“Our nation’s veterans and military families continue to face unique challenges as they reacclimate to civilian life. The financial services industry is bringing all resources to bear to continue confronting these unique challenges.”

John H. Dalton
President, Housing Policy Council
70th Secretary of the Navy
Homes for Heroes 2.0

A white paper by the Financial Services Roundtable’s Housing Policy Council and the HOPE NOW Alliance

The Financial Services Roundtable represents nearly 100 integrated financial services companies providing banking, insurance and investment products to the American consumer. Member companies participate through their Chief Executive Officer and other senior executives nominated by the CEO. FSR member companies provide fuel for America's economic engine, accounting directly for $92.7 trillion in managed assets, $1.2 trillion in revenue and 2.3 million jobs.

The Housing Policy Council of the Financial Services Roundtable consists of 30 of the leading national mortgage finance companies. HPC members originate, service and insure mortgages. We estimate that HPC member companies originate approximately 75 percent and service two-thirds of mortgages in the United States. HPC's mission is to promote the mortgage and housing marketplace interests of member companies in legislative, regulatory and judicial forums.

The HOPE NOW Alliance is an industry-created alliance of mortgage servicers, investors, counselors and other mortgage market participants, brought together by the Financial Services Roundtable, Housing Policy Council and Mortgage Bankers Association. The alliance has developed and is implementing a coordinated plan to help as many homeowners as possible prevent foreclosure and stay in their homes. HOPE NOW has managed over 150 face to face homeowner events across the country since 2008 with 115,000 families. More than 1,000 attendees have participated in 10 events held for service members and veterans.
“Project Patriotism: Homes for Heroes 2.0” is a white paper by the Financial Services Roundtable’s Housing Policy Council (HPC) and the HOPE NOW Alliance that captures the growing efforts of financial services institutions to refurbish, revitalize and donate homes to America’s veterans in need. Property donations are made through the collaborative efforts of the individual bank and a third-party nonprofit.

The process of taking a Real Estate Owned property and identifying a qualified veteran, refurbishing the property to meet the needs of the veteran and then successfully transitioning the family into the home requires a detailed framework to execute. Project Patriotism outlines important and meaningful work for veterans by the financial services industry and nonprofits. The paper has also been published as a template for existing and new financial services institutions to consider adopting.

Survey Findings on the Industry’s Veteran Home Donation Programs

- An estimated **5,500 properties** have been donated by banks or sold at a significant discount through nonprofits to qualified veterans and their families in the last two years of this fledgling effort.

- The total number of donated homes could double to **nearly 11,000** over the next year if new banks continue to join the industry’s efforts. That means in the next several years, thousands more additional homes could be donated.

- Member companies of FSR, HPC and HOPE NOW that have already shown leadership in this space includes **Bank of America, JPMorgan Chase, Citi, SunTrust, US Bank and Wells Fargo**.

- These **six banks alone** report having donated about 5,000 of the 5,500 properties to veterans through their various veteran housing programs.

- The other estimated 500 homes were donated or sold at a considerable discount by other financial services companies that were not surveyed. These unnamed companies are also working with military-focused nonprofits through their own programs to donate homes to veterans, suggesting that a number of smaller lenders are also likely involved in the effort.

- An investment **between $15,000 to $45,000** on average is required to renovate each property. The funding often comes from a combination of bank, nonprofit and private investment funds.

- Renovations often take between 80 to 120 days to complete. These often include building in wheelchair ramps, railings and other features to assist veterans who have special needs due to battlefield injuries.

- Banks often dedicate between **four to 10 fulltime members of staff** to oversee their veteran homeownership programs.

- **Senior executives** are often assigned to lead institution-wide service member focus groups to identify the needs of their military customers.

- Participation from more financial services institutions is needed to **expand and improve** this ongoing effort.
The number of American service members deployed to combat zones around the world is steadily becoming smaller in the post-9/11 era. However, the results of more than a decade of war continues to impact our nation more every day. As our brave men and women return home, they are struggling with battlefield injuries, financial challenges, unemployment and the overall transition to civilian life.

The member companies of the Financial Services Roundtable, the Housing Policy Council and the HOPE NOW Alliance have been working steadily together to develop a fledgling program that refurbishes and repairs foreclosed and abandoned homes to donate to veterans in need.

Our financial service industry members have donated an estimated 5,500 homes to veterans in the last two years alone. In the next several years, we estimate that financial services companies and their nonprofit partners will donate thousands of additional homes to veterans and their families. We are proud of our industry’s work so far, but we also recognize that this is no time to rest on our laurels. The need for affordable, safe homes within reach of medical services, transportation, veterans benefits providers and family support for our nation’s heroes far outweighs our current efforts. We need more banks, mortgage lenders and other financial services institutions to join our mission.

The “Project Patriotism: Homes for Heroes” white paper highlights some of these companies and nonprofit organizations already involved and reviews their best practices that have helped deed hundreds of homes – which often requires substantial levels of investment to prepare for occupancy—to veterans, wounded warriors and military families. In our first edition of this paper in 2013, we encouraged stakeholders to consider this paper as a blueprint to develop similar programs. In this second edition, we are able to show that progress and encourage even more stakeholders to join.

The end goal of these programs is always to assist veterans with housing. The veterans who receive the homes are typically living with injuries, disabilities or other challenges resulting from their service to our nation. Across the country, there are many bank-owned and abandoned properties that could be put to good use. The pipelines for those opportunities are being created through the early leadership by lenders who want to help military families. To this end, we plan to send a copy of this paper to each member of the U.S. Congress to help drive a conversation that promotes community centered veterans’ assistance housing programs.

The obligation to take care of our nation’s veterans and their families cannot be understated, and we are pleased to join the financial services industry in doing our part.

Governor Tim Pawlenty
President & CEO
Financial Services Roundtable

Secretary John Dalton
President
Housing Policy Council

Eric Selk
Executive Director
HOPE NOW Alliance
HOMES FOR HEROES:
Donating Homes to Service Members

FSR’s Housing Policy Council and HOPE NOW members are leading the financial services industry’s efforts to refurbish, renovate and donate homes to veterans and their families.

An estimated **5,500 homes** have been donated in the last two years by financial services institutions to veterans through nonprofits.

Refurbishing a vacant property often requires an investment of **$15,000 to $45,000** from the supporting bank, nonprofit, and other investors.

