

**National
Foreclosure
Mitigation
Counseling
Program**

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Making Home Affordable

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National Foreclosure Mitigation Counseling Program

May 2010 Congressional Report

As of May 24, 2010:

- \$440.7 million has been awarded to 171 direct grantees (NWOs, HFAs, Intermediaries).
- Over 1,700 organizations are making use of these grant funds to provide foreclosure counseling.
- 967,431 households have received NFMC counseling.
- 15,453 households have received legal assistance.
- 7,273 training scholarships have been provided through the NFMC Program and 10,124 course completion certificates have been awarded.
- 4,408 counselors have completed one of the two foreclosure e-learning courses developed with NFMC funds.

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Top 10 States with NFMC Units as of 1/31/10
(N=1,005,206)

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State or Territory	Percent of NFMC Units	Percent of National Delinquencies	Percent of National Foreclosures
California	17%	14%	16%
Florida	8%	10%	22%
Ohio	6%	4%	4%
Illinois	5%	4%	5%
Michigan	4%	4%	3%
Georgia	4%	5%	3%
Maryland	4%	3%	2%
Pennsylvania	4%	3%	2%
North Carolina	4%	3%	2%
Arizona	3%	3%	4%

Sources: MBA National Delinquency Survey, Fourth Quarter 2009, and NFMC Program Reported Data

Geographic Information

Top 15 MSAs by Units as of 1/31/10 (N=1,005,206)

Metropolitan Statistical Area	Counseling Units Delivered
Chicago-Naperville-Joliet, IL-IN-WI	46,227
Los Angeles-Long Beach-Santa Ana, CA	43,645
Washington-Arlington-Alexandria, DC-VA-MD-WV	37,438
New York-Northern New Jersey-Long Island, NY-NJ-PA	34,606
Atlanta-Sandy Springs-Marietta, GA	29,346
Riverside-San Bernardino-Ontario, CA	28,686
Miami-Fort Lauderdale-Pompano Beach, FL	27,612
Detroit-Warren-Livonia, MI	26,188
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	25,606
Phoenix-Mesa-Scottsdale, AZ	25,169
Minneapolis-St. Paul-Bloomington, MN-WI	24,330
San Francisco-Oakland-Fremont, CA	19,748
Cleveland-Elyria-Mentor, OH	19,579
San Diego-Carlsbad-San Marcos, CA	19,233
St. Louis, MO-IL	15,299

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Top 10 Rural Areas of States Units as of 1/31/10
(N=1,005,206)

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State	Counseling Units Delivered
North Carolina	8,506
Minnesota	6,177
Ohio	5,937
Pennsylvania	4,617
Michigan	4,096
Puerto Rico	4,076
Georgia	4,004
South Carolina	3,760
Mississippi	3,392
Iowa	2,890

Client Information

Client Ethnicity as of 1/31/10 (N=871,333)

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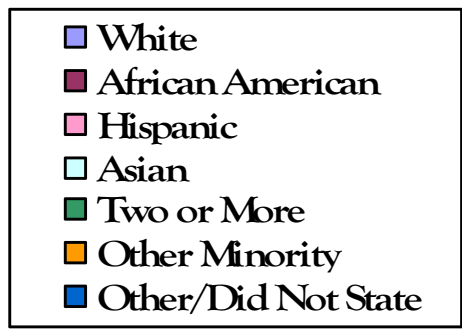
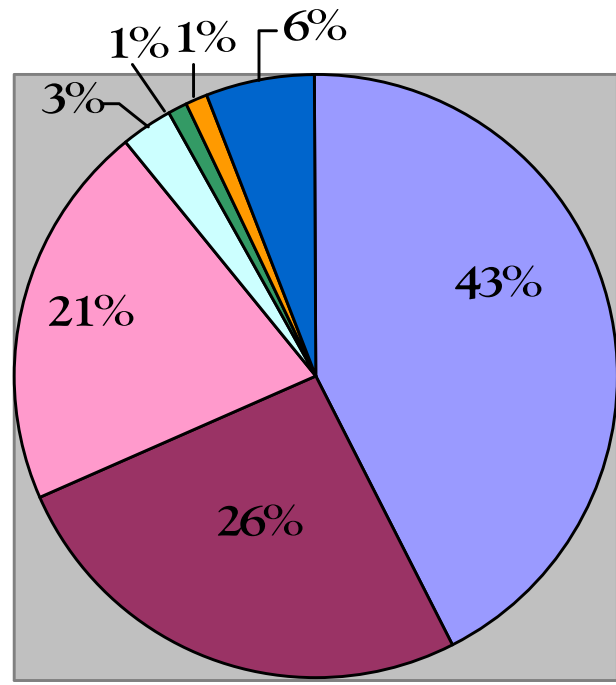
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Client Information

