

## **NeighborWorks® America- Rescue Scam**

When fear and desperation set in, distressed homeowners will do anything to save their homes for their families. Unfortunately, this is also when people are most vulnerable to scammers. The current housing crisis has led to the rise of thousands of complaints about scammers preying on families struggling to save their homes. In early 2009, it became apparent there was an urgent need to get homeowners trustworthy information on where to find legitimate foreclosure intervention assistance and how to avoid loan modification scams. By Congressional mandate, NeighborWorks® America launched a national campaign to educate the public about loan modifications scams and how to report them. The campaign provides information on trusted help and empowers the public with the means to report scams via the campaign's website and at the Homeowners Hope Hotline.

How could we combat scammers? There is only one way - inform the public about the threat. Unfortunately this would prove difficult as the scammers have several methods to convince homeowners that they understand and are "genuinely" trying to help. For instance the scam artist could pose as a counselor offering to negotiate a deal with the lender to save the house if you pay them a fee first. Or they may even tell the homeowner not to contact their lender, lawyer or housing counselor—that they'll handle all details. They may even insist that you make mortgage payments directly to their company while they are negotiating with the lender. Once you pay the fee, or a few mortgage payments, the scammer disappears with your money.

Recognizing the importance of hearing how distressed homeowners felt and the challenges they faced trying to avoid foreclosure, the campaign team conducted focus groups and one-on-one phone interviews in some of the nation's highest areas of foreclosure and scam activity. The research discussions were often very emotional and intense. In some cases homeowners spoke of not only losing their homes but their belief and trust in friends that made the referral to a scammer. Homeowners often stated that within their community, they did not know whom to turn to for foreclosure intervention assistance. Once they started to fall behind on their mortgage various notices were sent to their home all with a promise to help them save their home. They were not sure how to verify the legitimacy of a company and often worked with several scam companies before locating a housing counselor.

The research would assist with the development of the campaign's materials and message points. During the sessions, homeowners stated that it was important to have materials that made them feel empowered with clear points and facts about scams. The materials and website should have some trusted federal government branding. Also the campaign should include bold colors such as yellow and black, which implies caution or warning across cultures.

As a result of the focus groups the Loan Scam Alert campaign's yellow and black branding can be seen in five languages, in communities all across the country. With assistance from national and local partners the campaign targets hundreds of at-risk communities to alert them through real-life scam stories, fliers, postcards, posters, print advertising, and social media activity.

Possible future activities-The next steps of this campaign could be to educate more ethnic communities on the threat of these scams. They would like to broadcast their message in at least five more languages. They could target small community newspapers with ads in the language of that community.

**The Loan Scam Alert Campaign...Know the Signs...Get the Facts!**

## The Ad Council-Foreclosure Prevention

Even before the housing crisis, foreclosures were becoming a more pronounced threat.

NeighborWorks® America and the Ad Council responded by launching in 2007 their first round of the Foreclosure Prevention campaign. The campaign targeted people facing foreclosure who were ashamed and embarrassed and thus chose to ignore the problem, in the hopes that it would just go away. The first round of advertising worked to combat this inactivity by communicating that, “Nothing is worse than doing nothing.”

Beginning with their second installation of the campaign in 2009, they recognized that the foreclosure landscape had changed drastically. With the housing crisis putting 3-4 million families in danger of foreclosure, it was clear that what was once a tightly contained problem within the housing sector had become a full-blown socioeconomic crisis. The severity of the recession, when combined with the housing bubble, created a perfect and unavoidable storm of confusion and fear in the housing marketplace. Adding to the problem were the pervasive scammers who saw the crisis as a way of preying on the vulnerable.

The Ad Council decided to conduct exploratory research with both housing counselors and the target audience, distressed homeowners, to better understand their mindset. It was found that shame and embarrassment were no longer the biggest barriers to action. Rather, people were much more proactive, trying to do everything they could to help themselves, but that they were getting nowhere. Common themes were frustration with lenders, as well as confusion and lack of clarity about where to go and who to talk to for assistance.

Based on these findings, rather than try to “alarm inert people” into action, there was a greater need for communication to be a trusted voice, providing clarity and unambiguous next steps. In order to not distress “distressed” homeowners further, the campaign takes a light-hearted approach to a serious issue. The tagline, “Make sure you’re talking to the *right* people,” drives home the notion that before talking to family members or friends, or contacting a company for advice, they should call the HOPE hotline, where they can receive free advice from trusted, HUD-approved housing counselors.

Consistent with the tone and messaging of the TV ads, the print and outdoor ads are stylistically light, but substantial in content. Importantly, they seemed to simply and effectively communicate that people should go to a trusted, experienced source for help such as the Hope Hotline rather than speak to friends or family members first. The ads communicated that even though your friends and family may have your best interests at heart, they are not housing counselors and are not in the position to offer you the best advice.

Since the initial launch of the campaign in June 2007 through September 2010, more than 4 million hotline calls have been received and more than 1 million counseling sessions have occurred. These results speak to the reach of the campaign and the continued need for the Foreclosure Prevention messages in the marketplace.