Rehabilitating a vacant property often takes **80 to 120 days** to complete. The process often includes building in accommodations for the veteran’s special needs, including wheelchair ramps.

Service members who receive donated homes typically **struggle with injuries** and other challenges that were sustained in battle.

Financial services institutions often dedicate a team of **4 to 10 fulltime employees** to oversee their veteran homeownership programs.

Member employees often have a mix of **military, business and nonprofit experience**, and work directly with service members to prep them for homeownership.

Many banks have developed **military advisory teams** led by experienced senior executives that meet on a regular basis.

Any public relations attention related to the donation of a property focuses on the **candidates and the nonprofits**.
Introduction

As the U.S. military scales back engagements in Iraq and Afghanistan, counter-terrorism operations abroad still continue, as do other military commitments. Many of our military personnel are faced with the challenge of managing personal financial commitments here at home while performing their duties abroad. The unique financial services challenges facing active duty military, veterans and military families will continue for the foreseeable future.

When they leave the service, many veterans face serious financial problems. The drawdown of U.S. troops will bring an expected 496,000 veterans home over the next three years. With the impact of federal budget cuts, hiring freezes, extended deployments and constant relocations for civilian jobs, thousands of service members may return home without a job.

It is estimated that approximately 28 percent of mortgages held by financial institutions are held by service members. Additionally, the Department of Defense’s (DOD) 2012 Status of Forces Survey indicated that approximately 30 percent of active duty military members made mortgage payments. For reservists, DOD’s most recent survey of homeownership in June 2009 indicated that 53 percent of reservists made mortgage payments.

One of the biggest challenges for all homeowners is unemployment. Service members and veterans face this challenge as well. According to the Bureau of Labor Statistics, in 2013 there were approximately 722,000 unemployed veterans, the majority over the age of 45. Unemployment among veterans currently ranges from as low as 3.3 percent in Delaware to as high as 10.8 percent in New Jersey. The unemployment rate for all veterans is 6.3 percent as of May 2014.

Many other factors can prevent veterans and their families from finding a suitable home in an area they can afford. Even for those veterans who are fortunate enough to return home with a roof over their heads, the dream of homeownership can often remain elusive.

Additional factors exacerbating service members’ transition to civilian life include the need to live within reasonable proximity to medical, rehabilitative and mental health services, as well as public utilities and services for the disabled.
The nation’s population of wounded warriors is significant. According to Disabled American Veterans, the current number of injured veterans is approximately 3.6 million, up from two million just a decade ago. That number is expected to eclipse four million by 2020. Since 2001, nearly 52,000 service members have been injured, with more than 16,000 of those injuries catastrophic. Additionally, during the same period of time, nearly 153,000 veterans have been diagnosed with post-traumatic stress disorder. Living within close proximity to a support network of family, friends and military or veterans’ service organizations is crucial while reacclimating to civilian life.

The number of financial services companies involved in these efforts continues to grow, but there is still a significant need for more industry participants to join the efforts to help fulfill this overwhelming need. As thousands of veterans, wounded warriors and military families re-establish their lives in the current economic climate, finding suitable homes will require inventive solutions and synchronized partnerships. Project Patriotism is HPC and HOPE NOW’s joint effort to help financial services companies partner with nonprofit organizations to meet the financial and housing needs of our nation’s heroes.

**Finding Homes to Donate**

When a foreclosed property does not sell at auction, ownership of the property reverts to the financial institution or the investor. After the unprecedented number of foreclosures stemming from the housing market collapse of 2008, institutions were left with a shadow inventory of real estate holdings. In order to assist veterans with their housing needs, banks and other mortgage market participants began exploring the use of these repossessed properties, known as Real Estate Owned properties (REOs), as a source of veteran housing.

Several financial institutions have developed veteran housing programs that repair, revitalize and transfer properties to veterans, wounded warriors and military families by partnering with knowledgeable, established nonprofit organizations, veterans service organizations (VSOs) and third-party groups to help facilitate and support these initiatives. The companies that have already shown leadership in this space include Bank of America, JPMorgan Chase, Citi, SunTrust, US Bank and Wells Fargo.

In March 2013, HPC and HOPE NOW surveyed member companies participating in a military home donation program, along with their third-party and nonprofit partners, to identify a common framework that could be used to transition REO properties into homes for military veterans. In 2014, these organizations were surveyed again and asked to provide updates on the progress of their donation programs.

This paper provides examples of the components needed to successfully build and execute property disposition programs to provide homes for veterans and serves as a framework to expand these efforts.

“We now have over 400 homes in our program to give them to veterans mortgage-free. This milestone highlights two years’ worth of commitment to serving our nation’s military families. The level of support by the major banks and home builders has been extremely important to the whole process. Without them our permanent housing program would not exist.”

Jim Knotts
President and CEO
Operation Homefront
Veteran Home Donations by the Financial Services Industry

Companies engaged in veteran homeownership programs view their initiatives as a part of a long-term effort, motivated by a patriotic obligation to address a post-9/11 military veteran need.

In 2014, HPC and HOPE NOW’s survey of its member companies and several additional nonprofits working with the financial services industry found that approximately 5,500 homes have been donated by financial services companies or sold at a significant discount to veterans and their families in the last two years.

Of HPC and HOPE NOW’s member companies, Bank of America, JPMorgan Chase, Citi, SunTrust, US Bank and Wells Fargo alone reported having donated about 5,000 of the properties to veterans through their veteran housing programs in the last two years.

The other estimated 500 homes were donated or sold at a considerable discount by other financial services companies that were not surveyed by HPC and HOPE NOW, but are also working with military-focused nonprofits to transfer homes to veterans. The donations were reported by the partnering nonprofits to HPC and HOPE NOW, but the names of the companies making the donations were not revealed.

Within the next several years, it is estimated that thousands of additional homes will be donated to veterans through this growing industry-nonprofit framework. As more lenders create similar veteran housing programs, it is conceivable that the number of donated properties will double over the next year. The data captured in this paper does not reflect the relationships between many additional small lenders and veteran service organizations that may not be HPC or HOPE NOW members.

Best Practices by the Banking and Mortgage Industry

Financial services and mortgage lending companies have expanded efforts to assist military customers with their unique financial needs. These institutions have focused their efforts on housing/homeownership solutions, short-term capital, small business development, employment and the pursuit of higher education.

