

MINUTES OF THE
SANTA FE COUNTY
BOARD OF COUNTY COMMISSIONERS
AFFORDABLE HOUSING LUNCHEON

April 24, 2012

This meeting of the Santa Fe County Affordable Housing Board was called to order on the above-cited date in the Santa Fe County Chambers, at the County Courthouse at approximately 11:15 a.m. by County Commission Chair Liz Stefanics.

Roll call indicated the presence of a quorum with the following Board members present:

Members Present:

Commissioner Liz Stefanics, Chair
Commissioner Kathy Holian
Commissioner Robert Anaya
Commissioner Danny Mayfield
Commissioner Virginia Vigil

Member(s) Excused:

None

County Staff Present:

Katherine Miller, County Manager
Rachel Brown, Deputy County Attorney
Joseph Gutierrez, Community Services
Rosemary Bailey, Affordable Housing
Dodi Salazar, Housing Authority Director
Robert Griego, Planning Director
Julia Valdez, Constituent Liaison

Commissioner Stefanics welcomed the guests and stated that today's luncheon was to begin a broad discussion.

Guests:

Andrea Slatopolsky, Homewise
Sharron Welsh, Housing Trust
Kenneth Owens, State AG's Office
Kelly Huddleston, Attorney, United South Broadway
Hank Hughes, NM Coalition to End Homelessness
Megan McGarrity, First National Bank of Santa Fe

Coleen Dearing, Santa Fe Association of Realtors
Peco Arguell, Chief Executive, Santa Fe Association of Realtors
Darlene Vigil, State Employees Credit Union
Emilio Atencio, State Employees Credit Union
Eleanor Montoya, Del Norte Credit Union
Anthony Trujillo, Del Norte Credit Union
Nellie Martinez, Housing Trust of Santa Fe
Justin Robinson, Housing Trust of Santa Fe

III. Opening Comments: Board of County Commissioners

Commissioner Stefanics stated that the BCC has identified as housing initiatives assisting people who may be involved in home foreclosures as well as assisting people who qualify for affordable housing into foreclosed properties. Participants in today's luncheon include representatives from the government, banks, realtors, non-profits and mortgage companies. She acknowledged the assistance of Deputy County Manager Penny Ellis-Green for her efforts in organizing today's event.

Commissioner Anaya said he welcomed this opportunity to listen to the participants and understand what issues they are facing relative to foreclosures and determine how we can help one another.

Commissioner Holian said Santa Fe County has been very supportive of affordable housing and with the change in the economy it is important that the County stay abreast of all aspects of the housing conversation.

Commissioner Vigil said the foreclosure problem is way ahead of the participants and she was hopeful that today's conversation could focus on expediting foreclosure prevention/assistance to our residents.

IV. Presentation: Attorney General's Consumers Office Regarding Foreclosure Information and Foreclosure Abuses Agreement

Counsel with the State AG's Office Kenneth Owens thanked the Commission for inviting the AG to this discussion and agreed with Commissioner Vigil's comment that we are all behind the curvel on this problem. He offered the following information:

"...the recession, the mortgage crisis has hit all parts of the country. It hit the state. It has hit our counties in a way that really so much of the work that we're doing is trying to catch up and address, put out fires. So part of that work has to continue but part of it has to be a little more forward thinking and trying to figure out the systems that work, and collaborations in order to help homeowners before they're too far down the track and having problems with foreclosures.

"On that piece one of the things that the Attorney General's Office has participated in for the State of New Mexico was the recent National Mortgage Settlement. This settlement was a \$25 billion settlement with 48 other attorneys general; the Departments of Justice,

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and Housing and Urban Development. This began as a lawsuit against five of the major banks; GMAC, Citi, Wells Fargo, Chase and Bank of America. Just to give you a little bit of background: the genesis of the settlement was the lawsuit that was targeting and looking at the issue of robo-signing. I don't know how many folks are familiar with the practice but just very quickly this was where the banks were having bank staff write affidavits and affirm that certain things had been done, that they had checked certain paperwork for the foreclosure process. So one would be saying that they investigated that they knew that they were legally entitled to bring the foreclosure, that the person was actually behind a certain dollar amount – and doing all of those things so that the court knew that the bank had this information and so that they could move forward. Well, unfortunately with the foreclosure spikes so many banks didn't have adequate staff and so they were just signing these documents, sometimes hundreds and thousands a day by a single person. So there was no due diligence in looking and making sure that this person should have been in the foreclosure.

