



NeighborWorks® Center for Foreclosure Solutions

December 12, 2007





NeighborWorks® America: national reach, local impact

- **Congressionally chartered in 1978**
- **235 organizations in the NeighborWorks Network**
- **NeighborWorks Network organizations provide people the opportunity to have affordable housing, to improve their lives, and to strengthen their communities**
- **NeighborWorks Center for Homebuyer Education and Counseling (NCHEC)**
- **NeighborWorks Center for Foreclosure Solutions**





What we know about foreclosures:

- **“Tipping points” that put homeowners over the edge:**
 - 32% experience a job loss
 - 25% experience a health crisis





What we know about foreclosures:

- “Tipping points” that put homeowners over the edge:
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 - 25% experience a health crisis
- **Many homeowners already on “financial edge”**
 - 43% of American households spend more that they earn each year
 - Nearly 42% of all American households do not have enough in liquid financial assets to support themselves for at least three months
 - One child in every classroom in America is at risk of losing his/her home because their parents are unable to pay their mortgage

(Sources: Asena Caner and Edward N. Wolff, “Asset Poverty in the United States: Its Persistence in an Expansionary Economy” Levy Economics Institute of Bard College, 2004)





The real cost of foreclosures:

● **Cost to the Borrower:**

- lost home, equity, and ruined credit



(Sources: William C. Agpar, Mark Duda, and Rochelle Nawocki Gori, "The Municipal Costs of Foreclosure: A Chicago Case Study" 2/27/05, p. 2)



The real cost of foreclosures:

● Cost to the Borrower:

- lost home, equity, and ruined credit

● Cost to Community:

- vacant homes become sites for crime and other neighborhood problems
- one foreclosure can impose up to \$34,000 in direct costs to local government including inspections, court actions, police and fire department efforts, potential demolition, unpaid utilities, and trash removal.

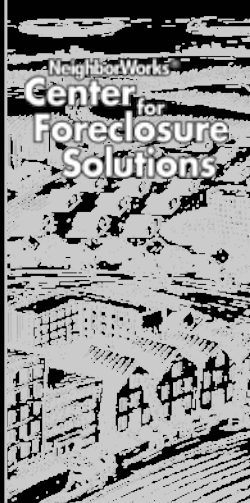
(Sources: William C. Agpar, Mark Duda, and Rochelle Nawocki Gori, "The Municipal Costs of Foreclosure: A Chicago Case Study" 2/27/05, p. 2)





The real cost of foreclosures:

- Cost to the Borrower:
- Cost to the Community:
- **Cost to the Lender:**
 - \$44,000 - \$58,000



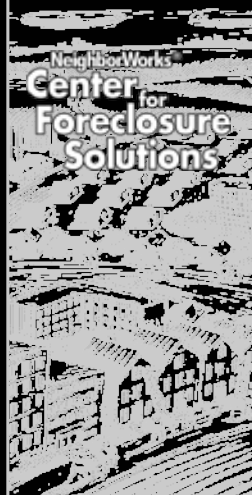
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The real cost of foreclosures:

- **Cost to the Borrower:**
- **Cost to the Community:**
- **Cost to the Lender:**
 - \$44,000 - \$58,000
- **Cost to Neighborhoods:**
 - One foreclosure can result in as much as an additional \$220,000 in reduced property value and home equity for nearby homes

(Sources: William C. Agpar, Mark Duda, and Rochelle Nawocki Gori, "The Municipal Costs of Foreclosure: A Chicago Case Study" 2/27/05, p. 2)

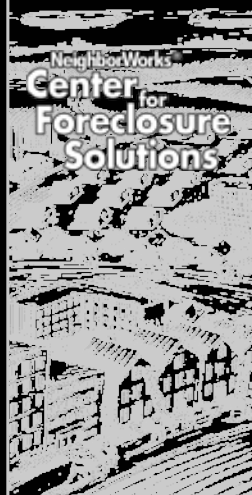




NeighborWorks® Center for Foreclosure Solutions Activities

● Public Outreach and Education

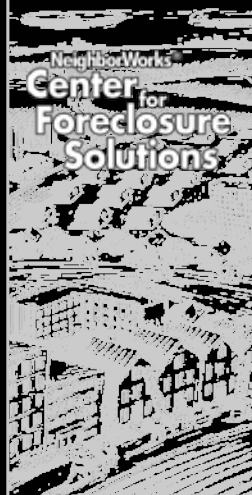
- 3 year Ad Council Campaign (national, multi media)
- Geared to increase contact rates with borrowers
- Uses existing 888-995-HOPE number and referrals to local NeighborWorks and other non-profit organizations





NeighborWorks® Center for Foreclosure Solutions Activities

- **Public Outreach and Education**
 - 3 year Ad Council Campaign (national, multi media)
 - Geared to increase contact rates with borrowers
 - Uses existing 888-995-HOPE number and referrals to local NeighborWorks and other non-profit organizations
- **Build Foreclosure Counseling Capacity**
 - Partnership with 888-995-HOPE
 - Certified, standardized training programs for housing counselors and loss mitigation professionals





NeighborWorks® Center for Foreclosure Solutions Activities

● Hot Spot Coalitions

- Partnering with local community partners
- Local training, workshops and counseling
- Local marketing to reach distressed borrowers





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● Research

- Local trends to inform local strategies
- Hot Spot Forecasting
- Effective and efficient strategies





National Partners

- American General
- Bank of America
- Citigroup
- Countrywide
- EMC Mortgage
- Freddie Mac
- Homecomings Financial
- Homeownership Preservation Foundation
- Housing Policy Council
- HSBC
- JP Morgan Chase
- LaSalle Bank Corporation - member of ABN-AMRO Group
- NeighborWorks®
- New Century
- National City
- Ocwen
- Option One
- State Farm Insurance
- Wells Fargo Home Mortgage
- Washington Mutual





Reaching Homeowners: **888-995-HOPE**

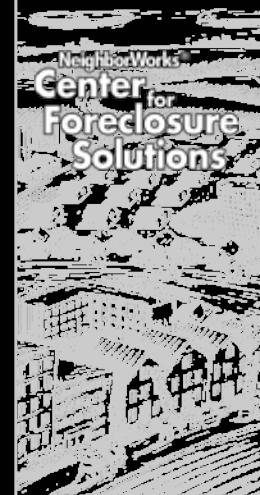
- Homeownership Preservation Foundation
- Toll-free 24/7 Hotline
- Trained counselors, from HUD-approved agencies, in English/Spanish
- Provide financial counseling and connect caller with lender or local NeighborWorks and other non-profit organizations
- 15,000 homeowners counseled in Q2 '07





Benefits of Partnered Service: 888-995-HOPE plus NeighborWorks®

- Immediate and anonymous hotline appeals to distressed borrowers
- Face-to-face counseling provides additional value
- Efficient leverage of resources; saves local organizations time and money
- 95% of homeowners counseled would recommend hotline service to family and friends
- NeighborWorks® counselors are certified by NCHCEC





NeighborWorks® Center for Foreclosure Solutions

- Partnering with Ad Council for national foreclosure intervention ad campaign
- Partnering with Homeownership Preservation Foundation to sponsor 24/7 bilingual free foreclosure counseling hotline
- Creating state-wide initiatives to address growing foreclosure problem
- Developing nonprofit capacity to handle increasing foreclosure case load



Nothing is worse than doing nothing.



Call 1-888-995-HOPE