Client Ethnicity Compared to Ethnicity of All Homeowners

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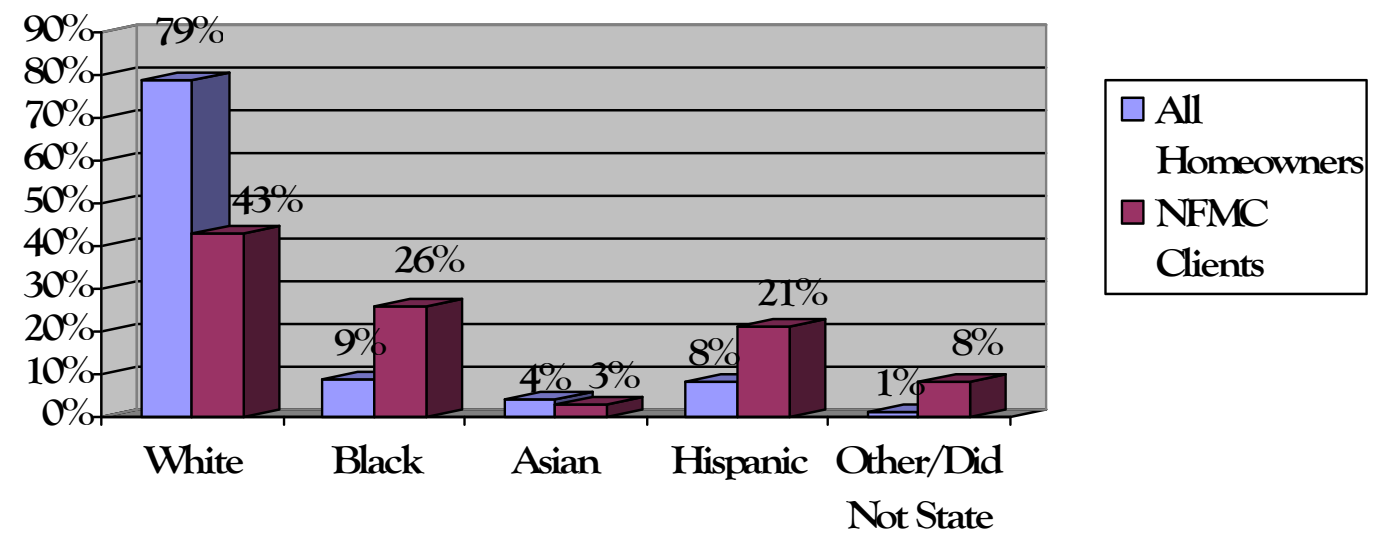
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Sources: Claritas 2009 and NFMC Program Reported Data

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Clients with Subprime Loans by Ethnicity Compared to All Homeowners