“It was a problem not just for these five banks but a problem with other banks. The settlement began to address that particular issue and look at other servicing problems that existed with the banks.

“The settlement is going to have a couple of components. One is that there's going to be some direct monetary relief for homeowners. For New Mexico is slated to receive potentially around \$92 million for homeowners. I want to emphasize and I tell folks that we address on this that this is potential money. This isn't money that is coming directly to the state. This is money that is available to homeowners if they make themselves known to the banks and were able to work with the bank in receiving some relief. And then I will go into a little more detail on what that relief may be. The four-page handout that was distributed [*Exhibit 1*] gives some information on the major categories where homeowners may be able to access the settlement. And I'll discuss a little bit of that in a moment.

“Another portion of the money is coming directly to the state and will be administered by the State Attorney General's Office, approximately \$11.7 million. The Attorney General is looking to use that money to find ways to help distressed homeowners to work with non-profits, government entities, legal service organizations on how do we build a better network to help serve New Mexicans and help, one, to help prevent them from going too far down that track and ending up in foreclosure and then potentially if they have already been served with foreclosure notice how do we provide some legal advice for direct representation. And as many of the folks sitting here at this table know there is a tremendous amount of very good work that is being done around the state by very dedicated folks. But we're stretched thin. We don't have enough resources and we need to build a better network, a safety network, amongst all of our organizations so that we're able to be there for homeowners.

“Some of this money is looking at how do we help to develop that project and so we've looked at other states and what's been effective for them in various areas including something like a foreclosure hotline so anywhere in the state a homeowner can call the hotline and be directed to geographically an agency that would be able to assist them and

also receive some direct advice right there on what their next step should be. Potentially, the hotline could kind of triage their situation and find out do they just need some homebuyer education? Do they need some help with obtaining a modification from the bank or are they already in the foreclosure process and we need to try and find them some legal help? In looking at what Colorado has done in this with their hotline and figure out how it may be possible to duplicate it here in New Mexico.

“More directly to some of the assistance that homeowners may be able to access through the National Mortgage Settlement, as I said, the settlement is particular to Bank of America, Chase, Citi, GMAC which is now Ally Bank, and Wells Fargo, so what we let consumers know as you’ll see on the front page of that handout all of the banks have developed dedicated 1-870 or 1-800 for consumers to contact. Our office wants to know if that’s successful. Are people able to get answers? Are they able to work with the banks when they’re calling those numbers or not?

“One of the good things about this settlement and there’s several things that we want people to know about. One is that this is not like some settlements that have a curtain of past where there’s a short window for homeowners to avail themselves to the settlement or they get locked out. You know, you have six months to respond or it passes you by. This settlement is in place for three and a half years. So we’ll be working with homeowners and with the banks on these issues for a number of years. The other key component of this along with the money that may come to homeowners is change in the servicing standards. The big picture on this is that we’re hoping by forcing these five major banks to make some substantial changes in the way that they do business with homeowners it will help change the way that the industry does business with homeowners. For example, as I already discussed, the robo-signing, this wasn’t a problem limited to these five banks but maybe this will put some pressure on other banks to be leery of this very difficult situation that they can place themselves in.

