadelphia's homeowners.

In April of 2008, the Court of Common Pleas of Philadelphia County and the First Judicial District of Pennsylvania created the Residential Mortgage Foreclosure Diversion Pilot Program (hereafter, Diversion Program).⁵ On April 16, 2008, Common Pleas Court President Judge C. Darnell Jones and Trial Division Administrative Judge D. Webster Keogh issued an Order delaying Sheriff Sales (i.e., the official auction of collateral properties in satisfaction of mortgage debt) of owner occupied residential premises on the April and May 2008 Sheriff Sale list.⁶ That Order required a Conciliation Conference to be scheduled between owners and the lenders/servicers that are party to the action.⁷ Each month thereafter, the Order anticipated that the President Judge would issue a subsequent Order delaying Sheriff Sale of properties that are still within the Diversion Program.⁸ On July 17, 2008 the original order was amended to require defendants in older mortgage foreclosure actions to file a *Certification of Premises as Residential - Owner Occupied and Request for Conciliation Conference*, creating an opt-in system for mortgage foreclosure actions initiated before September 8, 2008.⁹ Since the inception of the Diversion Program, a Steering Committee comprised of housing counselors, counsel for plaintiffs and defendants, and City/Court staff meets regularly to provide input and guidance to the Court. Initially, the Diversion Program was set to expire on December 31, 2009,¹⁰ although by Order dated December 17, 2009, the Diversion Program was made a permanent fixture of the Court.¹¹

The Diversion Program mandates a Conciliation Conference for all new foreclosure actions.¹² During the conference, eligible homeowners and lenders/servicers explore alternatives to Sheriff Sale.¹³ These alternatives include, among other things, existing federal programs (e.g., Home Affordable Modification Program – HAMP or Home Affordable Refinance Program – HARP) or State programs (e.g., Pennsylvania's novel Homeowners' Emergency Mortgage Assistance Program, or "HEMAP"), loan modifications or reinstatements, forbearance plans, and the "graceful exit."¹⁴ Eligible homeowners are sent information about the Diversion Program, including the date of their Conciliation Conference, when they are served with the mortgage foreclosure

⁵ Joint General Court Regulation No. 2008-01. <http://fdj.phila.gov/pdf/regs/2008/cpjgcr-2008-01.pdf>.

⁶ Id.

⁷ Id.

⁸ For a list of these orders, see generally: <http://fdj.phila.gov/regs/>. Accessed 10/20/2010.

⁹ See: <http://fdj.phila.gov/pdf/regs/2008/2008-01-Order-Re-aug-5-sept-9-2008-Sheriff-Sale.pdf>. Accessed 10/20/2010.

¹⁰ Joint General Court Regulation No. 2008-01, op. cit.

¹¹ See: <http://fdj.phila.gov/pdf/regs/2009/order-JGCR-2008-01.pdf>. Accessed 10/20/2010.

¹² Id.

¹³ Generally, homeowners are eligible if they occupy the property subject to the foreclosure action as their primary residence. In re: Joint General Court Regulation No. 2008-01. See: <http://fdj.phila.gov/pdf/regs/2008/2008-01-Order-Re-aug-5-sept-9-2008-Sheriff-Sale.pdf>.

¹⁴ For a description of the various approaches and the conditions in which they are appropriate, see: <http://courts.phila.gov/pdf/forms/civil/Residential-Mortgage-Foreclosure-Diversion-Pilot-Program-Materials.pdf>. Accessed 10/20/2010.

For a description of Pennsylvania's HEMAP program, see: http://www.phfa.org/consumers/homeowners/hemap.aspx?WT.mc_id=pHO2HEMAP. Accessed 10/20/2010.

complaint.¹⁵ Homeowners are instructed to first call an outreach hotline (supported by both private philanthropy and the City), which schedules an appointment for the homeowner to meet with a housing counselor to discuss workout options.¹⁶ Several non-profit agencies, funded by the City, conduct door-to-door outreach to inform homeowners about the program and to encourage homeowners to call the Philadelphia hotline.¹⁷

The stated objectives of this intervention, as set forth by the Court and the City, are: (1) keeping homeowners facing foreclosure in their homes; (2) preserving and protecting neighborhoods from the impact of foreclosures; (3) early intervention in the process using available Court case management tools to move foreclosure cases through the docket efficiently; and (4) as a case management tool, to take a docket that is unique because of the over 90% pro se nature, and provide a support mechanism for homeowners so that they can have a substantive discussion with Plaintiff's counsel about resolution long before it gets to an issue of trial.

Ideally, when the homeowner and counselor meet, the counselor gathers information on the homeowner's income and expenses,¹⁸ then submits a workout proposal to plaintiff's attorney in advance of the first Conciliation Conference.¹⁹ This enables the first conference to begin with a discussion of the proposal and serves as a basis for, potentially, further negotiation. Homeowners may hire an attorney to represent them at the conference, or if they qualify under the Federal Poverty Guidelines,²⁰ receive assistance from a volunteer attorney.²¹ The parties can request the assistance of a *Judge Pro Tem* (an experienced attorney, appointed by the Court, who acts as a "mediator" and makes recommendations to the Court about how the case should proceed) during negotiations.²² If no agreement is reached through the Diversion Program, with the approval of the Judge, the plaintiff resumes the foreclosure litigation, potentially resulting in a Sheriff Sale of the property.²³

¹⁵ See: <http://courts.phila.gov/pdf/forms/civil/Residential-Mortgage-Foreclosure-Diversion-Pilot-Program-Materials.pdf>. Accessed 10/20/2010.

¹⁶ Id.

¹⁷ Jeff Shields. "Nutter goes on foreclosure offensive". *The Philadelphia Inquirer*, June 4, 2008. Available at: <http://www.philly.com/philly/blogs/heardinthehall/19532959.html>. Accessed 10/20/2010.

¹⁸ For the standard income and expense form housing counselors use to analyze workout options, including a list of documents required by plaintiffs to prove the homeowners' income, see: http://www.phillyvip.org/word_docs/Mortg_Foreclosure_Trng_Mats/Negotiation_Trng_Mats/HOPE_NOW_Workout_Options_and_Counsel.pdf. Accessed 10/20/2010.

¹⁹ Available at: <http://courts.phila.gov/pdf/forms/civil/Residential-Mortgage-Foreclosure-Diversion-Pilot-Program-Materials.pdf>. Accessed 10/20/2010.

²⁰ The threshold for eligibility for a volunteer attorney is 200% of the Federal Poverty Guidelines. See: http://www.phillyvip.org/word_docs/Mortg_Foreclosure_Trng_Mats/Negotiation_Trng_Mats/Income_Elig_Guidelines_-_2009.pdf. Accessed 10/20/2010.

²¹ See: <http://courts.phila.gov/pdf/forms/civil/Residential-Mortgage-Foreclosure-Diversion-Pilot-Program-Materials.pdf>. Pro bono attorneys are available through Philadelphia Legal Assistance (PLA), Community Legal Services of Philadelphia (CLS) and Philadelphia Volunteers for the Indigent Program (VIP).

²² Id.

²³ Id.