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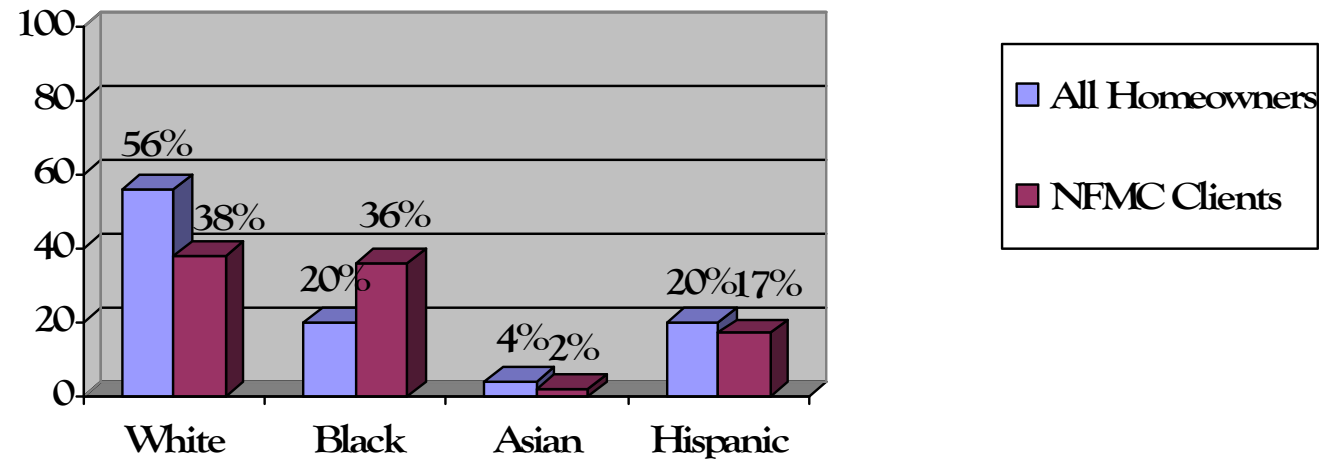
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Sources: Home Mortgage Disclosure Act 2006 Data and NFMCC Program Reported Data

NOTE: HMDA data classify homeowners by one of the four ethnicities listed in the chart. NFMCC Program data also include "other" ethnicities, therefore NFMCC data in this chart do not equal 100%.

Client Information

Primary Reason for Default as of 1/31/10
(N=871,333)

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Primary Reason for Default	Percent
Reduction in income	37%
Loss of income	21%
Medical issues	6%
Poor budget management skills	6%
Increase in loan payment	5%
Increase in expense	4%
Divorce/separation	4%
Death of family member	2%
Business venture failed	1%
Other	15%

Client Information

Primary Reason for Default Over Time

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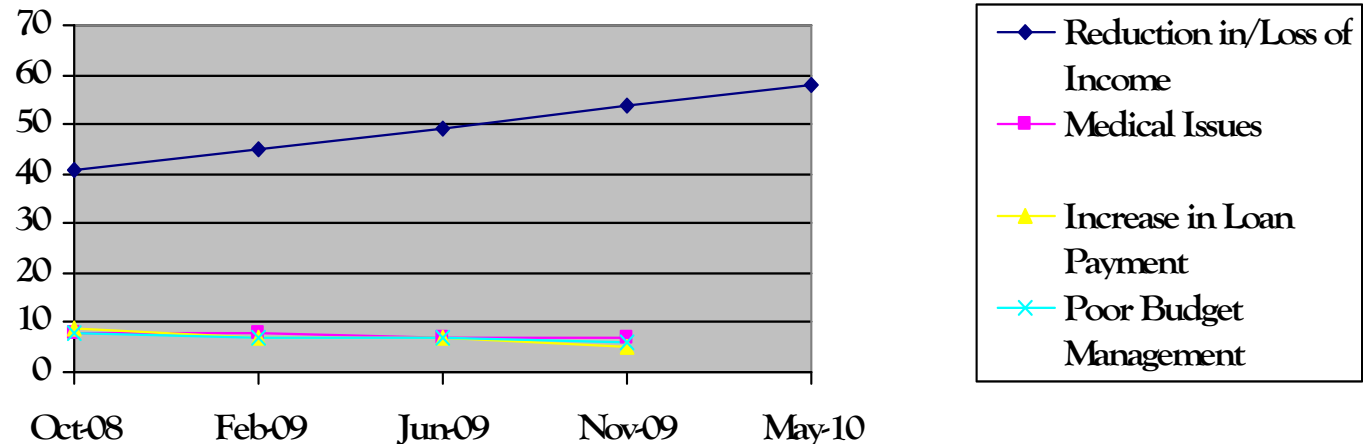
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Reduction in/Loss of income:

September 2008 - 41%

February 2009 - 45%

June 2009 - 49%

November 2009 - 54%

May 2010 - 58%

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Loan Type of NFMC Clients as of 1/31/10
(N=871,333)

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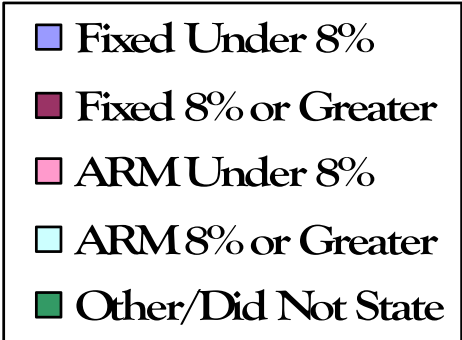
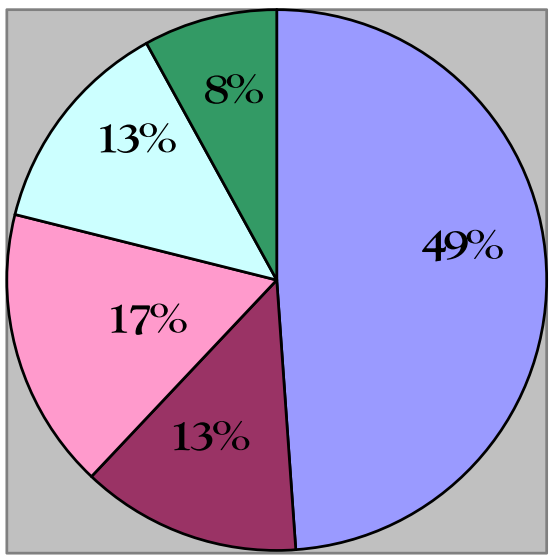
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According to 2nd Quarter Mortgage Bankers Association data, 70% of US mortgages are fixed and 18% are ARMs

Loan Information

Loan Type of NFMC Clients Compared to Loan Type of All Homeowners

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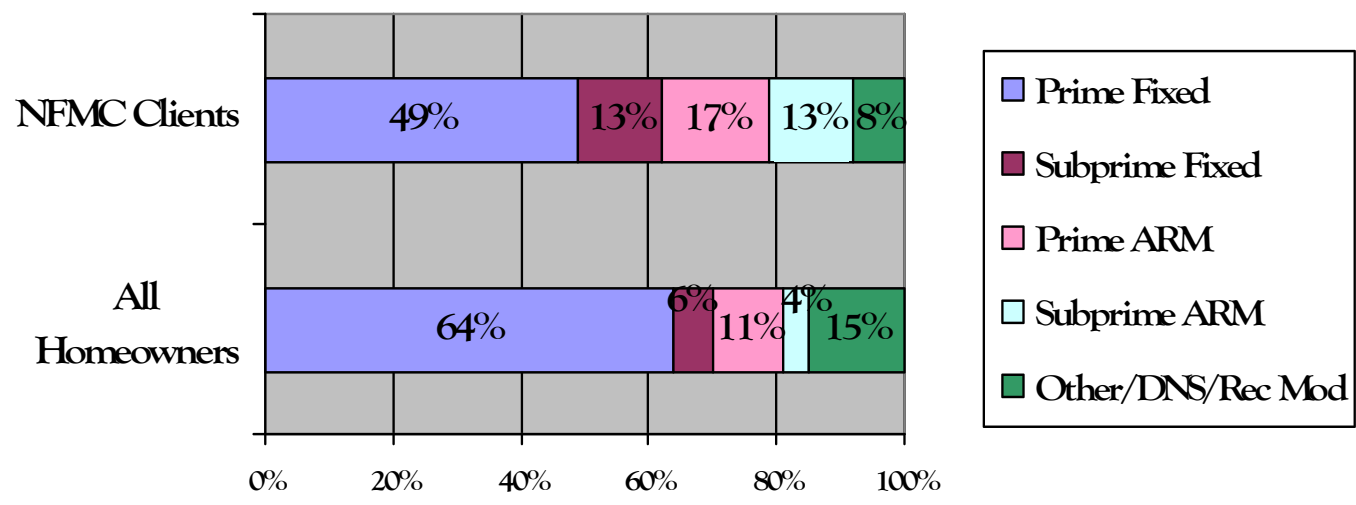
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Sources: Mortgage Bankers' Association National Delinquency Survey, 4th Quarter 2009, and NFMC Program Reported Data