“Another major component of this settlement with the five major banks is in regards to dual tracking. Again, I think most of the folks here are familiar with the term but for those who aren’t: what sometimes happens with a homeowner is that they start to get in trouble on their mortgage. So they do what they’re supposed to do and they contact their bank. They say I’m getting a little behind and I need to figure out if I can get a modification of my loan so I can reduce my monthly payment or do something. The bank says, We’ll work you. We’re going to send you a packet. You fill it, provide us all of this documentation, paycheck stubs and so forth. So the homeowner is doing all of this. This process often takes several months, sometimes over a year. The homeowner believes that they’re doing everything that they need to do to stay in their home. They’re being diligent. They’re making the payment that they’re able to. Sometimes the bank is telling them they can reduce the payment or not make the payment. Unknown to them, another arm of the bank is moving forward on foreclosure. This is the dual track process. Sometimes the homeowner has no idea that they’re being foreclosed upon until they actually receive the summons from the court. The settlement addresses that issue. As long as the person is working with the bank and trying to receive a modification, the bank should not be pursuing the foreclosure. We think that this could be a major help tool to a lot of New Mexican homeowners. Again, the Attorney General’s Office wants to get

feedback from the community to find out if we're having problems with any aspect of the settlement.

“Some of the direct money that will be available to homeowners is that there's approximately \$63 million that's direct relief through loan modifications, through principal reductions and other types of direct relief. The banks will be identifying some of these borrowers and reaching out to them and letting them know that they may be eligible. Of course homeowners can also contact the banks and start that process on their own. There is also approximately \$12.5 million for homeowners who are underwater on their loan. If the value of their house is now less than what they still owe on the house, if that mortgage is owned and serviced by one of the five major banks, both owned and serviced, they may be able to receive some principal reduction. And then there's approximately \$4.5 million for New Mexico homeowners who have lost their houses to foreclosure. This is surely not a way to compensate them for their loss but the monies that have been set aside if they meet certain criteria – if they were in the foreclosure process between January 1, 2008 and December 31, 2011 they may be able to receive a one-time lump sum check but it will be in the neighborhood of \$1,250 to \$2,000 and it will depend on how many people participate in this portion of the settlement nationwide. Obviously, for these folks that have been foreclosed upon it is difficult for the banks to reach out and identify them because they're no longer at the address where they once were. And, so, we're asking these folks or anyone else that may be eligible they can contact our office and we can put them into our database or they can go to the New Mexico Attorney General's website and there's a link there and they can put in their own information so that we're able to send out updates and information and let people know how the settlement is progressing and who may be available and what timelines we may be working under.

“The last piece of this as I said is that we are currently having discussions with various non-profits, legal service organizations, HUD counseling agencies, government entities in figuring out what is currently out there, what is working and where do people need more support. Do we need more counseling? Do we need more attorneys to help in the foreclosure defense aspect? And then we'll go into an RFP process to allow people to identify the areas where they think they may be able to help.”

Chair Stefanics suggested taking questions before moving on to other speakers. She asked whether it was the individual who had to initiate their settlement relief/modification or can an organization do it for them? Mr. Owens said individuals can begin the process on their own by contacting the 1-800 number or an organization can act on their behalf. Each of the banks will have a release that an agency will have to provide.

Mr. Owens confirmed for Commissioner Vigil that the settlement relates specifically to bank loans not FHA, VA, equity loans, etc. and only to the banks identified in this settlement.

Commissioner Mayfield asked what impact receiving assistance may have on an individual's credit report. Mr. Owens was not aware of any direct negative impact on a credit rating if they go through a loan modification process. However, if they're asking for a modification they are probably behind on their loan and the bank has reported that delinquency to

the credit-reporting agency.

Mr. Owens said the only direct money coming to New Mexico Attorney General's Office is \$12 million. The remainder of the money will be held in trust and as consumers identify themselves and are found eligible those funds will be drawn down. Commissioner Mayfield asked whether New Mexico could receive the interest on the money held in trust and Mr. Owens said he would review that issue.

Commissioner Holian asked how many homeowners in the state have a loan in trouble with one of the five banks. Mr. Owens said that information was available. Even if the loan originated with a different bank but now one of the five is servicing the loan, an individual could be eligible for relief under the settlement except if they are underwater on the loan.

Commissioner Anaya said it was important that the Attorney General's Office not reinvent the wheel and rather utilize the non-profits and governmental entities that are already involved in homeownership programs. He said the states most organized in outreach and getting the information out will probably have better access to the funds. He asked whether New Mexico's portion could go to another state if we don't use it.