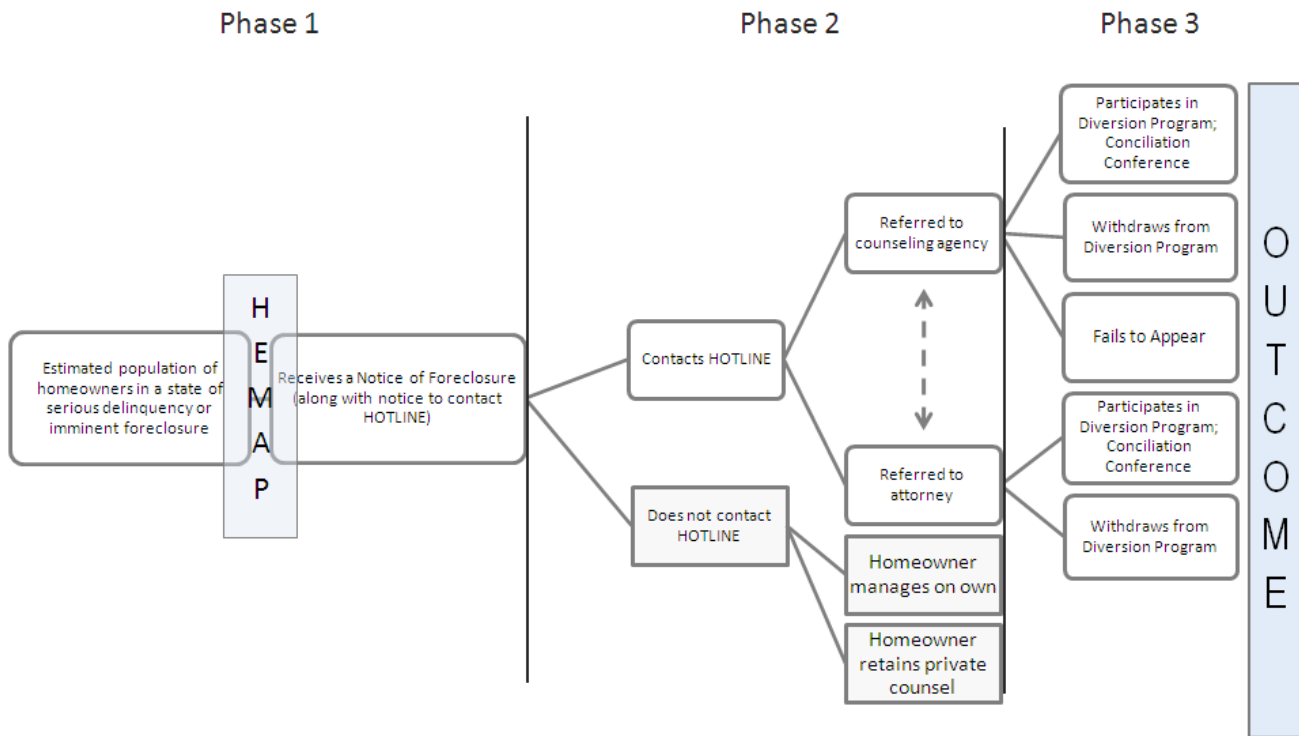


Figure 1: Diagram of Court Process

III. A Methodology for Assessing Diversion Court Efforts

When thinking about the existing court processes across the country, there are undoubtedly many common goals, client groups, audiences for the evaluation and data sources; at the same time, there may be critical differences in design of the intervention, legal structure within which the program exists (e.g., is the guiding law one of a judicial or non-judicial foreclosure process), or other aspects of the local social and economic environment. With respect to the goals, diversion processes in some jurisdictions may be viewed primarily as a case management tool for courts that are overburdened by an avalanche of foreclosure lawsuits. Alternatively, diversion processes may be motivated by a desire to encourage mortgage modifications because invariably, foreclosure leads to a loss of value for the consumer, financial losses for the lender/investor and loss of revenue to the City owing to impaired property values resulting from foreclosures within a community.²⁴ And lastly, the diversion process may be viewed as a vehicle through which homeowners and lenders/servicers can have the playing field leveled so that an agreement *by mutual consent* can be achieved - even if this ultimately means that the home is lost. These goals are not necessarily mutually exclusive, nor are they necessarily exhaustive. Any local diversion process may have several goals and thus the evaluation plan should reflect that the local programmatic complexity. Identifying the goals, however, is critical to defining the methods for evaluation.

In Philadelphia, with its goals of saving homes and neighborhoods from the adverse impacts of foreclosures and improving court efficiency, a comprehensive evaluation methodology must articulate a strategy to gather and analyze data on (at least) the following questions:

²⁴ See, for example, William C. Apgar, Mark Duda, and Rochelle Nawrocki Gorey, 2005. "The Municipal Costs of Foreclosures: a Chicago case study." Homeownership Preservation Foundation Housing Finance Policy Research Paper Number 2005-1. Retrieved from: http://www.nw.org/network/neighborworksProgs/foreclosuresolutions/pdf_docs/2005Apgar-DudaStudy-FullVersion.pdf. Accessed 10/20/2010.

(1) What is the magnitude of the mortgage foreclosure problem in Philadelphia? & What part of that problem is being addressed by the Diversion Court (e.g., the Philadelphia Diversion Program will only address owner-occupied properties, by law)? *The answers to these questions provide a necessary baseline of information in order to establish the parameters of the problem this policy intervention is designed to mitigate. Given the parameters of the problem as identified, how much of it is being addressed by the policy intervention. It is also important to understand the size of the foreclosure problem that will remain unaddressed.*

(2) Once a case becomes eligible for this intervention, what results are achieved? *This question is fundamentally related to whether the intervention is achieving tangible and goal-related results. Given the place-based and people-based aspects of Philadelphia’s objectives for this intervention, a deeper set of answers to this question requires examining the characteristics of people obtaining the different outcomes and the characteristics of place (or communities) where the different outcomes are achieved.²⁵*

(3) Does the Diversion Court facilitate the case processing efficiency of the Court? *In Philadelphia one of the objectives was to move cases efficiently through the system. The Court took notice that the volume of foreclosure cases was adversely impacting overall case processing (it was the authority of the Court under its case management rules that allowed for the creation of the Diversion Court). Identifying and gathering data on the metrics the Court uses to define efficient case processing is therefore critical.*

(4) Has the Diversion Court made a difference in how foreclosure cases progress from filing to resolution (of whatever form)? *In its most general sense, has the Court impacted the passage of foreclosure cases from filing to conclusion. There are two comparisons to be made here: (a) pre- and post-intervention; (b) subject area (i.e., Philadelphia) to comparable cities/counties.*

(5) Assuming the result is a “saved home”, how sustainable is the resolution - and for whom? *“Sustainable” is operationalized as the extent to which resolutions are long-term. Stated differently, once a foreclosure is diverted, for how long does that home stay in the hands of the homeowner. Further, are there differences in sustainability observed across different groups of homeowners or communities?*

Problem #1: What is the Magnitude of the Foreclosure Problem? & What Part is Addressed by the Program?

In order to estimate the number of households against which foreclosure suits have been filed, a reliable data source must be identified. Typically, the choices are either an official source or one that is tied to a private data provider. The official government record, where available, is typically the best option. In Philadelphia, and throughout Pennsylvania, these data are collected by the county Prothonotary (also known in other jurisdictions as the Clerk of Courts).

²⁵ The people-based component of the program is the City’s and Court’s objective of saving homes one-at-a-time – recognizing that each homeowner is a client for this intervention who may benefit from what it has to offer. The place-based objective attaches more to the City (as opposed to the Court) because of its specific interest in maintaining the stability of its communities. Stability is threatened where concentrations of foreclosures adversely impact the social and economic well-being of the area.

