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

(Sources: Homeownership Preservation Foundation, Metlife Study of Employee Benefit Trends: Findings from the 2003 National Survey Employers and Employees, 11/03)
What we know about foreclosures:

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

- Many homeowners already on “financial edge”
  - 43% of American households spend more than 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

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

(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
- **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

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- **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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  - Partnering with local community partners
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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 NCHEC
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