Mr. Owens responded that the settlement money is available for three-and-a-half years. The AG's Office is working to educate and get the word out to the citizens. He did not think the money could be reverted to another state because each state received its own money pool. The \$91.7 million was identified and dedicated for New Mexico homeowners.

Commissioner Anaya said it sounds like a lot of time but it takes a long time to get people informed and coming to the table and the three years will go very fast. He encouraged the AG's Office to reach out for help and expedite the program.

V. Local Bank Involvement in Foreclosure Prevention

Chair Stefanics invited the local bank representatives to describe their experience with foreclosure and programs and services that may be utilized. She mentioned that foreclosure prevention is one of the County's affordable housing initiatives.

Eleanor Montoya, Del Norte, said the funds outlined by Mr. Owens will probably not assist the lending community. The issue that the credit union is experiencing is foreclosing on properties that they service.

Mr. Owens said it is correct that the settlement does not look to address the entire mortgage issue for the state; instead it is a settlement with five specific banks. He said the state hopes that it will have a residual effect in helping with lending practices and education and availability of counsel for individuals seeking help who are not serviced by one of the five banks. The state believes they have an opportunity to help create a process and a safety net for homeowners who will benefit – not just those serviced by the five banks.

Commissioner Vigil asked whether the \$11.4 million would be applicable to community residents regardless of where their loans are being serviced. Mr. Owens said that money is allocated to the AG's Office and it "will be used to help and service all New Mexico homeowners."

Commissioner Vigil asked whether the AG has identified what the \$11.4 million would be used for and Mr. Owen responded that the office is in the process of determination. He added

that they have been investigating what other states are doing and have developed proposal outlines which will be followed by an RFP process.

Commissioner Vigil encouraged the AG's Office to broaden their base in terms of assistance provided.

Commissioner Stefanics asked whether the local lending institutes had special requests of the County or the AG's Office.

Ms. Montoya introduced Anthony Trujillo who heads up Del Norte's Solutions Department which in the past had been Del Norte's Collections Department, stating his department works closely with the client to avoid foreclosure.

Mr. Trujillo said as a smaller institution they have the opportunity to communicate with the client/member. He said they have been fortunate to keep several of their lendees out of foreclosure simply by opening dialogue. While Del Norte mortgagees may not have access to the settlement funds he remarked that there may be several individuals with second mortgages with Del Norte currently experiencing foreclosure with their first mortgage. He stressed the importance of communication and said if the AG's Office can get the information out to the public it will help.

Commissioner Stefanics asked Del Norte whether they keep track of affordable home loans. Ms. Montoya said they don't but she was confident they could generate a report of that nature. Commissioner Stefanics suggested the County might be able to partner with the credit union.

Emilio Atencio, State Employees Credit Union, concurred with Mr. Trujillo's observation that the settlement will have no effect on their foreclosures. He said the Credit Union was fortunate in not having many foreclosures stating there were nine over the past 12 years. He said the program may be helpful when the credit union is a junior lender in a mortgage.

Mr. Atencio said the credit union implemented a process in 2008 to help its members who have been affected by the change in the economy. On a case-by-case basis they may reduce the interest rate, defer payments, lower payments, extend mortgage periods, etc. until the situation improves and they can better meet their obligations. Mr. Atencio said the credit union works with their clients to educate them and help them get their finances in the black. He indicated that this process has been successful in averting foreclosure for all but one of their customers.

In regards to vehicle loans, Mr. Atencio said they have helped 126 clients keep their vehicles. In fact, he said as a non-profit the credit union has been very successful with individuals returning to borrow again. He estimated that the program saved the organization over \$2.5 million.

Mr. Atencio indicated that his organization does not keep track of loans to affordable homebuyers. The credit union does not engage in the secondary market and their loans are serviced in-house.

Megan McGarrity, First National Bank, said most of their mortgage lending business is

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sold on the secondary market and the bank has not realized losses in terms of foreclosures. She said the information is clearly important in helping customers who are having trouble with mortgages. She noted that First National is a very conservative lender and the second mortgage business makes up a very small percentage of the portfolio.