Loan Information

Loan Status at Intake as of 1/31/10 (N=871,333)

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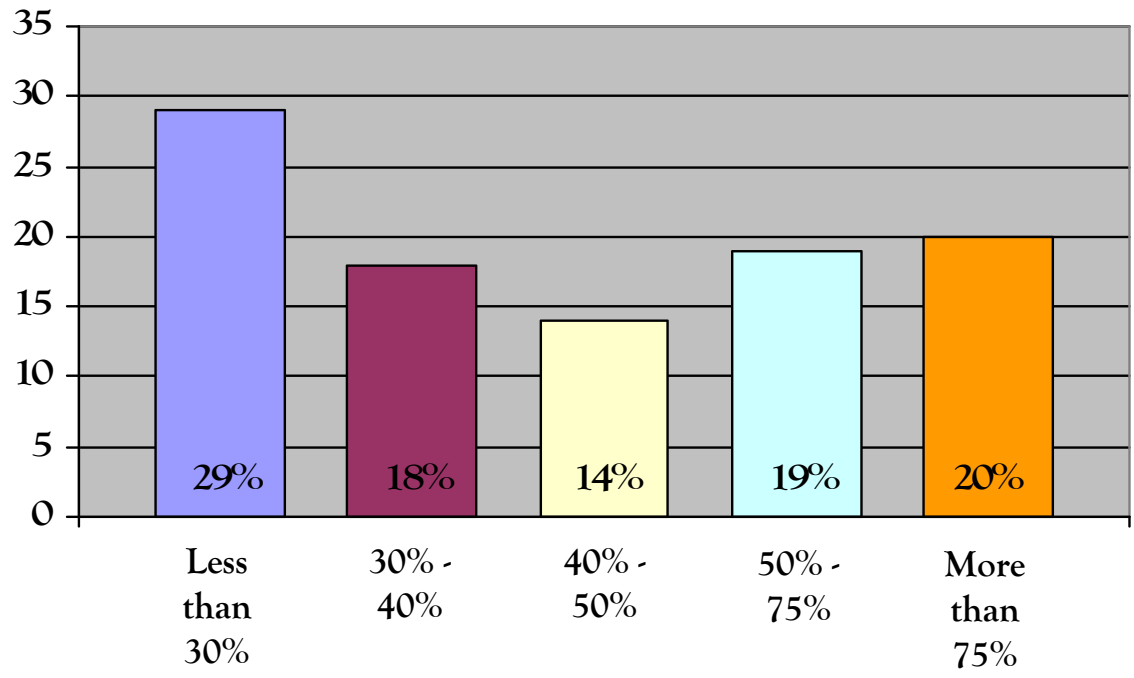
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Loan Status	Percent
Current	33%
30-60 Days Late	20%
61-90 Days Late	15%
91-120 Days Late	10%
121+ Days Late	22%

