



Best Practices in Foreclosure Prevention

*Federal Reserve Bank of New York
November 2, 2006*



Homeownership Preservation Foundation

A private charitable foundation established to help reduce foreclosures and preserve for homeownership for American families.

Principal strategy: free telephone counseling to the consumer 24/7, provided by four HUD-approved non-profit credit counseling agencies

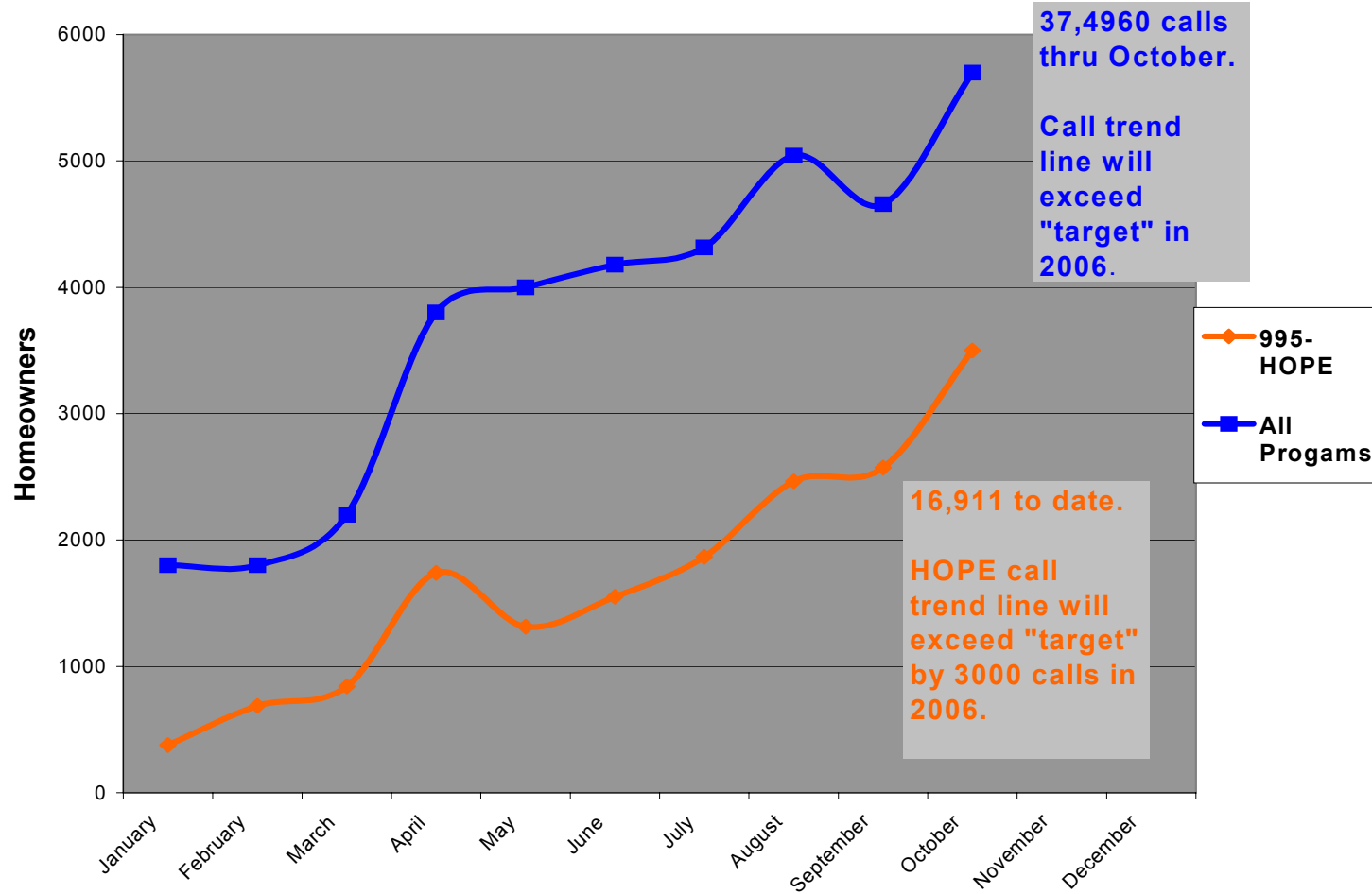
Calls at-a-glance

- On average 225 calls a day to 888-995-HOPE
 - Increasing avg. 25% every 8 weeks, 50% in last month alone
 - 17,000 calls to date in '06
- 44% of calls convert to counseling
 - Up from 28% in January
- 40% of counseling sessions result in either a workout or a sale/listing
- Partnership with Housing Policy Council and NeighborWorks involving 15 lenders