Potential Next Steps--Is there an opportunity to take the campaign to the next level by an overt focus on the “winners” – showcasing real troubled homeowners who responded to the campaign message, received needed information and counseling and successfully avoided being scammed. Research shows that this consumer reacts most positively to those who look like them, talk like them and have walked in their shoes. Testimonials from actual homeowners who were rescued from or avoided scam artists via the Hope Hotline might refresh the campaign message and provide added credibility.

## **Neighborhood Housing Services of New Haven-Multi-Cultural Women's Campaign**

Neighborhood Housing Services of New Haven is an affiliate of NeighborWorks® America. Their core mission is to increase homeownership, make homes functional, beautiful, and affordable, and to help residents take charge of their neighborhoods.

Many demographics could be targeted in order to spread New Haven's message that sustainable homeownership is possible. Yet in order to fully utilize their limited resources, a select demographic had to be chosen in order to maximize the impact of their message. They chose to focus on multi-cultural women because they noticed that two out of three homebuyers who utilized NHS's services were single women. Furthermore, over 78% of these women were minorities.

African Americans, Mexicans, Central Americans and Puerto Ricans were targeted largely because these are the demographics within their target market in New Haven and New Haven County. According to the 2000 census 37.4% of the population is African American with the Hispanic population at 21.4. In between 1980 and 1990 the Hispanic population grew by 72% and by an additional 52% during the following decade. Thus a need was easily identified through common observation and readily available census data.

In order to uncover traits and tendencies of these minority demographics, NHS held a focus group consisting of board members, clients, community members, and faith-based groups. The discussions were based around how to best stimulate interest in the multi-cultural women's community in order to promote sustainable homeownership.

NHS created their marketing campaign by promoting these workshops throughout the community. They held presentations about these workshops prior to and directly following weeknight bible classes. They utilized social marketing through Facebook and Twitter to reach new audiences. Furthermore they reached out via Christian Spanish and African American radio and print media to ensure their message was reaching both English and Spanish speakers.

The focus group brought to light the need for workshops in which women could learn how to purchase and maintain a home. The workshops' topics included building credit and reducing debt, advice on purchasing a home, and basic home repair. The workshops culminated in the Around the World Festival designed to bring the community together. The festival provided a great opportunity to engage the families of these women along with spreading the message of NHS to new consumers.

Possible future activities – NHS might consider taking their African-American church outreach to the next level. NHS could seek to bring together leading New Haven pastors to directly hear the benefits of NHS' services in promoting African-American homeownership and keeping homeowners in their homes. NHS might leverage the star power of famous African-American Yale alumni like Angela Bassett to speak on the transformative force of women and families who are secure homeowners and the resulting benefit to the African-American church. Celebrating successful NHS clients in an activity like an evening multi-church gospel concert followed by a morning NHS workshop might expand awareness of NHS services to a much broader population.

## Self-Help – North Carolina Manufactured Housing

Outside of a few urban markets, manufactured housing is the dominant housing stock in rural, low income North Carolina. In 2009 the state ranked 3<sup>rd</sup> in the number of manufactured housing starts. This highly affordable asset is critically important in providing shelter for North Carolina's rapidly growing, Spanish dominant, Hispanic immigrant population. This population has low literacy levels and often has no familiarity with a financial system and mortgage process in the US.

The withdrawal of secondary market financing for the manufactured home buyer resulted in a scarcity of loans. Self Help recognized a need to assist this ignored segment and developed a financing product. Self-Help understood the importance of insuring that these homes would be relatively stable and durable. To that end, they require that the home to be financed must be at least a year old demonstrating an ability to withstand the elements. In addition, the home must be on a permanent foundation for at least a year, stabilizing the home's value (new car effect), ensuring it to be a good investment for the future.

With a product in place, Self-Help targeted realtors who already specialized in the Hispanic market. First, they understood and embraced this borrower's time intensive need for education on how the US home buying process works. Second, they were adept at pre-qualifying a segment which often had non-traditional income sources and little to no credit history. Further given the reliance of the Hispanic consumer on "trusted advisors," and referrals from friends and family, realtors had significant credibility within this community. Realtors, impressed with Self-Help's determination to go beyond a credit score or the lack of credit to work with qualified individuals, were loyal partners. Self Help provided Spanish language flyers to realtors that they could use in enhancing program awareness within the community and among their customer base. Self Help also augmented its own staff of bilingual professionals and created the Latino Community Credit Union to better serve this important consumer and trusted advisor constituency.

Since launching this program in 2006, the percentage of manufactured home loan originations for Self Help have steadily increased to a peak of 10% of total volume in 2009. Due to the housing crisis, Self-Help has radically shifted its focus from origination to providing loss mitigation services to keep these recent homeowners in their homes.

Possible future activities – Imagine if Self Help utilized the *photonovella* format to more effectively convey its loss mitigation services to its Hispanic customer base. The *photonovella's* emphasis on pictures and long form conversation makes it an ideal tool for communicating to an audience with low literacy levels and need for substantial education on the US financial and mortgage systems.

Also the *photonovella* is very culturally relevant to the Hispanic consumer, especially women. Targeting Hispanic women is critical – as it is the wife who frequently makes the budgeting and spending decisions. Further, the *photonovella* is a great tool for realtors to use in distributing to potential or current clients. This value-added tool also allows the realtor to build their own "brand" and differentiate themselves in a competitive marketplace. This will enhance the value of Self Help to this important constituency.