Loan Information

Percent of Income Paid to PITI as of 1/31/10
(N=871,333)

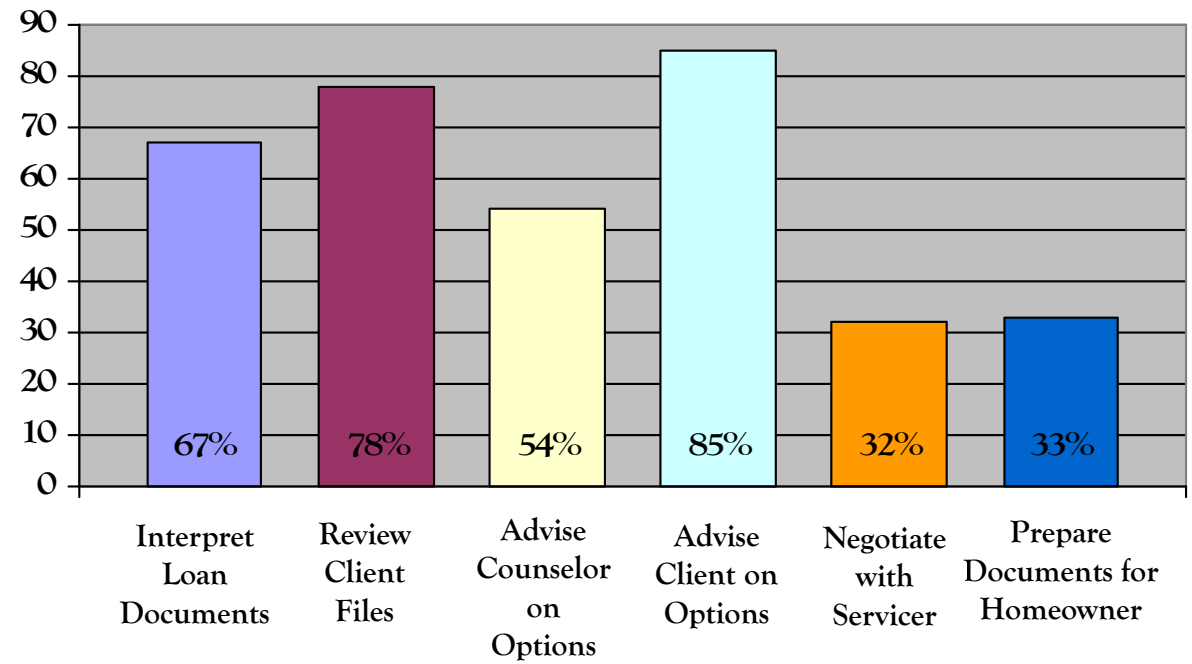
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Services Provided as of 1/31/10 (N=9,398)

