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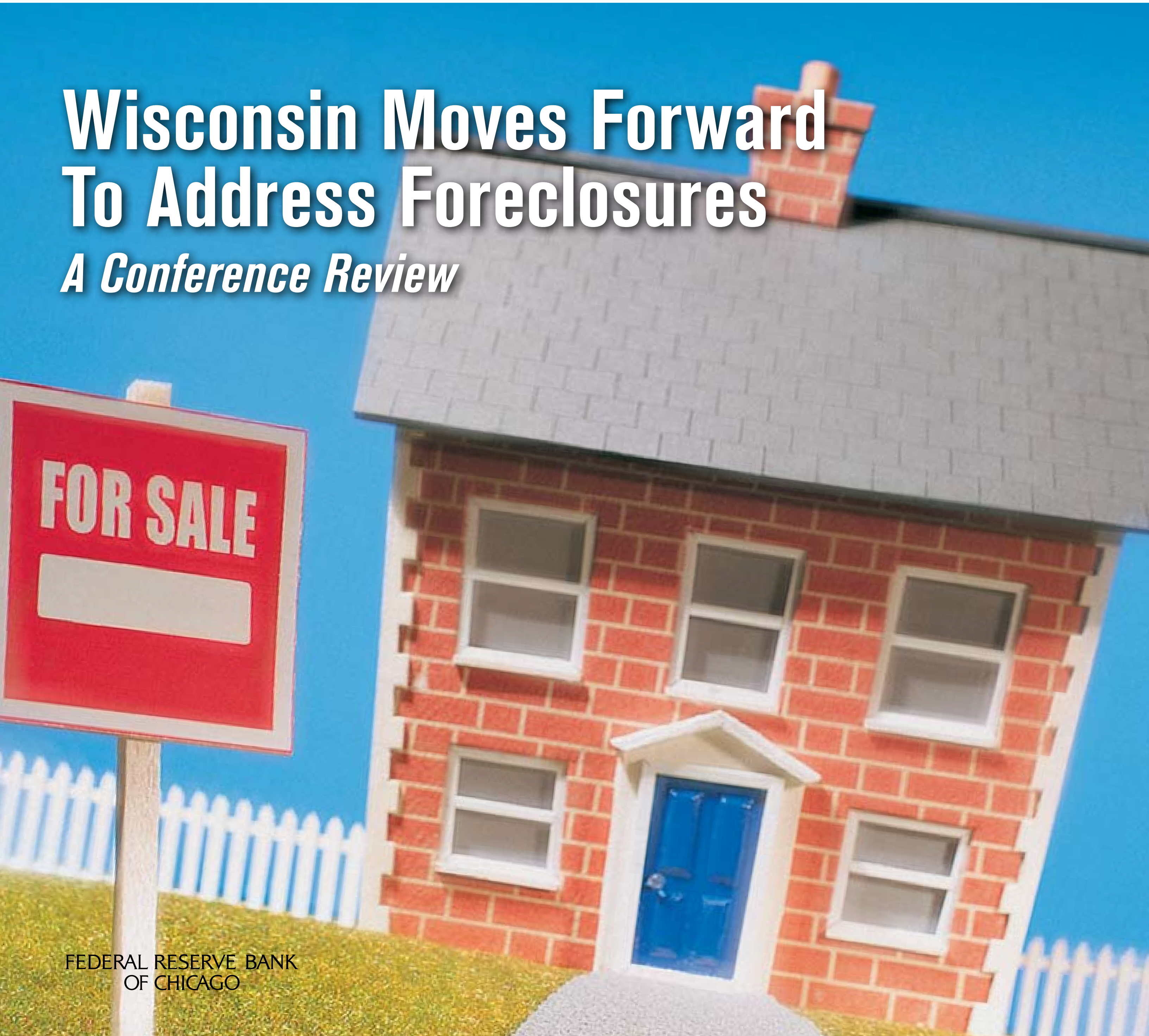
Wisconsin Moves Forward To Address Foreclosures

A Conference Review



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Wisconsin Moves Forward To Address Foreclosures

A Conference Review

by Steven Kuehl

In March 2008, CCA convened "Wisconsin Moves Forward to Address Foreclosures." The conference was a continuation of a series of conferences that has focused on the rapid rise of foreclosures in the Federal Reserve's Seventh District, their effects, and efforts to intercede. Conference participants have learned from experts their leading ideas, best practices and models for addressing the mounting level of foreclosures and their ill effects both in Wisconsin and the broader Midwest. This article briefly summarizes the March conference.