Philadelphia's Prothonotary database of foreclosure filings includes, among other things, the following fields of data:

- a. Name(s) of parties
- b. Date of filing
- c. Principal amount due
- d. Interest rate
- e. Interest owed
- f. Penalties and fees owed
- g. Book/Page of mortgage²⁶

Should official foreclosure data not be available through a reliable public source, a private source can serve this purpose. There are many sources to which researchers will often turn; a web search of the phrase "foreclosure database" reveals countless sites that market either local or national data coverage. In any locale, the alternatives must be evaluated as to their appropriateness and accuracy before using the data.²⁷

Appropriateness refers to an assessment of the extent to which the data reflect the logic of the evaluation. For example, some data providers offer data only on REO (i.e., real estate owned) or "completed foreclosures". Care must be taken in selecting a data source because while a particular source may be acceptable in one locale, it does not guarantee that its data collection is as complete and consistent in other areas; this can be problematic for a statewide program where multiple sources of data may be required because of the inconsistency of a data provider's quality or consistency across the state. As the data are not being used to identify properties that an investor may wish to purchase at or before a completed foreclosure, consistency and completeness of the database are paramount.

In parsing the filing data to be consistent with the universe for which the program is intended (e.g., residential owner occupied homes), another database will typically need to be identified. Frequently, the "use and occupancy" data that leads to the identification of "residential" and "owner occupied" can be found through a municipal agency. In the case of Philadelphia, it is available through our Board of Revision of Taxes (BRT).

Databases akin to the BRT database exist in many other locales around the country. Oftentimes, these databases may be referred to as "real property" or "CAMA" (Computer Assisted Mass Appraisal) databases. These publicly available databases contain information about each property in the given locale. Included among the many data fields, typically, are the addresses of the owner and of the property. Experience in Philadelphia suggests that where the two addresses are the same, the property is likely owner occupied; where those addresses are not the same, it is likely a home that is occupied by someone other than the owner.

²⁶ The phrase *book and page* is a reference to the way, historically, property deeds and mortgages were stored. That unique identification number is important because it is the most certain means to link the foreclosure filing to other databases in order to identify the lending institution associated with the mortgage at the time of origination.

²⁷ Accuracy encompasses several criteria. First, are the foreclosure filings of each and every lender/servicer filing included or are only certain entities covered? Second, is the entire geography to be examined covered or are certain parts missing (or even covered by a different but related data collection entity)? Third, given an acceptable level of coverage, are the data themselves correctly and completely entered into the vendor's database? Certain fields of information are vital and their universal reporting is essential. Fourth, are the data gathered consistently over time? Some vendors may not gather data every month or quarter and may only do so as time and resources permit; that does not produce data that are useful for this evaluation purpose.

Should public databases not be available, a private vendor database such as RealQuest Professional (RealQuest) is useful.²⁸ Just as with the BRT database, a comparison of the property address to the owner(s)' address can lead to an estimation of whether the property is owner occupied. Beyond the owner occupancy identification, databases such as this are especially useful because they contain a variety of other pieces of information (See Appendix 1).

By merging the foreclosure filing databases with the data indicating owner occupancy, an estimate of the size of the problem to be addressed by the program may be made. And because each filing will be associated with a property address, a review of the magnitude of the problem can be made community-by-community.

	Addresses Subject to Foreclosure Filings	Residential Properties	Owner Occupied Properties	Difference: Total Filings and Eligible Filings	Percent Owner Occupied of All Filings
2004	5,389	4,785	4,088	1,301	85%
2005	5,126	4,532	3,850	1,276	85%
2006	5,322	4,697	4,097	1,225	87%
2007	6,511	4,818	3,942	2,569	82%
2008	7,745	6,771	5,363	2,382	79%
2009	8,501	7,333	5,769	2,732	79%

Table 1: Identification of Eligible Cases for Diversion Court of All Foreclosure Filings

As Table 1 illustrates, in 2009 as an example, there were 8,501 Philadelphia addresses subject to a foreclosure filing. Of those, 7,333 were residential properties and 1,168 were non-residential (e.g., commercial, industrial, vacant land, etc.). Of those, 5,769 were owner occupied; the remaining 1,564 were not owner occupied (e.g., rental or investment properties). Thus, Diversion Court, theoretically, will seek to process 5,769 cases – residential owner occupied properties - which represent 79% of all properties subject to a mortgage foreclosure. The remaining 2,732 (21%) will proceed through the normal court foreclosure process.²⁹ [See Appendix 2 for maps depicting the location of all foreclosures and those eligible for the Diversion Program in Philadelphia.]

²⁸ The RealQuest database is a member of the group of products within First American CoreLogic, part of The First American Corporation family of companies. RealQuest is a compilation of information about each property that has been culled from the public record. Included are data related to the legal description of the property, property type and use, sale and mortgage transactions as well as the mortgage/sale document identification numbers (equivalent to the Prothonotary's Book and Page).

Proprietary databases do charge for access to the data. Charges vary from a few cents a record to several dollars depending upon the specific information requested. Typically costs will be lower for accessing the basic public record information (e.g., ownership, sale date/amounts, taxable value) and higher for more detailed history (e.g., reporting of prior mortgages and sales, accessing of mortgage documents).

²⁹ Experience in Philadelphia suggests that databases identifying residential and/or owner occupied properties are less than 100% accurate. Accordingly, we find that there are cases where people petition into the Diversion Court – even though they may not have been identified for notices of the process. Similarly, there are a number of cases where the properties are believed to be eligible but are later identified as ineligible. We estimate that approximately 6% of cases handled by the Court since inception are subsequently identified as not owner occupied.

Problem #2: What Results are Achieved through the Diversion Process?

In many jurisdictions, the basic data that documents what happens in the court is an Order.³⁰ In Philadelphia, the Order has changed more than once since the Diversion Process began. Each time, changes were intended to capture more about the substance of the case outcome. There are plans to further change the Order in the future in an effort to capture more specific information about the nature of outcomes achieved.

Currently, Philadelphia – like many other jurisdictions – is capturing only the broad category of outcomes, not necessarily the detailed characteristics of an outcome. For example, Philadelphia Court Orders allow plaintiff attorneys to identify one of the following “final” case outcomes for the Order:³¹

Outcomes:

1. Defendant failed to appear
2. After meeting with a Judge Pro Tempore and it being decided that an agreement cannot be reached, a default judgment for Plaintiff is entered
3. Agreement is reached and foreclosure is terminated
4. Agreement is reached and foreclosure remains open
5. Action is withdrawn – case not settled
6. Agreement by forbearance plan
7. Sheriff Sale scheduled for a specific date
8. Sheriff Sale postponed to a specific date
9. Property is not owner occupied (i.e., ineligible for the process)

In Philadelphia, these Orders are captured in paper files. Analysis of the Orders requires that they be turned into an electronic database. Moreover, because cases (i.e., foreclosure filings) may have one (or more) Orders issued, organizing that database requires a reasonably complex record structure.

Case ID #	Call #	Plaintiff	Defendant	Plaintiff Atty	Defendant Atty	Order	Housing Coun Agency	Date	Session
09080037x	160	BAC Home Loans	JC	McCabe, Weisberg, Conway		No service		9/17/2009	PM
09080037x	130	BAC Home Loans	JC	McCabe, Weisberg, Conway		Agt reached		1/21/2010	PM
09080039y	161	PNC Bank NA	AL	Patrick T Woodman		Con't to	HACE	9/17/2009	PM
09080039y	143	PNC Bank, NA	AL	Patrick T Woodman		Agt reached		11/12/2009	PM
09080068z	190	JP Morgan Chase Bank	YI	Shapiro & Denardo		No service		9/17/2009	PM
09080068z	120	JP Morgan Chase	YI	Shapiro & DeNardo, L.L.C.		Failed to appear		7/15/2010	PM
09080068x	192	HSBC Bank NA	EH	Shapiro & Denardo		Con't to		9/17/2009	PM
09080068x	96	HSBC Bank	EH	Ilana Zion		Con't to		10/29/2009	PM
09080068x	152	HSBC Bank	EH	Ilana Zion		Failed to		12/3/2009	PM
09080068x	141	HSBC Bank	EH	Shapiro & Denardo		Con't to	CCCS	12/10/2009	PM
09080068x	160	HSBC Bank USA	EH	Shapiro & DeNardo, L.L.C.	VIP - Dana	No agt	CCCS	1/14/2010	PM

Table 2: Sample Records from the Philadelphia Court Order Database

The following sample case is an illustration of how one can combine the aforementioned public and private data sources with the Court Orders to develop the comprehensive case history.