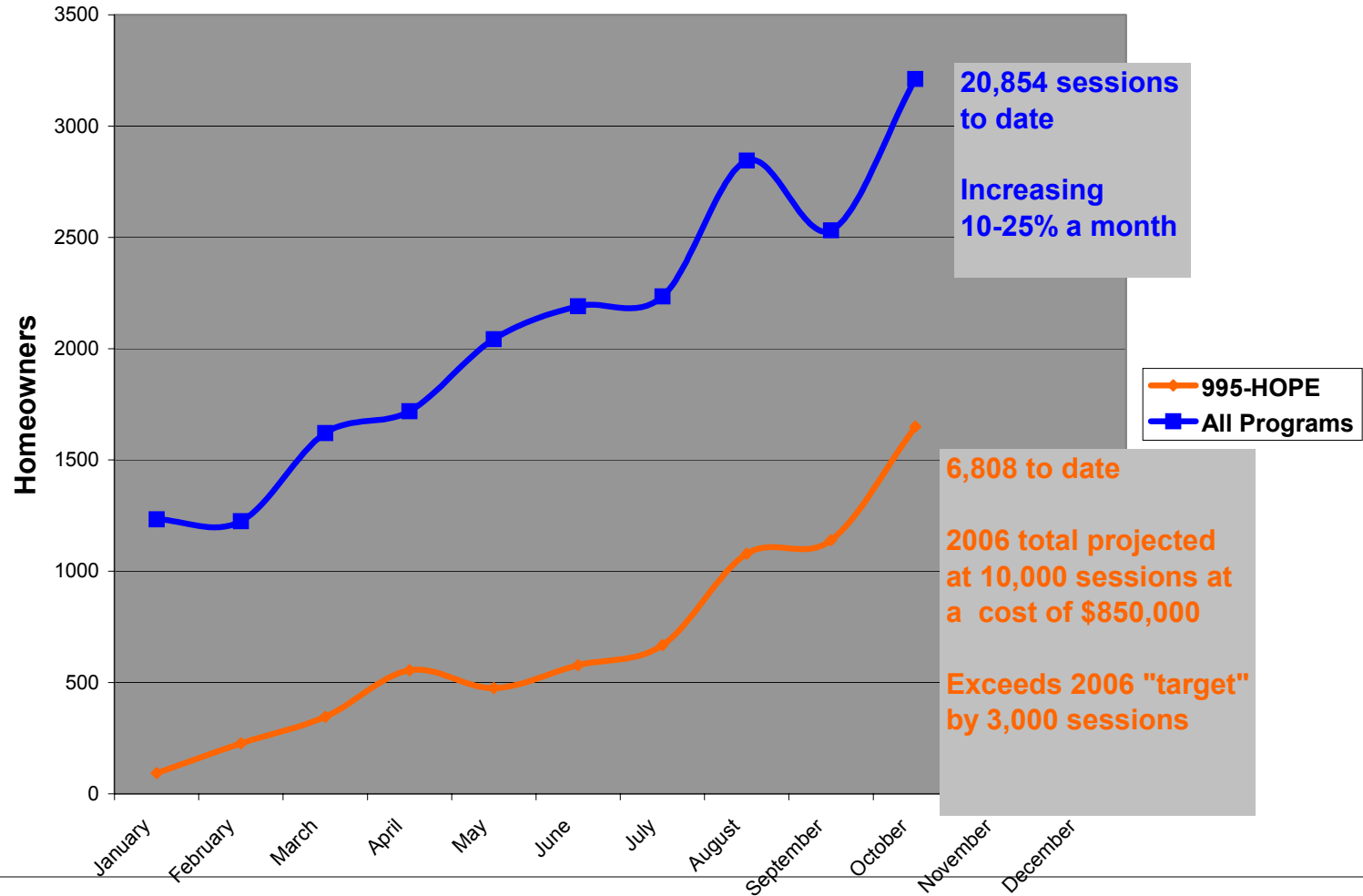
Summary of the Status Quo

- Calls and capacity increasing incrementally—50% over the last month alone
- Quality remains high: 86% of callers would recommend service to friend or relative