Regulatory Update on Mortgage Foreclosures

Steven Kuehl, director of Consumer Regulations for the Federal Reserve Bank of Chicago, provided an update on consumer and banking regulations related to the recent problems in the mortgage sector and discussed what can be done and what is being done to reduce 'preventable' foreclosures. Kuehl explained the new Term Securities Lending Facility whereby the Federal Reserve will lend up to $200 billion of Treasury securities to primary dealers in order to promote liquidity in the financing markets for mortgage-backed debt, and to help banks to offer lower interest rates to prospective home buyers. He also covered the Federal Reserve's efforts to reduce foreclosures that with proper, early intervention, could be avoided, helping stressed borrowers, their communities, and ultimately the broader economy.

Intervention programs have been designed to expand refinancing opportunities for troubled borrowers and increase the number (and success rate) of loan workouts. Because distressed borrowers always require individual attention, and since the effects of foreclosure are felt most at the local level, locally based interventions must engage local counselors, lenders, and service organizations. Care must be taken to design sustainable workouts and modifications, Kuehl noted, with the understanding that foreclosure (or preferably a less damaging transfer of property) is not always avoidable. Kuehl concluded that any remediations must be prudent, fair, consistent with safe and sound lending, and thereby affordable and sustainable for the borrower.

Foreclosure Litigation Process Training

The Legal Aide Society of Milwaukee (LASM) provides direct representation to low-income people facing foreclosure, or that may be victims of predatory mortgage lending practices. Catey Doyle, chief staff attorney for LASM, stated that LASM's caseload has "exploded" in the past few years along with the incidence of foreclosure starts and reported cases of highly suspect lending practices in Milwaukee County. LASM's research indicated that among 2007 foreclosures, more than 70 percent were foreclosures on adjustable rate mortgages. Almost 70 percent of those borrowers were in default before their first interest rate adjustment (most often with 24 to 36 months of origination). *"Because these loans didn't even make it to their first interest rate change, [we can conclude that] the initial monthly payment was unaffordable for the borrower,"* explained Doyle. *"And even more shocking – about 15 percent of the loans that were foreclosed on went into default within six months of origination."*

Through extensive investigation into lending practices in Milwaukee County, Doyle has found clear indications of 'reverse redlining,' predatory mortgage lending practices – where certain neighborhoods were targeted for very high-cost loans. LASM is exploring options for litigation to combat these practices.

While it is tempting to oversimplify circumstances that led to the current crisis, Doyle explained that the causes of foreclosures are complex and many. Aside from predatory mortgage lending practices, she cited the slowing economy and attendant rise in unemployment, the sluggish real estate market, and micro-level, often tragic events such as sudden death of a home owner, divorce, and medical crises that may lead to foreclosure. "In most [of these] cases, there is really very little that can be done to defend a person against a foreclosure action. And the most important thing, often, is to just provide that person with accurate information about the foreclosure process and then some specific actions that they might be able to take to get their loan [modified or] reinstated."

Sometimes it is a life event of a borrower with little means, even for relatively short periods, to support a mortgage payment other than their salary, and not predatory or irresponsible lending practices that lead to foreclosure. "Very often, I have found that people are really comforted if you can just tell them the basics. They get served with a summons and they are very afraid that they are going to be put out of their house the next day," stated Doyle.

The typical timeline and event sequence for a foreclosure on an owner-occupied residence in Wisconsin follows:

- At 90 days delinquent, the lender sends a communication demanding all missed payments, late fees, and other accrued charges. If not paid, the lender initiates foreclosure on the property.
- Approximately 40 days later, the lender files a foreclosure lawsuit in the county where the property is located and the sheriff's department serves the delinquent borrower (now the defendant) with a copy of the summons (directing the defendant to appear in court) and the complaint (pleadings indicating the details of the lawsuit).
- Once served, the defendant has 20 days to file a response to the summons and complaint.
- A defendant can answer the substance of the complaint by showing one of three things: first, that the borrower paid what was owed and include proof; second, the borrower can now pay what is owed and include payment; third, that the borrower didn't owe the debt and offer proof as to why not. Barring any of these three options, the court will grant a judgment of foreclosure against the defendant (borrower), usually within 10 days.
- Once the judgment of foreclosure has been entered into the judgment docket, as of that date of entry, a six-month statutory redemption period begins. During this period, the defaulting mortgagor can stay in their home and can keep it, if before the redemption period expires, they pay the outstanding debt past due plus any accrued charges.
- At the end of the period, if the borrower has not paid, there is a sheriff's sale, a forced sale of the property authorized by the foreclosure judgment, to satisfy the debt.
- The sale is not final until the judge signs a "confirmation." The defendant can redeem his property until the confirmation is signed.
- The borrower will get a notice, shortly after the confirmation is signed, to vacate the property.

Defenses and Counterclaims to Mortgage Foreclosure

David Leibowitz is a partner with the Leibowitz Law Center and known nationally for his work on residential mortgage issues in consumer bankruptcy cases. Leibowitz' overarching theme was that, in some instances, home owners may be able to pursue important claims against mortgage lenders or their assignees. There are no "magic bullets," he stated, but advocates should be aware of the tools at their disposal. A principled defense and counterclaim frequently leads to beneficial outcomes for both mortgage lenders and home owners.

Leibowitz used two very different metaphors to represent the mortgage foreclosure process. The first was a freight train speeding along. He stated that the current plaintiffs in mortgage foreclosure cases (i.e., the parties foreclosing on property) attempt to act like an irresistible force – like a high-speed freight train. Anything in the way, such as the borrower, gets crushed. Leibowitz' second metaphor was "the great and powerful Oz," from the film "The Wizard of Oz." Leibowitz sees a principled defense to a mortgage foreclosure action as Toto (Dorothy's little dog) pulling back the curtain to reveal a plaintiff that is not so great or powerful.

Leibowitz offered several important ways in which a defendant can bring a principled defense. First, it is very important to file an answer to the complaint. As noted in the section above, once served, the defendant only has 20 days to file an answer or other responsive pleading to the summons and complaint. "You have to show up," stated Leibowitz. He encourages defendants to raise some defenses and to ask the plaintiff to prove their case. "For instance, ask them to show you what their situation is, such as what the amount owed is. And make them prove it." It is important to ensure that a fair accounting is made of the amount owed, as, Leibowitz stated, lenders may include extra interest, fees and charges are added that can be rightfully questioned.

A second potential element of a principled defense encountered by Leibowitz is the case where the plaintiff cannot prove that it is the legal holder of the note (secured by the mortgage) that it is seeking to satisfy through the foreclosure process. The original lender may sell the loan into the secondary mortgage market, where it is resold, potentially more than once, before it finally ends up in a pool of other mortgage loans. This pool is then transferred into a trust. The trust issues a series of bonds that are backed by all the mortgages in the pool. The trust is managed by a trustee, who will bring the lawsuit whenever there is a foreclosure, but may not have legal standing to do so if the loan is not properly assigned after each transfer. Accordingly, the plaintiff often is unable to produce the proper documentation. The lawsuit cannot move forward unless and until the plaintiff can show the court that it has been properly assigned the note and mortgage.

A third important potential defense arises if the borrower was a victim of fraud, including unscrupulous lending practices perpetrated by a mortgage lender. In this case, the plaintiff may be subject to a counterclaim for real defenses. A real defense is one that is valid against every possible claimant, including a holder in due course (HDC).

The significance here is that if the borrower prevails based on (i.e., proves) a real defense, the borrower (maker of the note/negotiable instrument) need not honor the note, even if it has been transferred to a HDC that has no prior knowledge of fraud or other violation at origination; the real defense makes the note "void" according to the Uniform Commercial Code. Real defenses are not affected by the transfer of the note to an HDC. Accordingly, the trust holding the defendant's note may actually end up being fully liable for any real defenses. "Remember that freight train?" asks Leibowitz. "This is like throwing a switch that moves the whole train onto a side track and stops the wheels from rolling."

Liebowitz concluded his remarks by stating that when he files mortgage foreclosure answers, counterclaims, and affirmative defensives, his objective is to get the house free and clear for his clients. Despite not achieving that goal in every case, pursuing important claims against mortgage lenders or their assignees provides very valuable time to home owners – time to find new housing; sell or re-finance the property; or pursue possible bankruptcy relief.