³⁰ These data can be obtained for Philadelphia by a manual search of the civil docket at: https://fjdefile.phila.gov/docket/fjd1/repl1/zk_fjd_public_qry_00.zp_main_idx.html

³¹ Allowing the Plaintiff attorneys to create and submit the final Order, without sign-off of the homeowner/defendant, does create the risk of memorializing to the Court a misunderstanding of the final terms, or worse, a misrepresentation of those terms.



Getting More Detailed Outcome Data

The characteristics of “agreements” are many and varied. In Philadelphia, as elsewhere, the parties can agree to a loan modification (temporary or permanent), a forbearance period, giving up the home in exchange for a clear credit record, a short sale, etc. Some of these outcomes are rather straightforward while agreements (especially loan modification agreements) are rather complex and require more detailed data collection. For example, public reports on the accomplishments of HAMP and other loan modifications nationally suggest that some agreements include waiving of fees, others do not; some include a reduced principle balance, others do not; some include a reduced interest rate, others do not. The variety of modifications thus requires a more detailed data collection instrument than the existing Order. Detail should: (a) speak to the quality and characteristics of the homeowner’s resolution; (b) be sufficient in detail to allow comparison to other areas and data sources; and (c) facilitate an understanding of factors associated with an agreement’s sustainability.

The instrument contained under Appendix 3 reflects the variety of data that optimally should be collected for each case conclusion. A suggested process would have this form completed along with the final Order memorializing an agreement between the parties. Ultimately, the objective is that it, along with Orders themselves, could be electronically stored and retrieved for analysis. The information required on this form is meant to facilitate not only more comprehensive data collection but also to yield a set of data that can be compared to other databases (e.g., OCC/OTS Metrics Reports or HAMP public reporting). What is not captured on this form are detailed characteristics about the borrower or their personal financial situation.³² Over time, Philadelphia’s Court Orders have evolved to incrementally incorporate more detailed case outcome information. Contemplated changes to Philadelphia’s Orders will likely incorporate the top portion of the sample data collection form under Appendix 3. This will give greater detail on case outcome. The contemplated change will not likely capture data descriptive of the old/new/modified mortgage.

Diversion Process Sample Case: The Power of Combining Orders and Publicly Available Data to Develop the Case History

**[Data Sources: RealQuest, Prothonotary of Philadelphia,
Mortgage Lender Implode-O-Meter, Court Orders]**

Based totally on information available from the data sources described herein (RealQuest), we determined that the defendant in this sample - but real - foreclosure case is a female homeowner; she appears to be the sole owner and only borrower on the mortgage. She purchased her row home in 2001 for \$74,900 with an FHA loan for approximately 100% of the sale price. The FHA loan had an interest rate of 8.5%. In 2006 the homeowner appears to have received a cash-out 30-year adjustable rate refinance loan for \$87,750 with a now defunct, national mortgage company. The initial rate on the mortgage was 7.65% and was indexed to the six month (London Interbank Offered Rate) LIBOR. Based on the date of origination, this would have had a reportable rate spread as defined by the Federal Financial Institutions Examination Council (FFIEC). After 3 years, the mortgage interest rate could adjust up to LIBOR plus six percentage points to a maximum of 13.65%. It appears that the homeowner was current on her real estate taxes.

This case was initially filed in January of 2008 – approximately 14 months before the first change date for her ARM. The case progressed to a Default Judgment in March of 2008. Prior to executing that judgment, the case was considered and deemed eligible for the Diversion Process. This homeowner was represented by one of Philadelphia’s housing counseling agencies.

Several Orders were issued on this case. During the 10/1/2009 Court session, an Order was issued continuing the case until 10/15/2009.

During the 10/15/2009 session another Order was issued continuing the case until 11/19/2009 (noting that a Sheriff Sale would be postponed until 12/1/2009 as the Lender was reviewing the case for a Forbearance Agreement).

Finally, during the 11/19/2009 session, the Court issued an Order stating that an agreement - without specificity - had been reached.

³² There is one very important reason for this purposeful omission. Actions of the Court are in the public domain. Revealing a borrower’s debt-to-income ratio or other personal financial information could be an unnecessary invasion of their privacy. Theoretically, these data should be available through other sources (e.g., their housing counselor) and need not be placed into the public domain along with the Order.

Notwithstanding the agreements that are achieved through the Court, many cases do ultimately progress to auction. That may occur for a number of reasons. For example, a homeowner may fail to appear at their designated time. At some point, the Court will Order that the foreclosure can proceed to auction. Alternatively, the parties may agree that an auction can proceed at some mutually agreed upon date. Therefore to complete data collection, one needs to ascertain whether a property that exits the diversion process actually ends up being sold at auction. In Philadelphia, the Sheriff has not systematically made data available on the outcome of his auctions. Notwithstanding this void of information, eventually, every property sold must have a deed recorded. Thus, although there may be a lag in time between when the Sheriff Sale occurs and when the deed is recorded, that deed is the most reliable source of data on the Sheriff Sale. In Philadelphia, these deeds are recorded with the Recorder of Deeds which is part of the City's Department of Records. In other states and counties across the country, this function will undoubtedly reside in some part of the local government structure.

Counseling Data as a Source of Information on Homeowners and Agreements

In Philadelphia and in other parts of the country, counselors maintain data about their clients in an automated system through which reporting can be made to HUD and/or other funding agencies. The system used by counselors in Philadelphia is called CounselorMax™. CounselorMax™ is one of the more widely used programs and it allows counselors to track a variety of information about clients including, but not limited to: (1) client demographics; (2) household finances; (3) services performed on behalf of the client; (4) credit status and experience; (5) household budget; (6) characteristics of the home loan. Additionally, there are options to gather information necessary to pre-qualify clients for mortgages (e.g., if the client is seeking to become a homeowner).³³ Counseling data, when linked to the foreclosure filing and other previously mentioned data, allow for a more thorough understanding of how homeowners facing foreclosure through the Diversion Process fare in that process.³⁴

A word of caution: counseling databases are arguably confidential because they contain personal financial information about the clients. Accordingly, it is recommended that if these data are to be relied upon to establish the court outcomes that clients be provided with notice and/or a waiver of that confidentiality at the point of initial contact so that the evaluation research can be accomplished.

³³ A similar system that many counselors use is Fannie Mae's Home Counselor OnLine.

³⁴ Linking counseling data systematically with the Diversion Court Orders has been a challenge in Philadelphia. There are a number of reasons for this. First, counseling databases are typically not populated with the foreclosure case identification number – thus linking counseling data to Orders must be made on names. Second, it is not always true that name(s) in the counseling database are represented the same way as they are on the foreclosure filing. Third, the homeowner facing foreclosure is not always the person who visits the counselor (e.g., a son or daughter may, on behalf of their elderly parent, attend the counseling session). Fourth, even when a match can be made, it is our experience that the data captured by the counseling agencies is far less than complete both in terms of data descriptive of the client as well as the specifics of the agreements achieved. The data tend to be sufficient for documenting the fact of counseling activity to the City (i.e., funding source for counseling) for administrative/billing purposes, but not for research.

