

National Foreclosure Mitigation Counseling Program Evaluation

Does Foreclosure Counseling Help Troubled Homeowners?
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National Foreclosure Mitigation Counseling (NFMC) Program

- Special federal appropriation, administered by NeighborWorks® America.
- Over \$415 million to support rapid expansion of foreclosure counseling.
- Since January 2008, over 1 million homeowners have received NFMC counseling.
- Urban Institute evaluating first two NFMC rounds (2008-2009), with focus on client outcomes.
 - **Latest report:** <http://www.urban.org/publications/412276.html>



Outcome Analyses

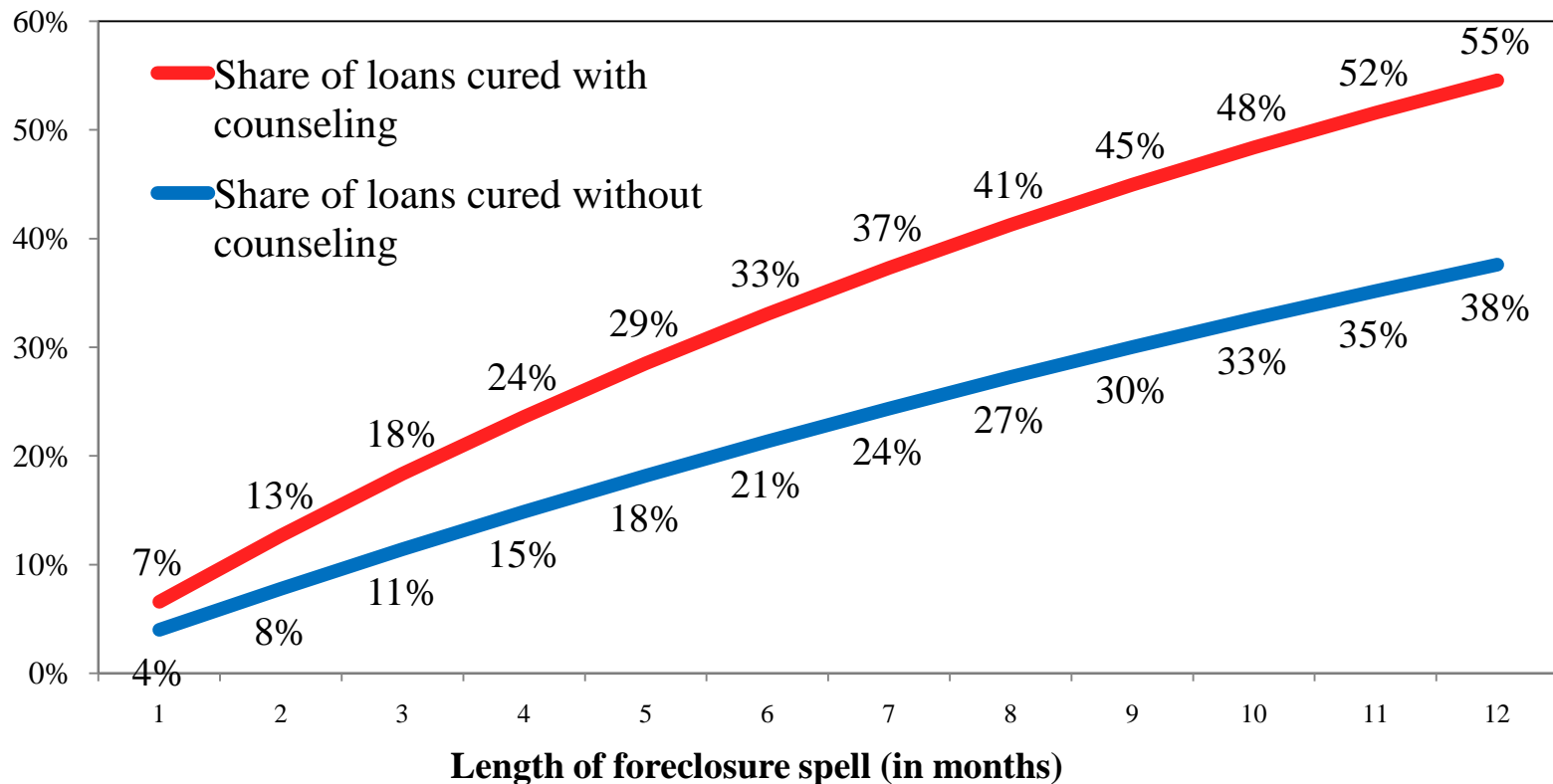
Does the NFMC program help homeowners:

- Cure an existing foreclosure?
- Receive loan modifications that result in lower monthly payments?
- Receive loan modifications that cure a delinquency or foreclosure and remain current afterwards?