The various veteran homeownership programs developed by financial institutions generally require the dedication of four to 10 fulltime employees. The employees often have military, business and nonprofit experience and work directly with veterans to prepare them for long-term homeownership.

Instead of monetary goals, these programs are based on internal goals and manageable timelines that provide a common, long-term framework for success in providing homes and the support needed to help veterans and their families become successful long-term homeowners. This initiative is a labor, resource and time intensive effort. (See chart on page 18.)
Many financial services companies have developed military advisory teams often led by senior executives that meet on a regular basis. These advisory teams:

- Evaluate local nonprofits and other potential partners
- Assess their portfolios to find suitable properties
- Recommend the appropriate resources necessary to carry out their company’s veteran homeownership program

The military advisory teams generally partner with internal community partnership programs and associated staff in order to evaluate third-party groups and nonprofit organizations that specialize in understanding the unique needs of service members. The assessments determine, among other things:

- Scalability
- Resource capability
- Funding structure
- Ability to provide restoration work and transition services
- Applicant evaluation processes
- Availability of pre-homeownership and post-homeownership counseling and financial readiness programs
- Ability to take possession and legal responsibility of the property during the conveyance process

**Industry Case Study: Bank of America**

In 2012, Bank of America announced a three-year commitment to donate up to 1,000 properties to nonprofit organizations and local government programs that provide homes for military veterans and first responders. To date, the company has already donated more than 1,000 homes to military veterans and first responder nonprofit organizations.

Property donations are being made in communities across the nation, depending on the needs of Bank of America’s nonprofit partners and availability of properties. Property donations help neighborhoods impacted by foreclosure and property abandonment to recover by rehabilitating vacant and abandoned properties to provide housing for homeowners in need. By increasing homeownership in these neighborhoods, the donations also help stabilize property values and restore the tax base of municipalities.

Building on Bank of America’s longstanding support of military service members across the country, the bank in 2012 created its Military Affairs Advisory Group to coordinate programs across the bank’s organization, focused on supporting active military, reservists and veterans. This group, which is part of the company’s Global Corporate Social Responsibility team, provides greater assistance to military service members and their families through philanthropy, hiring, customer service and employee engagement, and coordinates closely with businesses to serve military members.
Home Donation Steps

The success of member companies engaged in veteran homeownership programs is dependent on the types of properties available and the applications they receive. Each case varies in the amount of resources, investment and manpower necessary to transfer a property to an approved candidate.

Companies engaged in veteran homeownership programs estimate it can take as long as two to four years to complete the transfer of a foreclosed home to a third-party group or nonprofit organization and then transfer the property to an approved candidate. The process includes:

- **The evaluation and identification of military veterans and wounded warriors in need of housing**
  - Companies delegate the candidate vetting and application process to their third-party or nonprofit partners.
  - Few companies have any involvement at all in the evaluation or ultimate selection of candidates for a home.

- **Identification and location of the property**
  - California, Florida, Georgia and Texas have the highest concentrations of foreclosed properties; they also have large active-duty military and veteran populations.
  - Some states, including Florida, are judicial foreclosure states, which extends the timeline by which a property becomes available. Non-judicial states have shorter timelines.

- **Bank engagement with a third party to transfer the identified property to an approved candidate**
  - Our members’ military advisory teams assess and approve third-party groups and nonprofit organizations that take 100 percent possession of properties, refurbish them and complete the process of deeding the property to an approved candidate. Quite often, the property will need extra work to bring it to code before conveyance, and those responsibilities will usually fall on the lender.

- **Promotion of the transfer of the property**
  - Any public relations attention to the transfer of a property to an approved candidate focuses primarily on two things:
    - The candidate and his or her family;
    - The third-party group and nonprofit partners.
The Roll of Third-Party and Nonprofit Partners

Veteran homeownership programs involve a network of organizations, funding and long-term manageable transition timelines that include renovating properties and preparing approved candidates for long-term and stable homeownership.

Longstanding rehabilitation programs work to stabilize neighborhoods by acquiring and preparing vacant properties for low income families. Most programs offer financial counseling for new homeowners. Our research revealed that military third-party groups and nonprofit organizations have developed veteran specific programs that go beyond standard financial counseling programs to meet the unique needs.

These organizations include:

- Freedom Alliance  
  https://freedomalliance.org/
- HomeStrong Heroes  
  www.HomeStrongUSA.org/
- Homes for our Troops  
  http://www.homesforourtroops.org/
- Military Warriors Support Foundation  
  http://www.militarywarriors.org/
- Nehemiah Community Reinvestment Fund  
  http://www.ncrfund.org/
- Operation Homefront  
  http://www.operationhomefront.net/
- Purple Heart Homes  
  http://www.purplehearthomesusa.org/

These organizations are equipped to advise and mentor military families as they transition from active duty military life back into the civilian population. Often staffed with veterans or family members of veterans, these entities offer holistic approaches including:

- Veterans benefits services through the Department of Veteran Affairs
- Continuing education; Financial readiness
- Job training and placement, including training for spouses in some cases
- Drug and alcohol counseling; Personal counseling and family counseling
- Housing and homelessness assistance
- Psychological or physical rehabilitation needs
- Working with local real estate agents and brokers to help make families aware of their benefits. Quite often a family will not know they are eligible for these kinds of programs when looking for a home.

“The life of an American service member is one of moving from place to place. They transfer bases throughout their careers and deploy for long periods during times of war. How nice it is after years of sleeping in tents to have a home to call your own. We are proud to play a part in making that dream come true for America’s soldiers, sailors, airmen and Marines.”

Tom Kilgannon  
President  
Freedom Alliance
Nonprofit Case Study: Nehemiah Community Reinvestment Fund

Nehemiah, a nonprofit based in Sacramento, CA, has been promoting homeownership and economic development for underserved communities since 1994. While its efforts are not specifically focused on service members and veterans, Nehemiah has recently developed programs specifically for this population. The organization is currently assembling a board of directors made up of veterans to launch a program called “Roofs for Troops.” In the past two years, Nehemiah has sold more than 30 homes to veterans at a deep discount and anticipates selling another 50 to 75 homes in the next year. Additionally, the organization expects to donate 18 to 21 properties to veterans. Nehemiah has worked extensively with veteran service organizations including Veterans of Foreign Wars (VFW) and Military Warriors Support Foundation to find qualified candidates. There are also plans for an educational program for veterans to be co-managed by Nehemiah and a mortgage servicer.