Commissioner Stefanics asked what the local banks in the Federal Home Loan (FHL) system are doing for the community. Ms. Garrity said First National has partnered with Homewise to help them make affordable housing loans to their customers. She cited that as part of the bank's community reinvestment initiative.

Commissioner Stefanics asked the banks whether there was anything the AG could do to assist them in keeping people in their homes.

VI. Non-profit Concerns and Comments

Andrea Slatopolsky, Homewise, speaking as a lender, said they have fortunately seen very few of their clients in a foreclosure situation. She noted that the process described by the State Credit Union mirrors what Homewise does for their constituents. Homewise focuses on prevention in terms of pre-purchase rather than foreclosure education. She estimated that 40 percent of the purchases made last year through Homewise were bank-owned properties. Homewise provides homebuyer education courses, home purchase counseling sessions and works to educate the buyer about finances and foreclosure prevention.

Commissioner Holian remarked that it is known that foreclosed homes are many times poorly maintained and asked if Homewise helps the new buyer to improve those conditions. Ms. Slatopolsky said Homewise has a home improvement department and they do review homes on a case-by-case basis.

Commissioner Vigil said the Housing Authority Board passed a resolution that promotes energy efficiency in County housing. She said it might be possible for the County to partner in repairing the energy efficient components of the property.

Ms. Slatopolsky said the bulk of Homewise repairs are to improve energy efficiency to improve the property's affordability and living expenses.

Sharron Welsh, Housing Trust of Santa Fe, said they have similar experiences to that of the Credit Union and Homewise. She said that Santa Fe has been relatively better off among the most vulnerable buyers because many of them did go through homebuyer training and education and had to qualify under more conservative requirements than the market at large to obtain a loan.

Ms. Welsh expressed concern that the settlement money may have a clear path to those for whom it was intended. She recommended that the AG's Office and the County pursue a data search of all the mortgages held by the five banks participating in the agreement.

Commissioner Stefanics said the AG may be well advised to spend a portion of the settlement money on outreach education.

Mr. Owens said the process is for the five named institutions to provide a list of

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individuals who were foreclosed upon to the participating AG's Offices. He agreed that the marketing outreach is critical to the process.

Commissioner Anaya repeated his concern that New Mexico would not access all their available settlement funds. He said he hoped local banks would be able to participate. Mr. Owens said the banks are required to provide outreach and the resources expended in that effort are not drawn or credited to the settlement agreement funds.

Mr. Atencio stated that an efficient method in developing the database would be through a credit reporting agency. In the collection universe a 60-day delinquency on an account will likely show up on their credit report. The collection agencies have subscriber code for all the financial institutions and can cross-reference loans sold or serviced by the five settlement institutions. The collection agencies also have access to address verifications through the post office. He said the collection agencies could provide data that targets the five institutions and individuals in New Mexico.

A responder to Commissioner Anaya's question of whether direct mail produces good results said that if the envelope looks like a tax bill or particularly official there is a greater possibility that it will be opened.

Kelly Huddleston said she was working with a private law firm handling foreclosures and the volume became so great and the people seeking help could not pay so that the firm stopped taking the cases. Ms. Huddleston said she approached the City of Santa Fe to ascertain whether there were any funds to help citizens in foreclosure for legal defense. She pointed out that the settlement is addressing the egregious behavior by the large lending institutions in this country. She lauded the credit unions and local banks. She received a CDBG grant through the City and she works through United South Broadway, a non-profit – the only non-profit in the state providing legal foreclosure defense to low- and moderate-income people.

Ms. Huddleston said 10,000 people filed for foreclosure in the state last year, approximately 800 in Santa Fe County. In fact, the county has been averaging 800 the past three years. Those numbers are available through the First Judicial Court.

Ms. Huddleston said this year she has developed her own program that is under the New Mexico Community Foundation umbrella. She received an additional CDBG grant from the City to provide legal education and foreclosure defense to citizens in the City. She said she receives calls from County residents who are facing foreclosure, cannot afford legal defense and are being badly treated by the very banks at issue.

