

NeighborWorks America – Administering the National Foreclosure Mitigation Counseling Program (NFMC)

NeighborWorks America administers the National Foreclosure Mitigation Counseling Program, established by Congress in FY 2008.

“More than one million homeowners have received foreclosure intervention counseling thanks to the foresight of Congress (especially the Transportation, Housing and Urban Development (THUD) appropriations subcommittees) and the hard work of more than 1,700 NFMC-funded counseling organizations. We continue to reach out to all homeowners who face foreclosure to make them aware that foreclosure intervention counseling is available and offered for free at NFMC-funded counseling organizations across the country.” Eileen Fitzgerald, Acting CEO of NeighborWorks America

As of March 2011, more than 1.16 million homeowners facing foreclosure around the country had been counseled by the 1,700+ grantees and sub-grantee foreclosure counseling agencies receiving funds from the National Foreclosure Mitigation Counseling Program.

With more than 13 million families currently *underwater* on their mortgages, and projected foreclosure rates at 1.75 million to 2 million families in FY 2012, support for foreclosure counseling continues to be necessary.

The Corporation is requesting \$80 million to support the NFMC program in FY 2012, which will provide counseling for at least 190,000 more families facing foreclosure, while supporting 5,670 foreclosure counselors funded through NFMC across the country.

NeighborWorks continues to be an outstanding steward of federal resources with the NFMC program, developing efficient application review processes, program administration, and compliance monitoring. The original NFMC legislation required that NeighborWorks America award at least \$50 million of the funds within 60 days of the legislation’s enactment – and NeighborWorks met that aggressive schedule. In the most recent fourth round of funding, communities across our country were able to put the funds to use, just four months after funds were appropriated. This quick turn-around ensures families in crisis are being assisted and experienced foreclosure counselors can be retained by the housing counseling agencies.

Simply put: Foreclosure Counseling Works

NeighborWorks is committed to results and evaluation. An independent evaluation of the NFMC program by the Urban Institute found that:

- Homeowners who received counseling through NFMC had an almost 70% higher relative odds of curing their foreclosure than if they had not received NFMC counseling.
- NFMC Program clients on average saved \$267 more on their monthly mortgage payments per month than homeowners who received modifications but did not work with a counselor.
- Homeowners in serious delinquency or foreclosure who received NFMC counseling and received a loan modification after counseling, increased their relative odds of remaining current on their loan payments by 45%.

The evaluation speaks volumes about the value of counseling and the vital role counselors play in helping homeowners find a solution to foreclosure.

NFMC is a tremendously successful program — taking action quickly and efficiently. It has responded time and again to requests to modify the program, provide communications support, survey counselors on Making Home Affordable issues, respond to numerous Treasury, HUD, GAO and Congressional data and program inquiries — all while providing strong support and customer service to its grantees and subgrantees so they can help families across the US.

Training: Building Foreclosure and Default Mitigation Counseling Capacity:

Training for foreclosure counselors remains an important component of foreclosure mitigation strategies, for two reasons:

- First, turnover rates are high for foreclosure counselors who experience very high levels of stress in their daily interactions with distressed borrowers. The need to train new counselors will remain.
- Second, both experienced and new counselors will require additional training as federal regulations and legislation and industry practices evolve related to loan modifications, mediations, workouts, refinancing and other assistance for delinquent homeowners.

NeighborWorks America has established an aggressive program to train foreclosure counselors across the country. This includes eight foreclosure counseling-related courses and a certification course for foreclosure counselors.

In FY 2010, NeighborWorks awarded over 7,550 training certificates in foreclosure prevention-related coursework to individuals from more than 2,400 organizations at NeighborWorks' four National Training Institutes and 150 Place-Based Trainings in more than 60 cities.

Quality Control and Compliance in NFMC:

Through a competitive process, NeighborWorks awarded a contract to Mayer Hoffman McCann (MHM), a top ten Certified Public Accounting firm to conduct remote and on-site quality control and compliance monitoring of NFMC grantees and sub-grantees. MHM completed remote and onsite compliance reviews, and grantees received letters notifying them of any findings cited by MHM during their compliance review. NFMC staff then works with grantees that were identified as having findings through the review, to correct any deficiencies.

Background Information Regarding the National Foreclosure Mitigation Counseling Program:

Round I

In December 2007, Congress passed the Consolidated Appropriations Act of 2008 (Public Law 110-161) which provided \$180 million in FY 2008 funding to NeighborWorks America above its normal appropriation to administer a program designed to increase the availability of foreclosure counseling across the nation.

Round II

In July 2008, Congress passed the Housing and Economic Recovery Act of 2008 (Public Law 110-289) which provided an additional \$180 million in FY 2008 funding to NeighborWorks America to continue the National Foreclosure Mitigation Counseling Program.

Round III

In March 2009, Congress passed the Omnibus Appropriations Act of 2009 (Public Law 111-8) which appropriated an additional \$50 million in FY 2009 funding to NeighborWorks America for continuation of the National Foreclosure Mitigation Counseling Program.

Round IV

In December 2009, Congress passed H.R. 3288, providing FY 2010 appropriations for the Departments of Commerce, Defense, Education, Health and Human Services, Housing and Urban Development, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs, and other agencies – which provided an additional \$65 million for continuation of the National Foreclosure Mitigation Counseling program.

Round V

NeighborWorks America is hopeful that funding for Round V will be provided as part of the FY 2011 Appropriation process.

Homeowners who would like to receive free foreclosure counseling from a NFMC Program-funded counseling organization in their community can visit www.findaforeclosurecounselor.org.