A Nonprofit Option: National Community Stabilization Trust

The National Community Stabilization Trust (NCST) is a national nonprofit organization that encourages government and nonprofit agencies to support the stabilization of distressed neighborhoods. Some members of the financial services industry participate in NCST’s program to distribute donated homes. To date, NCST has donated over 850 properties to eligible military families, some of which were transferred while working with financial services industry member companies.

Programs by NCST enable banks to sell and transfer REO properties to local nonprofits, which then creates homeownership and rental opportunities in communities in need of revitalization and stabilization. It is a central tool for many nonprofit organizations that intend to develop REO properties for qualified candidates. With its Veterans REO Donation Program, NCST’s role is to:

- Approve and recommend eligible donation recipients
- Source donation properties to support local veterans housing initiatives
- Serve as a single point of contact to create efficiency
- Monitor participants and properties to ensure desired outcomes

The program guide lays out eligibility requirements and program participation standards for financial institutions donating properties and organizations that seek to obtain them. The purpose of these requirements is to ensure that the program is achieving the right objectives related to increasing homeownership opportunities for veterans, wounded warriors and military families.

The Role of State and Local Organizations

Many state and local organizations work with military homeowners and veterans as part of their overall community development strategy. Across America, there are numerous areas with large concentrations of military homeowners. State and local nonprofits have the ability to focus specifically on their regional areas, making them well equipped to respond to housing challenges in local markets and can provide helpful resources to the financial services industry as well. As cities address abandoned properties and blight, this could be an appropriate avenue for addressing housing for veterans.
The Texas State Affordable Housing Corporation (TSAHC) and the Atlanta Neighborhood Development Partnership (ANDP) are two regionally focused organizations that commit a great deal of resources to veterans programs. TSAHC manages acquired properties, along with a land bank, and assigns each property to a single nonprofit partner. Since the project launched in 2013, TSAHC has donated three properties and sold more than 30 through their program to service members and their families. For eligibility, it is a requirement that homeowners participate in financial education through either a Department of Housing and Urban Development -approved program or a statewide program that is managed by TSAHC.

Since May 2013, ANDP has collaborated with Bank of America and a local military-focused nonprofit to place families with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers into newly rehabilitated homes. The homes were donated by Bank of America and fully rehabbed through ANDP’s “One Home Makes a Difference for a Veteran” program.

For more information about these two organizations, visit:

- Texas State Affordable Housing Corporation
  - [www.tsahc.org/](http://www.tsahc.org/)
- Atlanta Neighborhood Development Partnership
  - [www.andpi.org/](http://www.andpi.org/)

**A Nonprofit Success Story: The Kellemens**

Operation Iraqi Freedom veteran Zack Kellemen has a bright future ahead of him. He is finishing his college degree at night while working full-time at Level 3 Communications. After serving three years in the Army infantry, including a one-year deployment to Ramadi, Iraq, Zack had been living in a cramped apartment. His goal was to one day find a home to call his own. In October, Zack achieved his dream thanks to a collaborative effort between ANDP’s “One Home Makes a Difference for a Veteran” initiative and Bank of America.

Today, Zack is the proud new owner of a two-bedroom townhome on a quiet cul-de-sac in Acworth, Georgia.

“Both the space and yard are things I am still getting used to,” said Zack. “Moving to a home almost twice the size of my last apartment almost takes my breath away. Being a homeowner means more responsibility, but the freedom to do whatever I want with the property. It really feels like something that is my own.”

Zack was income-qualified for a 25 percent subsidy award totaling $19,725 from the federal government and a zero-percent soft-second from ANDP to apply toward the purchase price of $78,900. In addition, Zack received a $5,000 grant for purchase of the home from Pentagon Federal Credit Union Foundation Dream program. The layering of subsidy award and grant funds made the home affordable for Zack.

Zack loves the space, privacy, and location of his new home, which is close to Kennesaw State University where Zack’s girlfriend Hannah is completing a degree in exercise science. When they are not at work or school, Zack and Hannah enjoy relaxing on the back deck with their dog Baxter.

“Both the space and yard is something I am still getting used to. Moving to a home almost twice the size of my last apartment almost takes my breath away. Being a homeowner means more responsibility, but the freedom to do whatever I want with the property. It really feels like something that is my own.”

**Zack Kellemen**

**Veteran**

**Operation Iraqi Freedom**
Vetting Candidates for Homes

Vetting of candidates is handled by the nonprofit organizations. The process of matching properties to qualified candidates is labor intensive, long-term in nature and requires numerous resources. The common criteria examined when reviewing a military family for a housing program include:

- Discharge status of the veteran (honorable or dishonorable)
- Criminal background checks
- Disability status
- Disability rating, as certified by the Department of Veterans Affairs
- Need for medical, mental health and physical rehabilitation services
- Financial status, including ability to repay evaluations
- Need for transportation services
- Access to a support system, such as family or extended family

Once an individual or family has been approved, their names are entered into a databank with other qualified recipients. After a third-party group or nonprofit organization determines status and prioritizes the family on their list of potential donor recipients, the search begins for a suitable match from available property lists. Third-party groups and nonprofit organizations are often responsible for the property—retrofitting and refurbishing the home—in addition to enhancing a candidate’s financial readiness and long-term ability to retain the home.

A Community Development Case Study: New Jersey Community Capital

New Jersey Community Capital (NJCC) is a community development financial institution that is working to transform at-risk New Jersey communities through strategic investments of capital and knowledge. The organization has partnered with financial services industry members to work on several projects specifically aimed at veterans.

The two initiatives include:

Salt & Light: This residential property located in Mount Holly, was bought at a 35 percent discount of its appraised value and was on the market for two months when it was purchased by the NJCC. According to the Department of Veterans Affairs Homeless Sales Program, houses on the market for one month can be purchased at a 20 percent discount, houses on the market for two months can be purchased at a discount of 35 percent and houses on the market for three months can be purchased at a 50 percent discount. If buyers receive this discount, they must inhabit the property for a minimum of three years. In July 2008, the Salt and Light Company was approved to be eligible as a homeless provider in alignment with this program. NJCC closed a $67,245 loan in 2009, and it is a fully amortizing loan with two years remaining.