Counseling Increases Likelihood of Foreclosure Cure

Loans in foreclosure that cured successfully, 2008-09



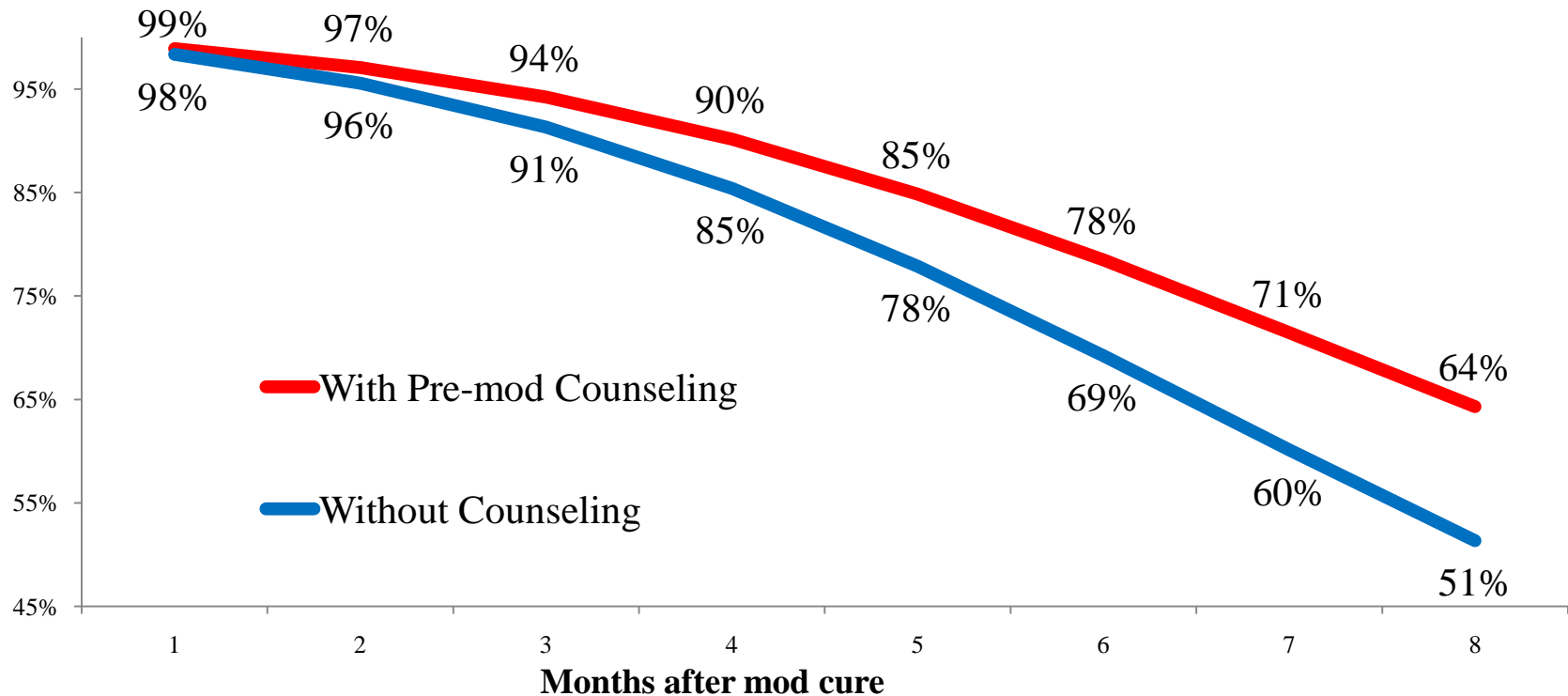
Counseling Improves Quality of Loan Modifications

Additional monthly payment reduction from loan modification, 2008-09

	Point Estimate	95 Percent Confidence Interval	
		Interval	
Any Counseling	\$267	\$251	\$283
Level 1	\$214	\$193	\$236
Level 2	\$265	\$238	\$292
Level 3	\$335	\$311	\$359

Counseling Increases Likelihood of Remaining Current

Loans remaining current after receiving a modification curing a serious delinquency or foreclosure, 2008 counseled loans with outcomes through 2009



Sustainability Conclusions

- Counseling does at least three things to improve sustainability of loans:
 - Raises the rate of receiving a **modification that cures a serious delinquency or foreclosure**;
 - **Larger reduction in monthly mortgage payments** in modified and cured loans; and
 - Improves the sustainability of modified and cured loans beyond the impact on monthly payments, presumably through **financial counseling and, in some cases, assistance**.



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