Keynote Address

The keynote address was provided by Thomas James, senior assistant attorney general for the State of Illinois, Consumer Fraud Bureau. Mr. James is also a Federal Reserve Board Consumer Advisory Council Board Member. James discussed the current state of the mortgage market from the perspective of an experienced assistant attorney general who has been litigating fraud in the lending sector over the past ten years and what he sees as potential solutions to bring the market back into a state of balance.

"Many times I have heard the statement: borrowers knew what they were getting themselves into," began James. From James's perspective, the vast majority of borrowers with subprime loans were sold these products by "inventive" mortgage operations backed by large financial firms, whose loan pricing was irrational. "You can't have a stable economic system where you institutionalize the process of gaming ordinary people," argued James. "They are the folks who add value to the economy." By "gaming" the system, James means that the bad actors in the mortgage lending industry used consumer-oriented banking laws, rules, and procedures to mislead borrowers.

He cited the federal Truth-in-Lending Act (TILA) and its implementing Regulation Z, the purpose of which is "to promote the informed use of consumer credit by requiring disclosures about its terms and cost" as an example of a rule that can be used to mislead a borrower. TILA and Regulation Z are intended to provide meaningful disclosure of credit terms so that consumers will be able to compare credit terms between lenders and avoid uninformed use of credit. However, James noted many instances where unscrupulous lenders used the TILA disclosures to provide misleading information, purposely emphasizing the "amount financed" on the disclosure, which can be significantly less than the note amount, and is the actual amount that must be repaid. "One thing I can assure you," stated James, "is that disclosure [is not the] solution to informing consumers about complex credit transactions like mortgages." For subprime loans, he also believes that prepayment penalties should be illegal, because as a mortgage salesman once told him during a deposition, they effectively trap people into expensive loans.

James proffered that many of the purveyors of subprime loans know that the industry employs questionable lending practices and "probably have a pretty good idea about what they are doing." While nominally subprime loans are priced based on the risk profile of the borrower, borrowers who by definition do not qualify for prime rate credit, in his experience, subprime loans aren't sold exclusively to borrowers with substandard credit, and are often not priced fairly even among actual bona fide 'subprime' borrowers. "In fact, loan pricing and terms have little to do with a borrower's credit score," he said. He believes that up to 50 percent of the people sold subprime mortgages would have qualified for a prime loan if they had a good banker behind them. He argues that the vast majority of people who take out subprime loans have very little knowledge about the underlying terms, complexities, ramifications, and costs of the credit obligations they assume. Nor do they have an adequate understanding of other important risks that can impact their future ability to repay the loan, such as rising interest rates, the probability of unemployment, illness, disability, loss of health insurance, or the need to relocate before the prepayment penalty expires. James speculated that in what was a very competitive mortgage market, few loan originators would have been likely to call a borrower's attention to potential pitfalls associated with an exotic or high-priced loan, which was unsuited to the borrower's needs in any event. The result is that the loans marketed as if they were 'mainstream,' and appropriate to borrowers, turned out to be quite toxic and have defaulted en masse. "Why? Because if the consumer can't process all the right information, or is intentionally misled, and thereby is unable to make an objective assessment as to the true value and fairness of pricing of the loan – then only one party to the transaction is able to serve their interests."

"The banks and Wall Street can do all the complex calculations on why this stuff is good for our pension plans, but if the people in our communities can't evaluate price and say 'no' when it's too expensive, then you have a [problem]," stated James. "Then you get the inability to price commodities like mortgages in the market and Wall Street has no idea of the value of what they're buying." James asserts that the current downturn in national housing values is the result of the pricing decision being taken away from borrowers.

To address the foreclosure problem and stabilize the mortgage marketplace, James believes that people need to move beyond efforts to blame persons or organizations for the current predicament. The seriousness of the crisis necessitates a change in thinking, and ultimately the consumer must be able to understand and act to help set the price of a mortgage for the housing market to recover. “If you can’t get your loan paid back, then what you thought was an asset on your books is really a liability,” explained James. “People must create a new frame of reference and it doesn’t just stop with consumers, it has to be on the banking side too.”