“IT’S GREAT TO KNOW THAT THERE ARE SO MANY OTHER PEOPLE OUT THERE THAT CARE. TO BE A VETERAN THAT WAS TAKEN CARE OF... IS JUST SO HUMBLING AND WORDS CANNOT EXPRESS OUR GRATITUDE FOR SUCH A BLESSING.”

Aaron Woods
Retired Army Sergeant
**ROCK Center:** The ROCK offices are located in Trenton in a renovated antique Victorian house, where they run their program providing support services to female veterans. Above their offices are four rental units that they have renovated. Each of those units has been leased to female veterans. They also work with CityWorks to place female veterans in other properties that NJCC has financed in Trenton. ROCK is deeply involved with the VA and its programs, though they exist primarily on grant funding. NJCC recently provided ROCK a $35,000 loan and recently restructured their monthly payments to a lower amount.

**Rehabilitating REOsin into Veteran Homes**
Vacant homes are often in substandard condition. The rehabilitation process often takes between 80 and 120 days for a single property and often requires the help of multiple partners. While the bank may bring the property to code, the nonprofit typically manages the renovations designed to meet the unique needs of the family — particularly if accommodations for battlefield disabilities are needed. The amount of rehabilitation investment often ranges from $15,000 to $45,000.

Examples of nonprofit partners that specialize in home renovation include:

- Habitat for Humanity
- Neighborhood Housing Services
- Rebuilding Together
- The Home Depot Foundation
- Community Development Corporations

Refurbishing of a property is generally addressed by a combination of funds from:

- Bank investment
- Community/local government investment
- “Sweat equity” investment by family
- Foundation investment
- Nonprofit investment
- Private investment

**A Case Study: How Habitat for Humanity Matches Veterans with Homes:**
Habitat for Humanity has been very active in the veteran housing space over the last year. Recently, the Dallas, TX area Habitat for Humanity chapter partnered with Habitat for Humanity International to form VetCorps. VetCorps aims to recruit veterans as partner family homeowners, enlist veterans as volunteers, and create sustainable partnerships focused on long-term care for veterans and their families.
The process VetCorps and similar nonprofits use to match candidates with homes includes several steps:

- **Matching candidates with a desirable property and location**
  - An evaluation assesses the unique needs of the candidate, including the need for access to:
    - Veterans Affairs facilities – There are more than 1,700 hospitals, clinics, community living centers, domiciliary, re-adjustment counseling centers and other facilities.
    - Family and community support
    - Proximity to active military bases and resources, such as commissary and health care facilities for dependents
    - Public transportation

- **Homeownership preservation and financial readiness counseling for approved candidates**
  - Preservation and readiness counseling is often required by the third-party groups and nonprofit organizations to address pre-homeownership and post-homeownership needs.
    - Supplemental career counseling is offered in some instances to the applicants and their partner.
    - The counseling is often administered by an approved and certified third-party partner.
    - The length of time for counseling can range from as little as eight hours to as long as three years, depending on the program and the need.

- **Transfer of property**
  - Nonprofits, or entities such as land banks, may hold the title to the property until the renovations are complete.
  - A soft-second lien may be held on the property for a period of time to ensure the property is occupied by the intended homeowners and to prevent flipping of the home.
  - Completion of counseling program may be required before the title is transferred.
Challenges in the Homes for Veterans Donation Process

There are several challenges in veteran homeownership programs that HPC and HOPE NOW member companies have identified. They are:

**Timing:** It is difficult to manage the timeline of an available property with the availability of a qualified candidate, particularly when dealing with elongated foreclosure timelines to clear properties. Foreclosure timelines vary from state to state. In judicial foreclosure states, the sale of a mortgaged property is supervised by the court with the proceeds going first to satisfy the mortgage. Other lien holders are paid second, and the mortgagor/borrower is paid if any proceeds are left. In states with non-judicial foreclosure, the process does not go through the court and is generally faster from first notice of default to foreclosure sale.

- According to the latest Black Knight Financial Services data, the national average to clear a property through the foreclosure process is 1,054 days in judicial states compared to 739 days in non-judicial states.
- High military population concentrations can be found in Florida, Texas and California. Florida is a foreclosure mediation state, which can delay the availability of a property to a qualified veteran.

**Inventory:** The need for properties often overshadows the availability.

- Matching the candidate’s desired place to live with the availability of the property, and the community or region’s ability to meet the needs of the candidate and family can be difficult. An example of a challenging market is southern California, where housing costs are high and desirability from the general public competes with any charitable efforts.
- Candidate needs often include access to medical and psychological care, physical rehabilitation and nuclear or extended family for purposes of support. These resources may not always be available near a possible property match.

**Partnerships:** The need to partner with multiple nonprofit, third-party and quasi-governmental organizations to execute a veteran homeownership program is a challenge.

- There is no single database that lists all partners who work in this arena, which can slow the process as many groups simply adopt all responsibilities into their business model.
- The decrease in available REO properties, coupled with the increased foreclosure timelines in many states has made it difficult to acquire acceptable properties.
- Municipal ordinances, state laws and local government issues can pose a number of property challenges, including dealing with liens, judgments, ordinance violations and property taxes associated with the property.
- Issues are often raised due to the policies and procedures of local homeowner associations where an REO property is located.
• In some cases, the nonprofit does not want to take or hold the title to the property for an extended period of time. This is due to the costs associated with holding the title.

• The ability of the nonprofit to have the appropriate funds to operate, outside of the receipt of the donation, is paramount.

• Continued support of the nonprofits is often required to ensure the proper management of the property and the qualified candidates.

• In-house counsel or access to good legal counsel is important as all of these operations have a certain amount of risk associated with it and legal protections are needed.

In order to successfully transition a property to a qualified recipient, the operating nonprofits incur hard and soft costs associated with each transaction that, if not managed efficiently, can pose significant threats to the nonprofit fulfilling its mission.

• Acquisition price, holding costs (i.e. security, maintenance, utility, etc.), renovation, disposition costs and associated travel costs are items associated with each property transition to a veteran.
  - Not all properties are 100 percent donations. Cost of carry to a nonprofit may be onerous and can potentially create a significant loss of capital if unforeseen events increase estimated project costs. For example, unidentified foundation or mold issues, theft during renovation and severe weather.