Problem #3: Does the Diversion Court Facilitate Case Processing Efficiency?

Each Court will have its own metrics, but there are several likely candidates that are reasonably simple to capture.³⁵ For example, the time a case takes to move through the system – start to finish and for each step in between – is a most definitely an important metric. In Philadelphia among cases involving owner occupied properties, it takes on average just under 75 days from the date the case is filed to schedule a Court appearance date and declare that a Failure to Appear Order should be issued. Similarly, it takes approximately 60-70 days to determine that a case, once believed to be eligible for the Diversion Program, should be excluded because it is not owner occupied.

Another case processing efficiency metric could be the number of court contacts per case. Orders generally reflect an official contact and so the number of Orders issued per case is easily attainable. Overall, the number of Orders per case is below 2.0. If failures to appear and non-eligible properties are excluded from the computation, the typical case has between 2 and 3 Orders; over 60% of cases have one Order or fewer.

Problem #4: Has the Diversion Court Made a Difference in How Foreclosures Progress from Filing to Resolution?

Methodologically it is practically impossible to determine whether any observed changes in the result of foreclosures over time are attributable to a diversion process – especially in an environment where so many meaningful things are changing on a daily basis. For example, several variables have changed in the local real estate environment since the Diversion Program began: (1) a rise in serious delinquency, nationally, from 4.50% in the 2nd quarter of 2008 to 9.11% in the second quarter of 2010;³⁶ (2) the advent and constant evolution of the federal modification process – Home Affordable Modification Program (HAMP), Home Affordable Refinance Program (HARP) and Home Affordable Foreclosure Alternatives (HAFA); (3) dramatic rises in unemployment nationally and locally;³⁷ (4) a decline in real median household income between 2008 and 2009 – a continuation of a several year trend; (5) temporary halts to foreclosure owing to stories of “robo signing” of foreclosure documents.

Unlike some experimental research, control and treatment groups were not created when the Diversion Program was initiated; nor for that matter would this methodological design likely be possible in any jurisdiction. Accordingly, there are two alternatives to estimate the impact of the Court on the environment – none of which are perfect. The first option is a comparison of the post-Diversion Program results to those achieved prior to the advent of the Court. The second option seeks to compare (or benchmark) the Diversion Program results to those

³⁵ Judges in the Philadelphia Court system report that the volume of cases processed, size of case backlog, and time to move through the process are the critical indicators of court efficiency. While a thorough exploration of court resource metrics are not part of the Philadelphia study, any Court should be able to articulate the staff and other resources involved in administering the process.

³⁶ See: Mortgage Bankers Association (2010). National Delinquency Survey Q2 2010.

³⁷ According to the Bureau of Labor Statistics, the US (NSA) unemployment rate was 6.1% in October of 2008 and as of July 2010, the rate was 9.7%. In Philadelphia, the rate rose from 7.5% in October 2008 to 12.1% in July 2010. For annual state and national median housing income data, see: <http://www.census.gov/hhes/www/income/data/historical/household/index.html>.

achieved in other locales that do not have diversion processes. The most practical (and actually achievable) option is to compare populations and results pre- and post-Diversion Program.³⁸

Regardless of which option is selected, information related to the characteristics of the loan in foreclosure – including its purpose (to purchase a home or refinance an existing mortgage) or structure (e.g., a piggyback loan) or interest rate structure (fixed or ARM) – is instructive as to the correlates of outcomes achieved by the Court. One may, for example, find that certain characteristics are more conducive to finding an “agreement” or to moving a case to auction. Knowledge of this fact helps manage the process. These data are available in the data sheets found under Appendix 3.

Option One: Compare the Same Jurisdiction Pre- and Post-Diversion

Ultimately, it is important to understand whether there is any change in the passage of a case from foreclosure to auction. Jurisdictions vary greatly in process and local practice. Nevertheless, some measure that captures the number of homeowners who are seriously delinquent with their mortgages and whether they move to auction is critical. A comparison of that number for the period 6 months pre- and post-diversion (and every 6 months thereafter), at a minimum, is critical.

Figure 2 depicts a series of suggested additional comparisons that can be made of where foreclosures are occurring and, to the extent that data are available, to whom and under what circumstances. Albeit imperfect, the comparisons can tell us whether the introduction of a diversion process is associated with any aggregate changes in the passage of a household from delinquency to foreclosure to auction. It is very basic and valuable information, but to be clear, it is not causally definitive.

³⁸ An equally complex question, not addressed (but acknowledged) here, is the impact of defense attorneys in the process. Philadelphia has a system that provides pro bono legal services for people who are below the Community Legal Services, Inc./Philadelphia Legal Assistance income thresholds. There are also pro bono attorneys provided through a referral service founded by the Philadelphia Bar Association and Community Legal Services (Philadelphia VIP). Many defendants utilize private legal counsel for the process. The nature of the pro bono representation provided ranges from the provision of answers to specific questions (limited appearance) to full and comprehensive client representation (full appearance). Because we observe in the official record an Appearance in the Court docket, we can identify the presence of comprehensive representation – but cases in which there is an Appearance files is only a small (yet unquantifiable) fraction of all homeowners that receive legal assistance. We recommend that any attempt to systematically comprehend the impact of legal assistance must, at a minimum, begin with obtaining appropriate client permissions and waivers when initial contact is made. Absent that, no reasonable estimation of the impact of legal representation in the process can be made.

	Six month interval(s) Pre-Diversion Court	Six month interval(s) Post-Diversion Court
Volume		
Number of filings		
Characteristics		
Areal demographics of defendants		
Areal economic characteristics of defendants		
Transactions		
Interest rate type (fixed v. arm)		
Loan purpose (purchase v. refi)		
Loan amount		
Fees (attorneys, penalties, etc.)		
Time from origination to foreclosure		
Time from origination to Sheriff Sale listing		
Foreclosures advancing to Sheriff Sale listing		
Geography		
Spatial distribution of owners in foreclosure (e.g., racial and ethnic composition, median home sale price)		
Spatial distribution of owners facing Sheriff Sale (e.g., racial and ethnic composition, median home sale price)		

Figure 2: Suggested Pre- and Post-Diversion Program Data Comparisons

Option Two: Comparing Results to a Benchmark

There are several options for creating a benchmark. The diversion process outcomes can be measured against a set of established figures. The possible data sources here are basically two: (1) Office of the Comptroller of the Currency (OCC)/Office of Thrift Supervision (OTS) report data on a quarterly basis reflecting the type of “home retention actions” as well as the “completed foreclosures and other home forfeiture actions.” (2) NeighborWorks America (NWA) reports to Congress on the National Foreclosure Mitigation Counseling Program. In those reports, data are presented both on the nature of counseling services provided, but more importantly for this effort, NWA reports data on the outcomes of the counseling effort. The NWA reports also have some data on the nature of loan modifications obtained by homeowners.

In both instances, these are reasonable - albeit imperfect - benchmarks. The potential pitfalls in comparing the results of a local diversion process to these benchmarks include, but are not limited to: (1) the representativeness and comparability of the OCC/OTS and NWA populations; (2) differences in the foreclosure process, procedures and customs in local areas compared to other areas; (3) differences in the choices of foreclosure mitigation programs available locally as opposed to those in existing in other places and reflected in a national sample; (4) mismatch in the time period for comparison; (5) demographic, social and economic differences between the local diversion process participants and the benchmarks. While these and other issues threaten the ability to draw precise conclusions about the contribution of a local diversion process, absent some reasonable comparator, it is impossible to draw any conclusions at all about whether a diversion process is contributing anything to the (previously) established foreclosure process. Moreover, some differences (e.g., the social, economic and demographic differences) can actually be corrected through appropriate statistical controls.