Ms. Huddleston said legal defense is an important component that has to be addressed. The homeowners of this state have been sorely mistreated by a number of the larger financial institutions in this country. She hoped with the help of other non-profits more pre-foreclosure education can be provided, along with basic financial literacy, especially in the rural areas, and more information of one's legal rights when in foreclosure.

Commissioner Vigil said legal defense may have the biggest impact in the prevention of foreclosure. She asked whether AG's Office was considering hiring term attorneys to work on these issues. Speaking as an attorney, Commissioner Vigil said the foreclosure process can be very intimidating. Having legal defense is essential and Commissioner Vigil thanked Ms.

Huddleston and United South Broadway.

Commissioner Stefanics asked about the state's Homestead Law and whether that could potentially protect a citizen threatened with foreclosure. Ms. Huddleston said advocacy at the State legislative level clearly needs to be part of the foreclosure discussion with state laws including the Homestead Act. She noted that in 2008 New Mexico enacted the Home Loan Protection Act, unfortunately a lot of bad loans occurred before and are not protected by the law.

Hank Hughes, Coalition to End Homelessness, stated that the recent recession had a tremendous impact on the homeless numbers. Before the recession there were approximately 800 children in Santa Fe Public School identified as homeless. After the recession hit that number doubled to 1,600 homeless children. Interestingly, the number of disabled homeless people did not change and instead has been going down. He attributed that to HUD putting money into housing the disabled. Usually following foreclosure the family will rent and facing further financial difficulties they may become homeless. Being foreclosed on puts more pressure on the rental market.

Mr. Hughes said programs are needed that will keep people in their homes. He discussed the importance of having a home for children. Studies around the country, as well as locally, have shown that children having a home and staying at the school for a year makes a significant improvement to the child's life.

He encouraged the Commission to consider some way to provide rent assistance, foreclosure assistance – any assistance to help people stay in their housing. He urged the County to become involved in the efforts to end homelessness. The need for additional rental units is important and a safety net crisis fund would be very, very important.

Commissioner Stefanics said the City has requested that the County participate in the Homelessness Task Force.

County Manager Miller referred to a new County pamphlet which outlines the services available to residents in regards to affordable housing. She said the County was prepared to work with residents that fall outside the affordable housing guidelines.

Coleen Dearing, Santa Fe Association of Realtors, said while it appears we are moving in the right direction she feared it was all too little and too late for those people who have already lost their homes. She mentioned current legislation that will help with the short sale process which frankly is for many the only way out and protects their credit.

Ms. Dearing said realtors are on the front line handling short sales. She said the larger the bank the less likely you are to be treated as a person. She added the medium size banks are not much better. The credit lenders are not the problem.

Ms. Dearing advocated legal pressure to force the banks to move on things in a timely manner because borrowers think the bank is working to reduce their payments while a formal foreclosure notice is in the mail. Notification about legal assistance is crucial because the first month someone cannot make their mortgage payment they're scared. She suggested notifying citizens of legal resources through utility bills.

Peco Arguell, Chief Executive, Santa Fe Association of Realtors, said they were available to assist in getting word out regarding resources.

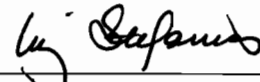
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Chair Stefanics thanked the participants and looked forward to partnerships in the future.

XVI. Adjournment

Having completed the agenda and with no further business to come before the Authority, this meeting adjourned at approximately 12:25 p.m.

Approved by:



Liz Stefanics, Commission Chair



ATTEST TO:



VALERIE ESPINOZA
COUNTY CLERK

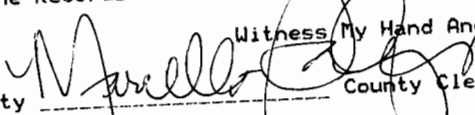
Respectfully submitted,


Karen Farrell, Wordswork

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

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I Hereby Certify That This Instrument Was Filed for
Record On The 21ST Day Of June, 2012 at 12:05:15 PM
And Was Duly Recorded as Instrument # 1672938
Of The Records Of Santa Fe County

Deputy  Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM

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