• Finding and matching qualified program participants to a feasible/desirable REO property
  - The process of matching all the requirements can prove difficult and time consuming.

• Working with diligent partners to ready the property and family for transition
  - Long-term mentoring is an integral part of successful programs, but it requires flexibility, consistent care, frequent assessment, oversight and hands-on participation from the nonprofit sponsor.

Opportunities and Recommendations for the Financial Services Industry

Upon conducting this analysis, we have discovered a number of opportunities that we believe are actionable by the financial services industry:

• With key stakeholders, continue to support the Homes for Heroes effort in order to help identify, define and map steps to improve the scalability and cost effectiveness of these homes for veterans programs.

• As part of the follow up from the first edition of this paper, a summit was held in July 2013 in Washington, DC with lenders and veteran service organizations. We recommend similar summits, on a more frequent basis, with all key nonprofits and lenders focused on ways to increase these operations. A pipeline and database need to be created to support and enhance current efforts.
• Take advantage of the Office of the Comptroller of the Currency’s (OCC) announcement that companies launching Homes for Veterans programs would be considered for a tax credit by the Community Reinvestment Act (CRA), which provides benefits for low to moderate income families. According to the 2010 Census, the median income of veterans is just over $35,000, which means that many service members and veterans are likely to fall within the low to moderate income category.

• Coordinate, collaborate and create connectivity between partners, counterparties, potential investors, philanthropists and general market participants. Many of the current efforts within the financial services industry and nonprofits are trapped in silos. There needs to be a pathway that connects these opportunities with new sources of capital.

• Encourage new participants through tax and other incentives for primary partners that contribute assets, time and resources toward these efforts.

• Create new partnerships with Congress and the Administration on these efforts.

• Local communities need to express and support a plan for these kinds of efforts. Cities with large volumes of abandoned and distressed properties should be part of the conversation.

**Conclusion**

The Financial Services Roundtable’s Housing Policy Council and the HOPE NOW Alliance, along with the organizations’ member companies and nonprofit partners, believe that helping military families achieve housing stability through homeownership is a key component to nationwide community stabilization and revitalization efforts. With a new generation of post-9/11 veterans returning home, our nation will continue to face the challenge and obligation to meet this population’s unique needs.

A veteran’s unique housing needs should be addressed as part of a comprehensive effort to assist this population with reacclimating to civilian society. These REO property disposition programs provide homes for our nation’s heroes and military families, help these individuals achieve financial stability, and empower these individuals to revitalize and stabilize the communities where they live.

Since the first edition of this paper in June 2013, there has been an increase in service member housing activity from the mortgage industry, the nonprofit community and many local governments. Important next steps include more involvement from government stakeholders as well as from the investor community, particularly from the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac. More participation from financial services institutions is needed as well, and we are encouraged by the strides made to date to create pilot programs focused on service member housing.
The Process from REO to Veteran Homeownership

**Military Paths to Homeownership**
Small percentage of REO properties become military homes; transition process requires much time and several organizations to complete.

**REO Property Inventory**
Owned by financial institution, which carries holding costs & market risk. Distressed, typically vacant and in poor condition.

**NCST’s Veterans REO Donation Program**
Connects financial institutions to non-profits.

**Military Non-Profits**
Holds title, carries cost of property & manages renovations. Markets property to veterans & selects homeowner candidate. Second lien often held as part of the homebuyer’s purchase to ensure equity is retained and program goals are achieved.

**Non-Profit Organization**
Receives property and provides homeowner education. Then will donate/sell property.

**Land Banks**
To prevent flipping, land banks may hold title until property transitions to homeowners.

**Homeownership**
Veteran/family gains possession of home. Property title may remain with non-profit until veteran achieves financial education goals. Full ownership rights and responsibilities transfer.

**Standard Path to Homeownership**
Most REO homes are sold to investors, individuals, and distributed to non-profits and community development corporations or REO trusts.

**Non-Profit Organizations**
Receive/purchases property. Carries costs, manages renovations and finds a homeowner.

**Support Services**
Military non-profit counseling services (financial, employment, mental health, etc.) may be required before title transfers to homeowners.
Endnotes

i Update on Outreach to Military Homeowners, Presentation by Colonel Paul Kantwill, HOPE NOW Alliance, Quarterly Meeting, (April, 2013), Washington, DC

ii GAO’s Report to Congressional Committees (January 2014) Service Members Civil Relief Act. Information on Mortgage Protections and Related Education Efforts


vi Housing Policy Council and HOPE NOW Alliance. (March, 2013). REO Property Programs for Veterans: Survey of Financial Services Companies and Non-Profit Organizations

vii U.S. Department of Veterans Affairs. (n.d.)

viii Housing Policy Council and HOPE NOW Alliance. (March, 2013). REO Property Programs for Veterans: Survey of Financial Services Companies and Non-Profit Organizations

ADDENDUM

The Financial Services Industry’s Engagement in Military Corporate Social Responsibility

Exploring FSR Member Companies’ Engagement with Active Duty Military, Military Families and Veterans

Survey Methodology

The 2014 Service Members and Military Families Survey focused on three consumer categories:

- Active military
- Military families
- Veterans

Areas of inquiry included employment efforts, financial services products and programs, financial literacy programs, community service outreach programs and efforts in transitioning into civilian life. The survey was conducted through FSR’s Corporate Social Responsibility department.

Survey respondents self-identified as banks, finance companies and insurance companies. There were 16 respondents companies, and this year seven member companies responded to the survey for the first time. The new companies include: Bank of America, KeyCorp, State Farm Insurance Companies, SunTrust Banks, Inc., Toyota Financial Services, Trustmark Corporation and TSYS.

All respondents to the survey consider themselves actively supporting active military, military families and veterans, with six respondents considering themselves leaders in the field.

Key Findings

1. Overall, respondents do provide employment outreach for active military, military families and veterans.
2. The majority of the respondents do provide job training for active military and veterans.
3. Over 65 percent of respondents provide special financial services products for active military.
4. Over 50 percent of the companies that responded provide financial literacy programs for military families and veterans.
5. A majority of respondents provide special programs and outreach efforts to active military, military families and veterans.
6. Three quarters of respondents provide special services to help active military make the transition to civilian life.