What would make the benchmarking better would be to create comparisons of a local diversion process particular to subgroups of its and the benchmark’s subgroups. Subgroups could be defined along a number of dimensions related to the loan being foreclosed and the borrower’s circumstance.³⁹

³⁹ Suggestions for subgroup comparison include:

Problem #5: How Sustainable are Agreements?

To understand the intricacies of how the Diversion Process is working long-term, there are two options: (1) tracking of public data sources for homeowners post-diversion process for a period of at least 12-18 months; (2) individualized follow-up with homeowners over an extended (e.g., 12-18 months post-agreement) period. The first option is uniquely appropriate to those homeowners who resolve their foreclosure through a modification or other resolution in which the homeowner stays in their home. The second option, depending upon how homeowners are selected for individualized follow-up, may also be appropriate even for homeowners who leave their homes. Under either option, answers to the “sustainability” question will not be forthcoming for quite some time after the local process is initiated.

Option One: Post-diversion Public Record Search

The first of these options is rather straightforward. Using Orders showing an Agreement as the case resolution, the homeowner’s address can be queried against: (1) the Prothonotary database to see if new filings have occurred; and (2) RealQuest - or other public/subscription-based deed recording databases - in order to see if a home has been newly mortgaged and/or sold. This option has the obvious benefit of time- and cost-efficiency; it is also good because post-modification activity can be tracked indefinitely and, in the language of the social sciences, unobtrusively.

Option Two: Post-diversion Personal Follow-up

The second option offers the possibility of getting more detailed data, but is time- and cost-intensive. For example: Did someone subsequently sell their home because they were about to go into foreclosure again? Was a post-Diversion foreclosure a result of a continuation of the problem leading to the pre-Diversion difficulty, a problem in the modification achieved, or did a new circumstance arise (e.g., significant illness, marital disruption, etc.) giving rise to a foreclosure? In order to do the individualized follow-up with homeowners post-Diversion, there are a number of steps.

1. Who to sample: Develop a strategy for identifying households completing their work in the Diversion Process to participate in follow-up. Some of the critical sub-questions to consider with respect to sampling households for this purpose are: (a) What is the universe that the sampled households [should] represent? (b) How large of a sample is necessary? Is manageable? (c) Are there groupings of homeowners (e.g., based on outcome) that should be sampled? (d) For how long should households be followed? And depending upon that decision, when does sampling begin and end? (e) Will households be incentivized for participating, and if so, what are the incentives?

With respect to the loan: (1) type of loan (i.e., conventional v. government insured); (2) interest rate structure (fixed v. ARM); (3) degree of delinquency; (4) loan-to-value ratio; (5) interest rate; (6) debt ratios; (7) investor (e.g., Fannie Mae, Freddie Mac, FHA, Private, Lender Portfolio)

With respect to the borrower: (1) stability of income; (2) stability of employment; (3) availability of savings; (4) mortgage payment history; (5) existence of junior liens; (6) level of existing consumer debt; (7) other compensating factors (e.g., borrower wants to stay in/leave home).

2. What information to gather: What specific data will be gathered directly from households and at what intervals? Which of the data elements are retrospective (i.e., background leading up to the foreclosure), contemporary (i.e., diversion experience), and prospective (i.e., circumstances post-diversion)? What specific data will be monitored long-term about the households and at what intervals (e.g., credit reports, public databases related to foreclosure filings and property transfers)?

In Philadelphia, for the sample of borrowers who agree to participate in the study, we conduct thorough interviews covering broad topics such as: (1) the circumstances leading to the household getting the loan that was subject of the foreclosure filing; (2) financial and life circumstances leading to the delinquency; (3) experiences with lender/servicer during the delinquency and foreclosure process; (4) how the household learned of the Diversion Program; (5) experiences with the Diversion Program; (6) characteristics of their Agreements; and (7) comprehension of the characteristics of the Agreement. At 12 months after the conference in which an Agreement is reached, we will follow up with the sample of borrowers in an effort to learn about their current status. The specifics of the questions asked will necessarily differ depending upon the nature of the resolution the interviewee achieved through the Diversion Program but, in general, the interview will be designed to learn about their current housing and credit circumstance.

Collection and monitoring of quantitative data about the sampled (and non-sampled) households includes:

1. Collection of credit reports for those borrowers who agree to have their credit examined at three points in time: (a) at or around contact with the Diversion Program; (b) 6-months post-resolution; (c) 12-months post-resolution. The contents of these credit reports will be analyzed and captured in a database that relates to whatever client data could be obtained from the CounselorMax™ program.⁴⁰
2. Query RealQuest and the Prothonotary database for each household on a quarterly basis.

Between the collection of data both on the households sampled for interview and the remainder of the universe of cases post-Diversion and a comprehensive interview of a sampling of households, a reasonable profile of the post-Diversion experience can be developed.

IV. Conclusion

In many ways, we are in uncharted waters. The foreclosure crisis is at a level that arguably has not occurred to this extent in modern mortgage history. Everyone - federal, state and local governments as well as non-profit counseling agencies and consumer protection lawyers, philanthropies, lenders and servicers (and their legal representatives) - is trying to figure their way to a reasonable place when this all finally comes to an end. We are at a moment when the level of desperation is so great that the mere possibility that a program may produce positive results triggers replication.⁴¹ The Diversion Program in Philadelphia is one effort that represents a robust collaboration of the aforementioned groups and holds out great promise for addressing the foreclosure problem. The stories of Philadelphia's successes have traveled literally around the world. It is therefore especially incumbent upon the diversion process pioneers to systematically and objectively gather and analyze

⁴⁰ Credit reports will only be acquired for homeowners who agree to be interviewed and further agree to have their credit report reviewed by us as part of the study process. In Philadelphia, we will access credit report through a cooperative agreement with one of the participating housing counseling agencies.

⁴¹ For a detailed description of 22 foreclosure mediation programs including information about eligibility, lender and borrower obligations, see: http://www.consumerlaw.org/issues/foreclosure_mediation/content/SummaryOfPrograms.pdf. Accessed 10/20/2010.

data about the process and its results so that reasonable expectations can be established and resources appropriately managed.

Any replication of this program should systematically monitor and evaluate its results so that the promise of a diversion court may be fully realized. This manuscript provides a roadmap to monitoring those replications. The assessment process is certainly difficult and imperfect. But the appropriate response is not to simply take it on faith that diversion courts are unmitigated successes. The appropriate response is to gather relevant information and to systematically and objectively analyze those data against the goals for the program.

“It will be a long time until incontrovertible evidence exists to guide any major policy decision. Yet, the policy research community can contribute substantially to more effective policy and practice if we embrace the mission of advancing truth – including truth about what we do know and truth about when we are ignorant.”

Excerpted from Rebecca Maynard’s Presidential Address to the Association of Public Policy Analysis and Management. The full text of her speech can be accessed in the Journal of Policy Analysis and Management, 2006, 25, 249-265.

Appendix 1:
RealQuest Professional Sample Sheet

Property Detail Report

For Property Located At

██████████, PHILADELPHIA PA 19141 ██████████

A comparison of the property address to the address of the owner will serve as an indicator of whether the property is **owner-occupied**.