James sees the urgent neet to address the foreclosure problem as a measure of the value we place in our homes, the banking and financial system, and ultimately into the values of our broader society. “It runs from the very essence of what we value in our communities, and banks are simply a reflection of the value we hold in our communities. They are a way we recognize that we store value in our communities. And they are a way that we trust each other by sharing resources,” concluded James. “To lay blame and not work to change things is to stay still and means you will be overtaken by the current situation; so we all: banks, consumer groups, government, must figure out a whole brand new approach.”

Surging Inequality and the Rise in Predatory Lending

Gregory Squires is professor of Sociology and Public Policy and Public Administration at The George Washington University, Washington, DC. Squires stated that over the last several decades, thanks largely to passage of the Community Reinvestment Act (CRA) in 1977, enforcement of the federal Fair Housing Act (FHA), and compliance with a range of local, state, and national fair lending rules, many households and communities long denied conventional financial services have found access to credit. But today the rise in subprime and predatory lending has put many families and neighborhoods in financial jeopardy as default and foreclosure rates skyrocket, particularly in minority and low-income areas. Community groups, elected officials, bank regulators, and mortgage lenders themselves are debating how the nation should respond. Reform of predatory lending practices is a necessary first step, but a comprehensive overhaul of mortgage lending markets and practices must take into account the connections between the evolution of financial services and rising inequality.

Squires posited that inequality and diminishing access to conventional (competitively priced) financial services have become inextricably linked:

- Rising inequality of income and wealth in the United States has intensified the segregation of metropolitan areas by class, with race and ethnic segregation persisting at high levels.
- For residents of increasingly segregated low-income and minority communities, the range of opportunities, including access to financial services, is limited. The ill effects are not limited to distressed households and poor neighborhoods. Rather, uneven development is costly across many metropolitan areas and to the U.S. economy as a whole.
- A two-tiered system of financial services has emerged that reflects and reinforces these patterns of inequality. One tier serves primarily middle and upper-income, disproportionately white suburban markets, and the other targets low-income and predominantly minority communities concentrated in central cities with higher-priced, often predatory products.

Squires stated that inequities in the provision of financial services will persist unless we address the structural sources of inequality. Public policies and private practices have shaped the uneven development of metropolitan areas, and alternative policies and practices can alter those patterns. He noted that several politically feasible public policy tools are available to respond to the overall surge in inequality, primarily by boosting the incomes of the low-wage workforce. For example, the federal minimum wage should be indexed to the cost of living; the earned income tax credit could be expanded to lift more working families out of poverty; and legislation could be passed to allow workers to more easily form unions.

Squires also asserted the need for more and/or better enforced policies directed specifically at financial service providers are needed. For example, electronic banking makes it more cost-effective for mainstream institutions to serve the unbanked and out-compete the fringe bankers. By carefully targeting financial incentives, for example through tax breaks or by providing CRA credits, more mainstream institutions would be encouraged to provide electronic banking services to the unbanked. Other policies could include: expanding the CRA statute itself to cover credit unions, independent mortgage bankers, insurers, and other entities that now account for a significant proportion of mortgage loan originations; enacting a strong national anti-predatory lending law; and more aggressive enforcement of fair housing and fair lending laws to increase access to credit and banking services. And finally, a more fundamental change would be to place a duty of suitability on lenders that would require them to recommend loan products that are most appropriate for borrowers given their financial situation (thereby reducing the likelihood of default and foreclosure). Securities brokers and financial planners must comply with similar rules designed to protect investors. In essence, such rules would shift at least some of the burden from individual consumers to lenders to assure compliance with fair lending and anti-predatory lending rules.

Squires concluded that “the financial crises that many poor, working-class, and even middle-income families face are inextricably linked to broader forces of uneven development. The public policies and private practices that have generated these outcomes are no secret. Neither are at least some of the remedies."

Home ownership Preservation and Foreclosure Prevention

Bonnie Boards, VP Home Ownership Preservation Officer with Chase, presented a two-part educational workshop on home ownership preservation and foreclosure prevention. The presentation highlighted foreclosure prevention and related topics, including: the history of loss mitigation; the lender/investor/servicer relationship; general mortgage loan servicing requirements; loss mitigation options and qualification standards; and best practices for counselor/realtor interactions with servicers. Participants received a copy of the training material and a reference guide that highlights the definition, review requirements and qualification standards for most types of mortgage loans.