Employment Opportunities

Who is doing the best job of recruiting veterans? Those identified as doing the best job of recruiting veteran employees were FSR member companies Bank of America Corporation, Citigroup Inc., JPMorgan Chase & Co., PNC Financial Group, Trustmark, TSYS, Unum and Wells Fargo & Company. In addition, Walmart, Google, USAA and the Department of Defense were also cited.
The following are employment outreach programs for active military, military families and veterans identified in the survey:

- **Bank of America** employs over 7,000 veterans, Guard and Reservists and is on track to hire over 10,000 military service members over the next several years.
  - Bank of America supports organizations such as Wounded Warrior Project, U.S. Chamber of Commerce and the Military Spouse Employment Partnership.
  - Bank of America attends military job fairs across the U.S. to recruit and hire more service members.

- **Discover Financial Services’ Military Work at Home Program** provides training, resources and jobs within the financial services industry for veterans and their family members within their local community.
  - Discover supplies each new employee with the equipment and installation support to ensure a successful working environment at home.
  - Currently, recruitment efforts are focused on military service members from the Dover Air Force Base in Delaware.

- **KeyCorp’s enterprise “Military Attraction and Assimilation Strategy”** hires and develops active military and veterans as valuable and skilled employees that contribute to the dimensions of KeyCorp’s diverse and inclusive workplaces.

- **StateFarm Insurance Companies**
  - StateFarm posts vacancies on military job boards, advertises in military publications and participates in virtual and in-person military job fairs.
  - StateFarm also supports various military causes through philanthropy.

- **Trustmark** offers an internship that provides participants with Trustmark employee mentors, job search education and assistance, bank work experience and networking opportunities.
  - Trustmark hires interns after completion of the internship provided that there are available positions.

- **TSYS** was ranked one of the top 50 employers by Military Times EDGE Magazine due to their commitment to actively seeking and employing service members who have gone above and beyond their call of duty.

- **Wells Fargo & Company** was ranked among the top employers by Military Spouse Magazine.
  - Wells Fargo and Company lists open positions on 18 public job boards targeted toward military personnel and provides military cross-walk software so service members can determine the jobs that best align with their experience.
  - Wells Fargo recruiters attended 150 job fairs in the past year, including an overseas virtual job fair at a forward deployed base. Recruiters were provided with special training to identify military talent.
Several respondents also provide various job training programs:

- **Bank of America** offers new hire orientation and training for potential and hired military service member employees.

- **StateFarm Insurance Companies** offers comprehensive online, classroom and on-the-job training and employment opportunities for a variety of professional areas.
  - StateFarm also actively reaches out to military veterans through a recruiting campaign focused on service members transitioning to civilian life.
  - The company established a network of military ambassadors and recruiting specialists who visit bases to help veterans write resumes and conduct mock interviews.

- **Wells Fargo & Company**
  - Wells Fargo formed alliances with the nationwide American Corporate Partners’ mentoring program, which connects veterans with mentors for a year based on career compatibility and individual skills.
  - In addition, Wells Fargo partners with nonprofit agencies, such as the Charlotte Bridge Home in North Carolina, to provide resume writing, interviewing practice and job search skills training.

**Financial Services and Products**

Several member companies provide special products and services to meet the needs of their active military, military families and veteran customers. Below are some of these programs:

- **Bank of America** operates military banking facilities overseas in 10 countries, including 70 banking centers and more than 300 ATMs, managed through a contract with the Department of Defense.
  - Bank of America provides dedicated assistance with options and SCRA benefits for mortgage customers on active duty service members.
  - Auto loan and deposit accounts receive special rates extended for six-months
  - Special mortgage rates are extended for 12-months after SCRA-eligible period ends

- **Discover Financial Services** offers special military benefits for service member cardholders including SCRA and education on those benefits.

- **Fifth Third Bank** provides the “Military Banking” program, a unique set of banking benefits and privileges to military service members.

- **Toyota Financial Services** and its “Military Rebate Program” provides special benefits for service members when they purchase and finance Toyota vehicles.
Wells Fargo & Company provides the following services:

- Worldwide Military Banking for active military including National Guard and Reserve service members and veterans
  - Benefits include 24/7 access to online accounts and online tools such as a spending report and savings plan.
- International toll-free numbers so Wells Fargo military customers overseas can talk to phone bankers (www.wellsfargo.com/per/int_access_codes)
- Special home mortgage services for service members buying or refinancing their current home, known as the “Military Mortgage Express Program”
- Possible eligibility for preferred rates for service members when responding to Permanent Change of Station (PCS) orders
- Incentivized rates or cash rebates toward a vehicle purchase

*Note: The majority of respondents consider themselves accessible to active military, military families and veterans.*

Financial Literacy and Community Outreach

Many companies have developed specific programs to address financial literacy needs. Below are some of these programs:

- **Bank of America** provides more than $11 million since 2009 in financial support to military nonprofits.
  - Contributes more than 40,000 volunteer hours at over 300 military events
  - Partners with nonprofit organizations like Welcome Back Veterans, Fisher House and Student Veterans of America, Goodwill Industries and Community Solutions which addresses the housing, employment and critical needs of military families
  - Committed $1 million to the George W. Bush Institute to build programs that improve the well-being and economic security of veterans
  - Bank of America and Merrill Lynch Wealth Management employees volunteer with Wounded Warrior Project to offer financial education and coaching in cities across the U.S.

- **Citigroup Inc.**’s “CredAbility ReConnect” provides customized online financial education and 24/7 financial counseling to all active duty military service members, veterans and families.

- **Fifth Third Bank** provides free financial empowerment seminars designed specifically for service members and families to understand and manage their personal finances.

- **KeyCorp**’s “Learn and Earn” programs include financial education outreach and counseling to clients of the Cuyahoga County Veterans Service Commission to develop action plans and budgets to pay off high interest payday loans.
• **LPL Financial** “May Serve Days” are often focused on military personal and assisting service members within the community.

• **StateFarm Insurance Companies** supports a variety of military causes through philanthropy. Their military employee resource group is involved with local and national military related programs and events.

• **SunTrust Banks, Inc.** partners with the U.S. Chamber of Commerce’s “Hiring our Heroes” program to help veterans, service members and military spouses find employment.
  - SunTrust participates in “Military Saves Week”, an annual program promoting good savings behavior for military service members and their families.