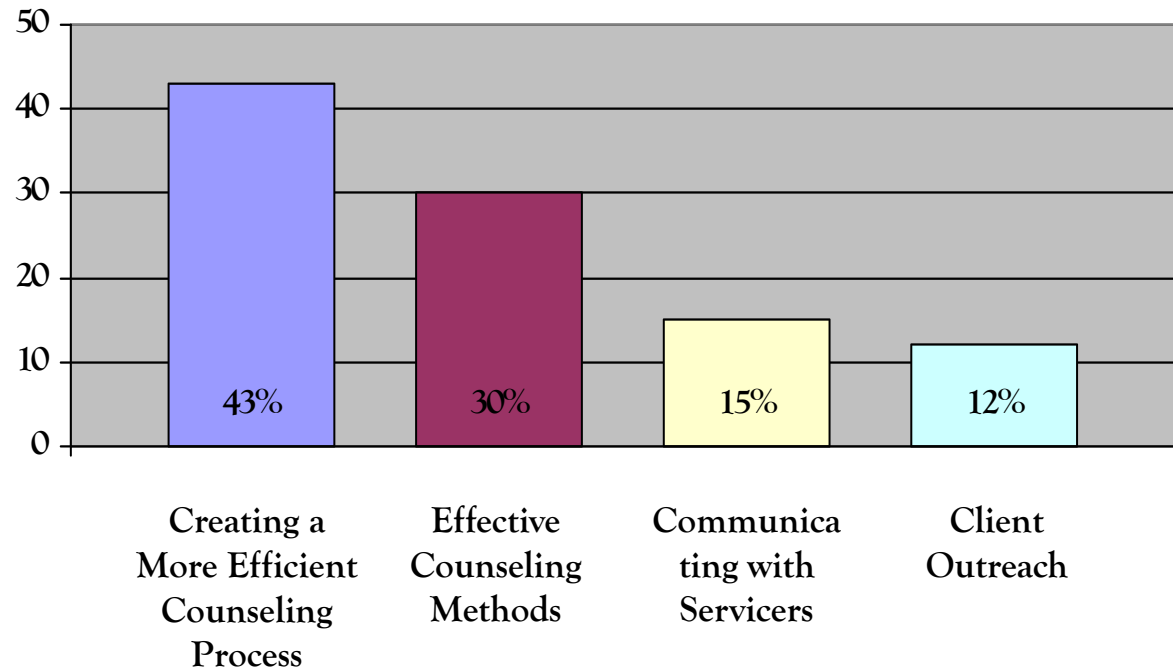
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Note: Clients can receive more than one service, thus numbers total more than 100%.

Successes and Challenges

Successes by Category



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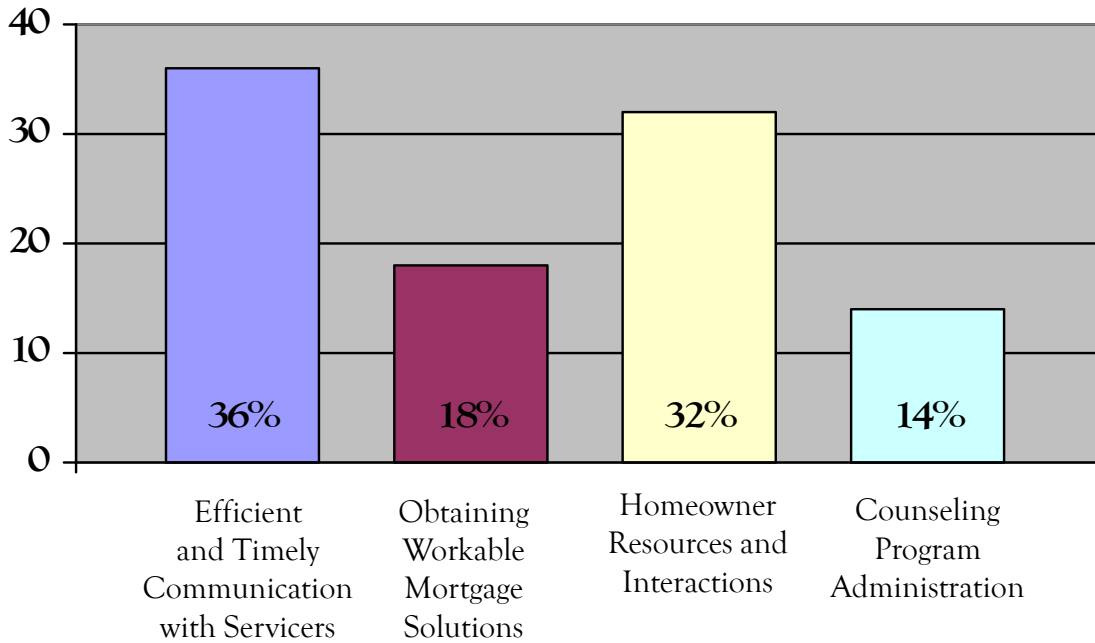
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Challenges by Category