Building an Effective Community Response to Foreclosures in Wisconsin

Conference attendees had the opportunity to participate on three task forces that sought to address the problems presented by the rising number of residential mortgage foreclosures in Wisconsin. The three task forces were:

Options and Outreach Task Force – Working together to provide appropriate, timely, quality information to Wisconsin consumers about their options when facing delinquency and the potential foreclosure of their home.

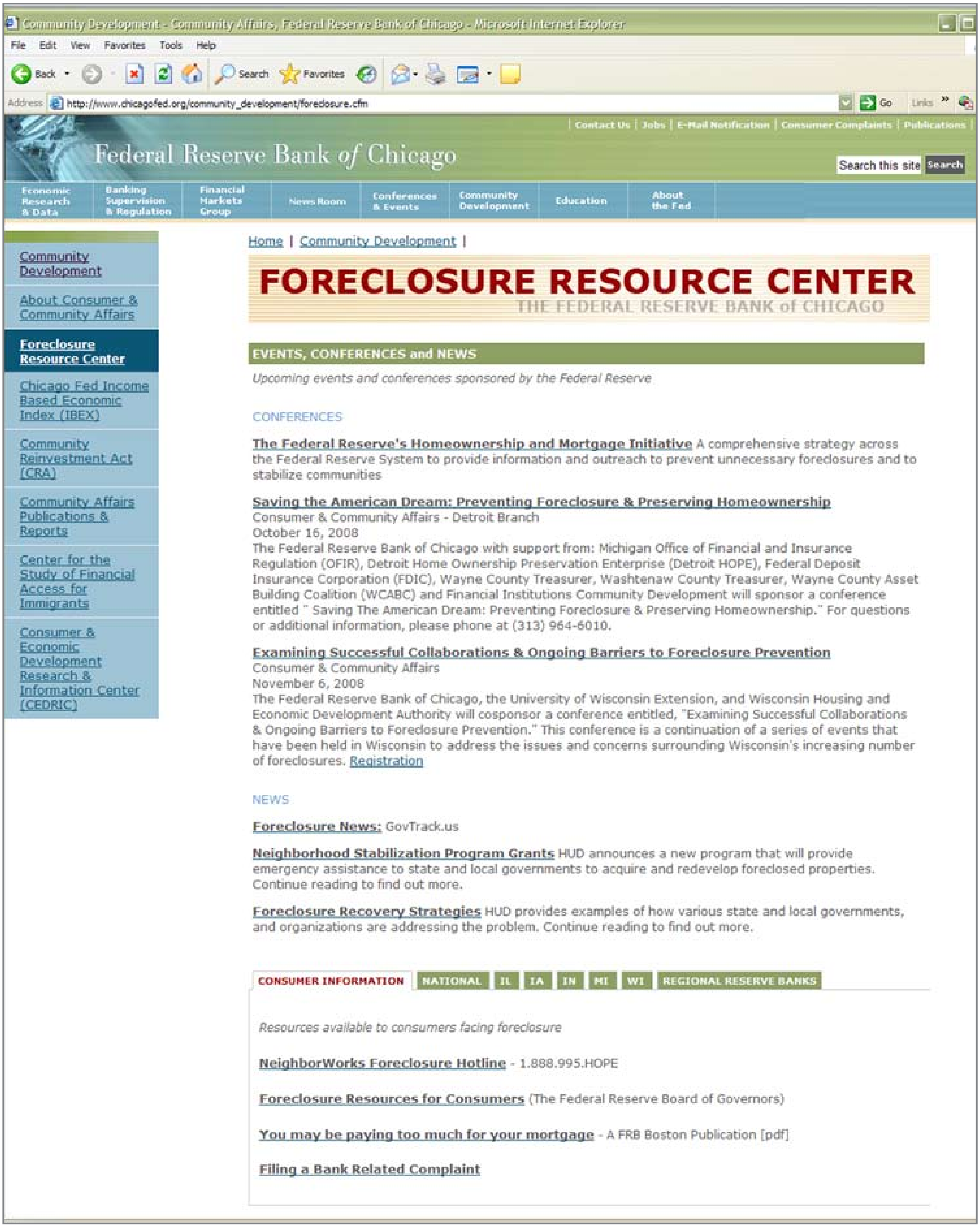
Stabilization and Maintenance Task Force – Solutions for creating and implementing a solid, post–purchase program for Wisconsin home owners that will help stabilize home owners' finances and assist with the long term maintenance of their home.