• **Trustmark** includes active military, military families and veterans in their financial literacy courses.
  - In addition, Trustmark is currently partnering with the Mississippi Community Financial Access Coalition (MCFAC), a nonprofit organization, to specifically target service members.

• **U.S. Bancorp** provides military service members with financial literacy classes and services to help establish and maintain a healthy knowledge of personal finances.
  - Assists and provides education for veterans on how to create businesses and personal wealth
  - Partners with many military service organizations, including the USO, Military Warriors Support Foundation, Armed Services YMCA, Operation Homefront and Freedom Alliance

• **Wells Fargo & Company**
  - “Hands on Banking® for Military Program” (www.handsonbanking.org) is an easy to use financial education platform specially designed for military members. It covers topics such as deployment, permanent change of station, retirement, budgeting and home purchase.
  - Wells Fargo is also the exclusive financial education platform for military and veterans of the "Sharpen Your Financial Focus" campaign of the National Foundation for Credit Counseling. (www.sharpentoday.org)

Survey respondents also shared these outreach programs:

• **KeyCorp**’s “Military Inclusion Key Business Networking Group” (MIKBNG) provides opportunity and outreach for employees, veterans, active military and military families and friends via peer networking and support, informational resources and community engagement.
  - Annual "Support the Troops" collection that sends care packages of donated items and thank you notes to active U.S. military worldwide
  - Observances and special programs for Memorial Day, Independence Day and Veterans Day
  - Philanthropic support of organizations including the USO and Wags for Warriors
  - Volunteer projects benefitting such organizations as the Department of Veterans Affairs, Fisher House and veterans homes and housing
• **Wells Fargo & Company** sponsors the military home donation program, which is a $30 million dollar commitment over three years that donates homes through non-profits to wounded veterans.
  
  • To date, they have contributed over 90 homes representing more than $20 million dollars to nonprofits who provide transition services to the veteran before turning the mortgage free home over to the veteran.
  
  • Veteran Team Member Network provides care packages, thank you letter writing campaigns and calling cards (through cell phones for soldiers). In addition, the company recently announced their sponsorship of the “Soldiers to Summits” program, an experiential mountain climbing expedition for a team of disabled veterans (www.S2S2014.org).

**Transitioning to Civilian Life**

Several member companies provide services and networks in order to assist active military service members transition to veteran status and reacclimate to civilian life. Below are some of these programs:

• **Bank of America’s** Military Support and Assistance Group (MSAG) allows groups of employees with similar interests, like military experience, to connect for professional and community events. MSAG works to create opportunities for advancement and leadership development through networking, mentoring and information forums.

• **KeyCorp’s** “Military Inclusion Key Business Networking Group” provides formal and informal support for employees who are transitioning to veteran status, as well as for employees who have family or friends who are actively deployed or transitioning.

• **PNC Financial Group** participates in activities with organizations such as the Department of Army Transition Assistance Office, Soldier for Life, Marine for Life, Northrop Grumman Network of Champions and the National Guard Bases in Pennsylvania, Ohio, Michigan, and Indiana.

• **StateFarm Insurance Companies’** Military Employee Resource Group assists with newly hired service member employees by supporting onboarding, networking and mentoring.

• **SunTrust Banks, Inc.** provides Employee Business Resource Teams to mentor and support transitioning service members in partnership with Bellevue University.
  
  • The program also offers degree programs for veterans applying their time in service for college credits.

• **Trustmark** offers a 12-week military internship program to help veterans ease back into civilian life.
  
  • For existing employee service members, current positions are held and all benefits continue upon deployment. Full reinstatement and on-boarding occurs upon return to work.
    
    • An Employment Assistance Program is available to service members and their family, if needed, during transition to civilian life.

• **Wells Fargo’s** “Got your 6” is a campaign that combines the reach and resources of the top American entertainment studies, networks, guilds and agencies with the expertise and commitment of more than two dozen non-profit organizations.
Summary

Member companies of the Financial Services Roundtable and its Housing Policy Council not only offer employment opportunities for veterans, job training, recruitment efforts and reacclimation to civilian life programs, but also work closely with local community, government and veteran service organizations to provide outreach and financial literacy programs that focus on active military, military families and veterans. Several member companies have specialized financial services and products for service members and those reacclimating to civilian life.

In particular, member companies including Bank of America, Citigroup Inc., Discover Financial Services, KeyCorp, PNC Financial Group, StateFarm Insurance Companies, Trustmark, Unum and Wells Fargo & Company have created their own comprehensive signature programs for active military, military families and veteran consumer populations.

*Looking Ahead: Responding companies believe that their commitment to active military, military families and veterans is highly likely to increase or remain stable for the foreseeable future. No member companies foresee a decrease in this commitment.*
ADDENDUM

Key Updates since the First Edition

In the year since the first edition of Project Patriotism was published, several updates and changes have been made. These updates reflect the progress made by the stakeholders involved as well as add any crucial updates to various programs and data points.

PARTICIPANTS

Mortgage Companies

Since last year, SunTrust and US Bank have offered updates on their progress in creating and administering programs for veterans. US Bank has created the “US Bank Proud to Serve Program”, which uses its Community Stabilization Assistance Program (CSAP) to manage relationships with veterans’ service organizations such as Freedom Alliance and Military Warriors Support Foundation. SunTrust is in the initial stages of development for its veterans program.

Several of the mortgage institutions that were pioneers in this space have given HOPE NOW data on their donations. Since 2009, Bank of America, Chase and Wells Fargo have donated over 6,500 homes to veterans.

Nonprofits / Local Agencies

In addition to the nonprofit partners profiled in the first edition of the paper, Freedom Alliance and Nehemiah Corporation of America have recently ramped up their efforts in the veterans housing space. Additionally, The National Community Stabilization Trust (NCST), Texas State Housing Authority Corporation (TSHAC), Habitat for Humanity – Dallas, TX and Atlanta Neighborhood Development Partners (ANDP) have all provided valuable updates to HOPE NOW regarding their programs.

DATA

New data on unemployment among veterans, loans held by veterans and foreclosure timelines have been updated to reflect the current state of the market. This paper contains data from government sources as well as from data collection firms focused on housing statistics.

CASE STUDIES

Several case studies provided by many of HOPE NOW’s members and partners have been added to show the progress made by the industry, the nonprofits and the state/local agencies.