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NFMC Program Evaluation

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Preliminary Analysis of Program Effects

The Urban Institute

Peter Tatian

Neil Mayer

Ken Temkin

Charles A. Calhoun

Preliminary Analysis of Program Effects

The preliminary quantitative analysis of the effects of the NFMC Program focused on three key outcomes of interest:

- Did the NFMC Program help homeowners cure an existing foreclosure?
- Did the NFMC Program help homeowners receive loan modifications that resulted in lower monthly payments than they would have otherwise received without counseling?
- Did the NFMC Program help homeowners avoid foreclosure?

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Data Sources

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1. NFMCC Production Reports (N=300,685)
Records on individual homeowners counseled by NFMCC
Grantees and Sub-Grantees, January - December 2008
2. LPS Applied Analytics Loan Performance Data
Monthly servicer-provided data on mortgage characteristics and
loan performance, January - December 2008
3. Home Mortgage Disclosure Act
Mortgage origination data with loan and borrower
characteristics, 2002 - 2007

Results

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Did the NFMC Program help homeowners cure an existing foreclosure?

The NFMC Program was effective at helping homeowners cure an existing foreclosure. Many NFMC Program clients (28%) entered counseling already in foreclosure or entered foreclosure after starting counseling. During the first year of the program, counseled homeowners were about 1.6 times as likely to get out of foreclosure, and avoid a foreclosure completion, than they would have been had they not received NFMC Program counseling.

Results

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Did the NFMC Program help homeowners receive loan modifications that resulted in lower monthly payments than they would have otherwise received without counseling?

Loan modifications received by NFMC Program clients resulted in significantly lower mortgage payments than would have been received without the help of the program. Lower monthly payments help reduce the likelihood of a subsequent recurrence of borrower mortgage problems. On average, it is estimated that NFMC Program clients who received loan modifications reduced their monthly payments by \$454 more than they would have without NFMC Program counseling.

Results

Did the NFMC Program help homeowners avoid foreclosure?

The NFMC Program somewhat reduced the likelihood that counseled homeowners would end up in foreclosure. Urban Institute estimated that the NFMC Program helped approximately 880 clients avoid going into foreclosure through December 2008. That is, the number of homeowners who were moderately delinquent (two or three months) and experienced a foreclosure would have been 4,975 compared to the 4,095 actual foreclosures estimated. By helping to avoid these foreclosures, the NFMC Program created potential cost-savings of \$33 million between January and December 2008.

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Recent Announcements

- New Verified Income Procedure, no trial mod unless eligible for permanent (SD 10-01)
- Unemployment Program
- Principal Reduction Alternative Program

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- Helping client create budget and action plan, which includes gathering all necessary information and getting to the bottom of the client's financial problems
- Hiring additional staff, expanding services, having staff available around the clock, providing staff training, and keeping counselors up to date on new information about servicers and Federal programs and keeping counselors up to date on new information about servicers and federal programs
- Making the intake system more efficient, including requiring the client to have documentation at the first meeting, having intake information and documents online, etc.

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- Exploring multiple loss mitigation tools for clients and asking for multiple options
- Holding foreclosure prevention workshops or group orientation sessions, often because the demand for counseling was so high that it gave counselors more time to focus on counseling instead of introductions and intake
- Using efficient organizational methods to increase production and quality of counseling, such as sticking to appointment times, using standard processes and forms when working with servicers, using electronic data gathering systems, dividing labor instead of using case-management styles

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- Being persistent with the lender, following up with the servicer routinely, and countering the servicers' offers when they are not affordable for the client.
- Facilitate communication between servicers and borrowers, by phone, or by holding events during which the servicers and borrowers can sit down face-to-face
- Hire negotiators to establish relationships with and work with servicers, frees up counselor time

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Questions?

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