Financial Options and Strategies Task Force – Exploring what additional short and long term financial options and strategies may be needed in Wisconsin to complement existing solutions to prevent foreclosure.

Members of these task forces most recently met on July 24, 2008, at the conference entitled: "A Home for Everyone 2008 – Today's Housing, Tomorrow's Vision," which was sponsored by The Wisconsin Collaborative for Affordable Housing. At the July conference, task force members identified the most pressing foreclosure issues in Wisconsin:

- Increasing Servicer Flexibility and Capacity – The current lack of flexibility and authority of servicers to create acceptable loan workouts suggests the need for a national policy change. A consistent point of contact and process for intake of workouts is necessary to meet consumer needs in a timely and effective manner. Additionally, a centralized Web site and/or free software should be considered.
- Education – Mandatory education for all first-time home buyers should be implemented regardless of income level of the borrower or the property's purchase price. This mandatory education would be implemented as a permanent and required step when securing a mortgage. Mandatory instruction is analogous to the education and testing requirement for obtaining a driver's license. The consumer would bear the expense of the education through either a specific fee or slightly increased interest rate. Research has shown that face-to-face education is the most effective due to the personal relationship developed and the trust established with a counselor. High school classes, taken for credit toward graduation, that encompass a comprehensive financial literacy component on budgeting and credit should be mandatory. It is imperative to direct resources for capacity building within nonprofit housing counseling agencies to address critical education and counseling on housing and foreclosure prevention and intervention. Resources should be directed at increasing capacity for related services including legal advocacy and representation. Consumer education should also be embraced by the media in the form of public service announcements.
- Direct Help to Consumers – The key issue here is to address the gap between what a consumer can pay and what they owe. Various strategies were discussed including government intervention which may include refinancing products, reserve funds, and support for legal fees. For example, participants pointed to land trusts as a current effective means for preserving future affordability.
- Lender Responsibility - The overarching concern expressed by participants was the need to hold lenders accountable prospectively for the suitability of loan products. The purpose of which is to ensure that another foreclosure crisis does not reoccur. Suggestions by participants included more stringent mortgage broker licensing requirements, creation of a fiduciary duty running from mortgage originators/brokers to their customers/clients, and ongoing legislative efforts to enforce consumer protection laws.

The consensus of participants was that the task forces have served their purpose in identifying needs, resources and strategies to address foreclosure prevention and intervention. The next phase in moving forward to address the foreclosure crisis in Wisconsin includes the ongoing dissemination of information and resources to housing professionals through a Sharepoint Web site hosted by Marquette University.



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Upcoming events and conferences sponsored by the Federal Reserve

CONFERENCES

The Federal Reserve's Homeownership and Mortgage Initiative A comprehensive strategy across the Federal Reserve System to provide information and outreach to prevent unnecessary foreclosures and to stabilize communities

Saving the American Dream: Preventing Foreclosure & Preserving Homeownership
Consumer & Community Affairs - Detroit Branch
October 16, 2008
The Federal Reserve Bank of Chicago with support from: Michigan Office of Financial and Insurance Regulation (OFIR), Detroit Home Ownership Preservation Enterprise (Detroit HOPE), Federal Deposit Insurance Corporation (FDIC), Wayne County Treasurer, Washtenaw County Treasurer, Wayne County Asset Building Coalition (WCABC) and Financial Institutions Community Development will sponsor a conference entitled " Saving The American Dream: Preventing Foreclosure & Preserving Homeownership." For questions or additional information, please phone at (313) 964-6010.

Examining Successful Collaborations & Ongoing Barriers to Foreclosure Prevention
Consumer & Community Affairs
November 6, 2008
The Federal Reserve Bank of Chicago, the University of Wisconsin Extension, and Wisconsin Housing and Economic Development Authority will cosponsor a conference entitled, "Examining Successful Collaborations & Ongoing Barriers to Foreclosure Prevention." This conference is a continuation of a series of events that have been held in Wisconsin to address the issues and concerns surrounding Wisconsin's increasing number of foreclosures. Registration

NEWS

Foreclosure News: GovTrack.us

Neighborhood Stabilization Program Grants HUD announces a new program that will provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties. Continue reading to find out more.