Owner Information:

Owner Name: ██████████
Mailing Address: ██████████, PHILADELPHIA PA 19141 ██████████
Phone Number: ██████████ Vesting Codes: HW//

Location Information:

Legal Description: ██████████; 36'11"X84'
County: PHILADELPHIA, PA APN: ██████████
Census Tract/Block: 268.00/4 Alternate APN: ██████████
Township-Range-Sect: Subdivision: ██████████
Legal Book/Page: Map Reference: ██████████
Legal Lot: 1 Tract #: ██████████
Legal Block: 1 N5 School District: 4218990
Market Area: 17-K8 Munic/Township: PHILADELPHIA
Neighbor Code: ██████████

Owner Transfer Information:

Recording/Sale Date: / Deed Type: /
Sale Price: / 1st Mtg Document #: /
Document #: /

Notice that this property last sold in 1985 for \$47,000; there was an FHA mortgage for \$46,500 with a 13% interest rate from Jersey Mortgage.

Last Market Sale Information:

Recording/Sale Date: 04/03/1985/03/29/1985 1st Mtg Amount/Type: \$46,500/FHA
Sale Price: \$47,000 1st Mtg Int. Rate/Type: 13.00/
Sale Type: / 1st Mtg Document #: 130-465
Document #: 112-420 2nd Mtg Amount/Type: /
Deed Type: DEED (REG) 2nd Mtg Int. Rate/Type: /
Transfer Document #: / Price Per SqFt: \$27.74
New Construction: / Multi/Split Sale: /
Title Company: /
Lender: JERSEY MTG

Prior Sale Information:

Prior Rec/Sale Date: / Prior Lender: /
Prior Sale Price: / Prior 1st Mtg Amt/Type: /
Prior Doc Number: / Prior 1st Mtg Rate/Type: /
Prior Deed Type: /

TRANSACTION HISTORY

History Record #: 1

Finance:

Mtg Recording Date: 08/10/2006 Mtg Loan Type: CONV

Mtg Document #: 51506471 Mtg Rate Type:

Document Type: MORTGAGE

Lender: HOUSEHOLD RLTY Mtg Term:

Loan Amount: \$15,000 Mtg Rate:

Borrower 1: Borrower V

Borrower 2:

Borrower 3:

Borrower 4:

The most recent mortgage placed on the home was with Household Realty, officially recorded on 8/10/06 for \$15,000. This was a conventional loan. Likely, this was a HELOC.

History Record #: 2

Finance:

Mtg Recording Date: 03/02/2006 Mtg Loan Type: CONV

Mtg Document #: 51389860 Mtg Rate Type:

Document Type: MORTGAGE

Lender: HOUSEHOLD FIN CONSUMER DISC Mtg Term: 25 YEARS

Loan Amount: \$176,614 Mtg Rate:

Borrower 1: Borrower V

Borrower 2:

Borrower 3:

Borrower 4:

In March 2006, the owners got a \$176,614 loan from Household Financial Consumer Discount. This was a conventional 25 year loan with a document number 51389860. Because book/page is included with the Prothonotary record, we can determine if this is the loan in default.

History Record #: 3

Finance:

Mtg Recording Date: 11/28/2001 Mtg Loan Type:

Mtg Document #: 50365425 Mtg Rate Type: FIXED

Document Type: MORTGAGE

Lender: HOUSEHOLD RLTY Mtg Term:

Loan Amount: \$15,450 Mtg Rate:

Borrower 1: Borrower Vesting: HW//

Borrower 2:

Borrower 3:

Borrower 4:

Notice that data from the official record and other sources suggest that between the \$176,614 and \$15,000 loans, the mortgages exceeded the likely value of the property.

History Record #: 4

Finance:

Mtg Recording Date: 11/28/2001 Mtg Loan Type: CONV

Mtg Document #: 50365424 Mtg Rate Type: FIXED

Document Type: MORTGAGE

Lender: HOUSEHOLD FIN CONSUMER DISC Mtg Term: 30 YEARS

Loan Amount: \$125,898 Mtg Rate:

Borrower 1: Borrower Vesting: HW//

Borrower 2:

Borrower 3:

Borrower 4:

[NOTE: SEVERAL TRANSACTIONS SKIPPED]



History Record #: 10

Sale:

Sale Recording Date: 04/03/1985 Sale Price: \$47,000

Sale Date: 03/29/1985 Sale Price Type:

Rec. Document #: 112-420 Multi/Split Sale:

Document Type: DEED (REG) Other Document #:

Title Company:

Buyer:

Seller:

Finance:

Mtg Recording Date: 04/03/1985 Mtg Loan Type: FHA

Mtg Document #: 130-465 Mtg Rate Type:

Document Type: DEED OF TRUST

Lender: JERSEY MTG Mtg Term:

Loan Amount: \$46,500 Mtg Rate: 13

Borrower 1: Borrower Vesting: //

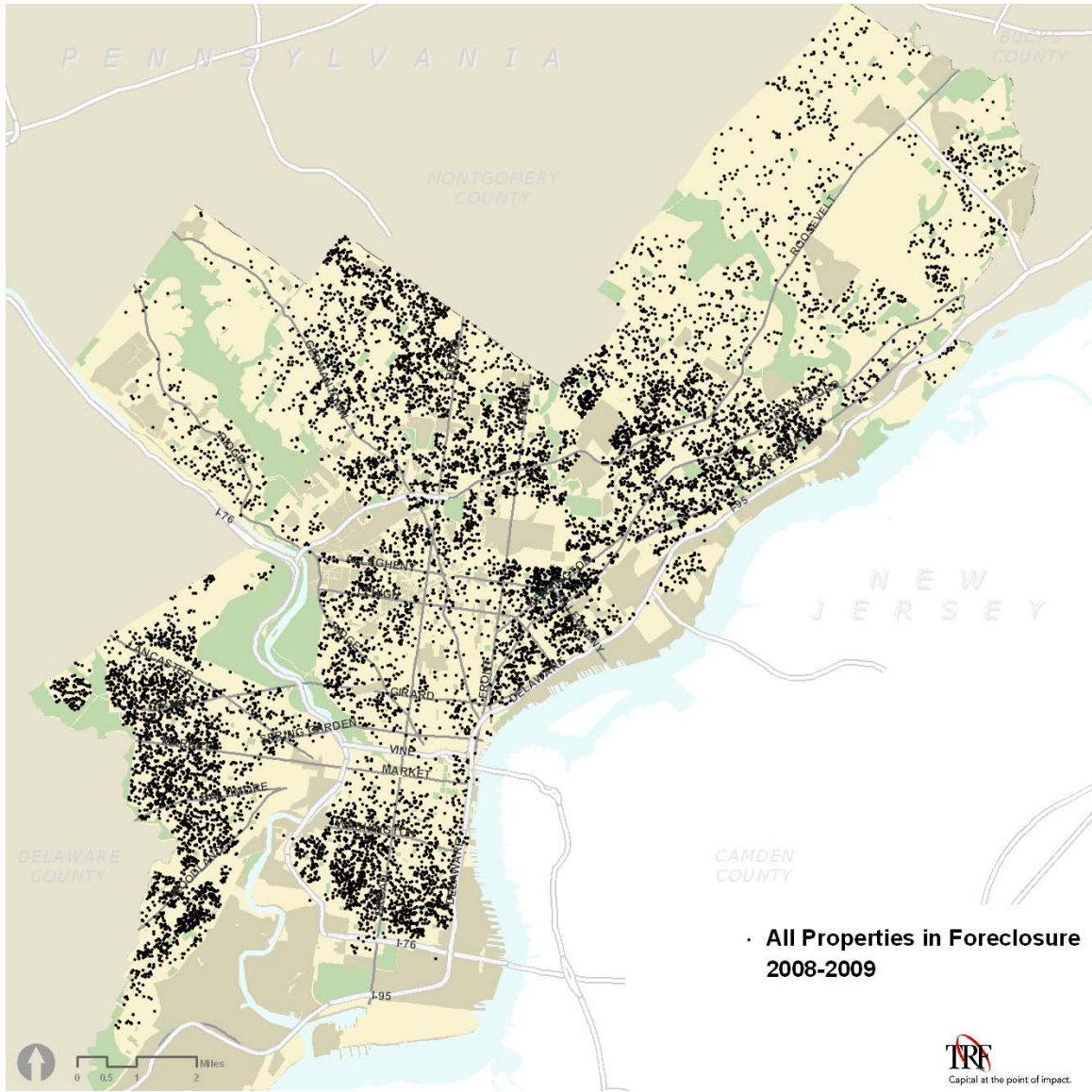
Borrower 2:

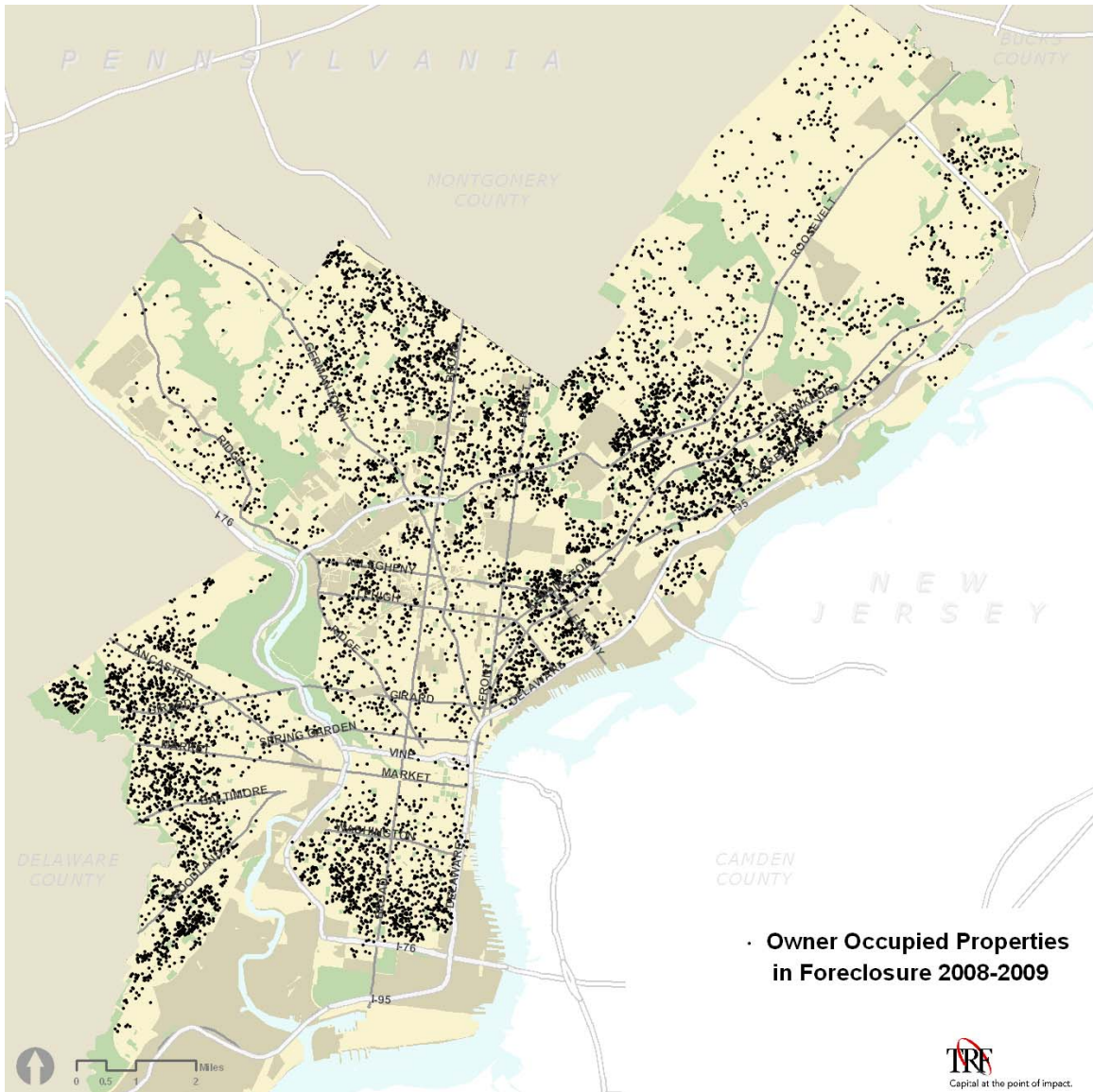
Borrower 3:

Borrower 4:

Appendix 2

Maps of All Foreclosure Filings & Foreclosure Filings Eligible for Residential Mortgage Foreclosure Diversion Court





Appendix 3 Sample Data Collection Form for Court Agreements

Foreclosure Diversion Court Summary & Agreement

_____ (Foreclosure Case ID Number)

This form must accompany all Orders noticing that the subject case is settled.

Parties Agreed to the Following (check all that apply):

- | | |
|---|---|
| <input type="checkbox"/> Loan Modification (see below) | <input type="checkbox"/> Reinstatement |
| <input type="checkbox"/> Repayment/Forbearance Plan | <input type="checkbox"/> Extension Agreement |
| <input type="checkbox"/> Short Sale | <input type="checkbox"/> Add'l time to leave home _____ mos |
| <input type="checkbox"/> Deed-in-lieu of foreclosure | <input type="checkbox"/> Cash for Keys |
| <input type="checkbox"/> Principal Forbearance \$ _____ (amt) | <input type="checkbox"/> Other _____ |

For All Loan Modifications - please supply the terms of the modification:

- | | | |
|-------------------------|------------------------------|---|
| <u>HAMP:</u> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Trial modification: | <input type="checkbox"/> Yes | <input type="checkbox"/> No <i>If yes, period of trial status _____ mos</i> |
| Permanent modification: | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <u>Non-HAMP:</u> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Trial modification: | <input type="checkbox"/> Yes | <input type="checkbox"/> No <i>If yes, period of trial status _____ mos</i> |
| Permanent modification: | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Loan Modification Characteristics	Old Loan (i.e, Loan subject to foreclosure)	New Loan
Principle Balance (Current)	\$ _____	\$ _____
Dollar Amount of P & I Arrearage:	\$ _____	_____
Dollar Amount of P & I Arrearage Waived:	_____	\$ _____
Dollar Amt of Fees:	_____	\$ _____
Dollar Amt of Fees Waived:	_____	\$ _____
Term in Months:	_____ mos	_____ mos
Interest Rate Type (check appropriate box):		
Fixed	Y / N	Y / N
Adjustable	Y / N	Y / N
Adjustable Type (e.g., 2/28)		
Balloon	Y / N	Y / N
Months Until Balloon Comes Due	_____ mos	_____ mos
Interest Rate:	%	%
Maximum Interest Rate (if ARM)	%	%
Loan Type :		
Conventional	Y / N	Y / N
FHA	Y / N	Y / N
VA	Y / N	Y / N
Escrow for Taxes and Insurance	Y / N	Y / N
Prepayment Penalty:	Y / N	Y / N
Monthly Principal & Interest Payment:	\$ _____	\$ _____
Beginning payment (if ARM)	\$ _____	\$ _____
Payment after first adjustment (if ARM)	\$ _____	\$ _____

Submitted by: _____

Name
Title
Date

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