Foreclosure Recovery Strategies HUD provides examples of how various state and local governments, and organizations are addressing the problem. Continue reading to find out more.

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Resources available to consumers facing foreclosure

NeighborWorks Foreclosure Hotline - 1.888.995.HOPE

Foreclosure Resources for Consumers (The Federal Reserve Board of Governors)

You may be paying too much for your mortgage - A FRB Boston Publication [pdf]

Filing a Bank Related Complaint

Federal Reserve Bank of Chicago Announces Online Foreclosure Resource Center

The Federal Reserve Bank of Chicago has launched an online Foreclosure Resource Center providing information for home owners, prospective home buyers, and community groups to help prevent foreclosures and lessen their negative influence on neighborhoods.

"The resources provided on this virtual center reflect the assistance that the Chicago Fed has already been providing," said Charles Evans, president and CEO of the Federal Reserve Bank of Chicago. "What we have now is a one-stop source for information. This resource center helps home owners and community leaders learn what they need to know and take appropriate action. They can also access information from other trusted providers."

For home owners and home buyers, the Chicago Fed's Foreclosure Resource Center provides contact information for agencies that can help those in financial trouble or provide counsel for those who want to buy their first home. For community leaders and those working in neighborhood groups, the center offers information on preserving and protecting the neighborhoods where foreclosures have occurred.

In addition, the virtual center contains features that will appeal to all users, such as maps that illustrate foreclosure rates, access to Federal Reserve economic research, and notices of upcoming events.

The Foreclosure Resource Center is part of the Federal Reserve System's response to the recent increase in mortgage foreclosures nationwide. Each Federal Reserve Bank will establish a similar center and tailor its resources to meet regional needs. In addition, the Federal Reserve has approved regulatory changes to protect home buyers from unfair lending practices, including a prohibition on certain loans that do not ensure a buyer's ability to repay.

"These new rules are necessary and will go far in protecting consumers from unfair practices, as well as restoring confidence in our mortgage system," Evans said. "But consumers need more than rules. They also need information and trusted sources, and that's what the Foreclosure Resource Center can provide."

The Foreclosure Resource Center can be accessed at:

www.chicagofed.org/community_development/foreclosure.cfm

Book Announcement

The forthcoming book ***Strategies for Improving Economic Mobility of Workers: Bridging Research and Policy*** to be published in November by Upjohn Institute for Employment Research, presents a compilation of papers from leading experts commissioned to write about ongoing and emerging issues relating to policies affecting the poor. The chapters in the book address the following specific questions:

- What are the trends in wages, work, occupations, and economic resources—the “material circumstances” of low-income workers—and what are their implications for economic mobility?
- How well do education retention programs work in meeting the need of low-income adults?
- What are the shortcomings of financial aid policies in serving nontraditional students, and how can policies be altered to better serve them?
- How effective are residential mobility programs?
- How effective are Earned Income Tax Credit (EITC) and welfare reform in improving the lives of single women with children?
- How effective are various workforce investment programs in linking workers to work and to greater economic opportunities?
- How well do correctional (facility) programs work in helping ex-offenders reenter the labor market?
- In evaluating community-based programs and services, what should practitioners know about the limits of such evaluation, and what should they do?

The first part of the book includes an overview of the research and discussion from the conference. The author addresses the specific contributions of the speakers and papers included in the volume. She concludes with an outline of the recurring themes of the conference, drawing from some of the lessons learned from the diverse perspectives, and identifying key challenges and opportunities.

The 10 remaining chapters form the second part of the volume; each addresses aspects of the questions above, identifies major trends and problems, assesses what the research indicates to us regarding the effectiveness of the policies in redressing challenges, and offers alternative policies where needed. Collectively, the chapters offer a provocative look of the state and effectiveness of some major policies and programs.

The book is based on a November 2007 conference sponsored by the Federal Reserve Bank of Chicago and the Upjohn Institute for Employment Research to generate dialogue on how to promote economic opportunities for disadvantaged workers. The goal was to present and synthesize fresh research on policies and initiatives affecting low-wage workers and other vulnerable or disadvantaged populations, to identify best practices in workforce development initiatives, and to extract lessons for devising effective policies. The conference provided a forum for researchers, public officials, and community development practitioners to discuss meaningful ways in which to implement some of these ideas.

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