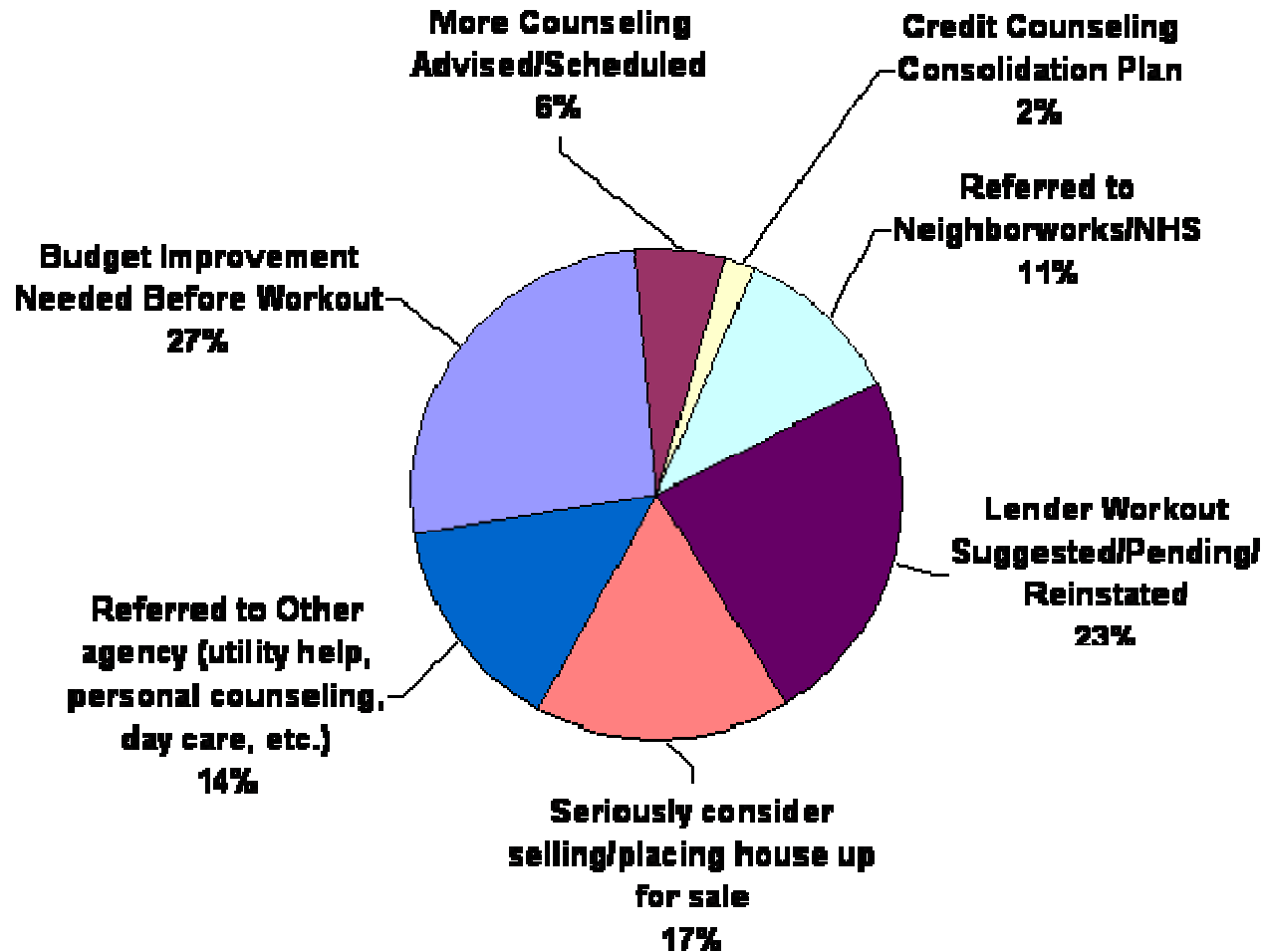
Homeowner calls 2006



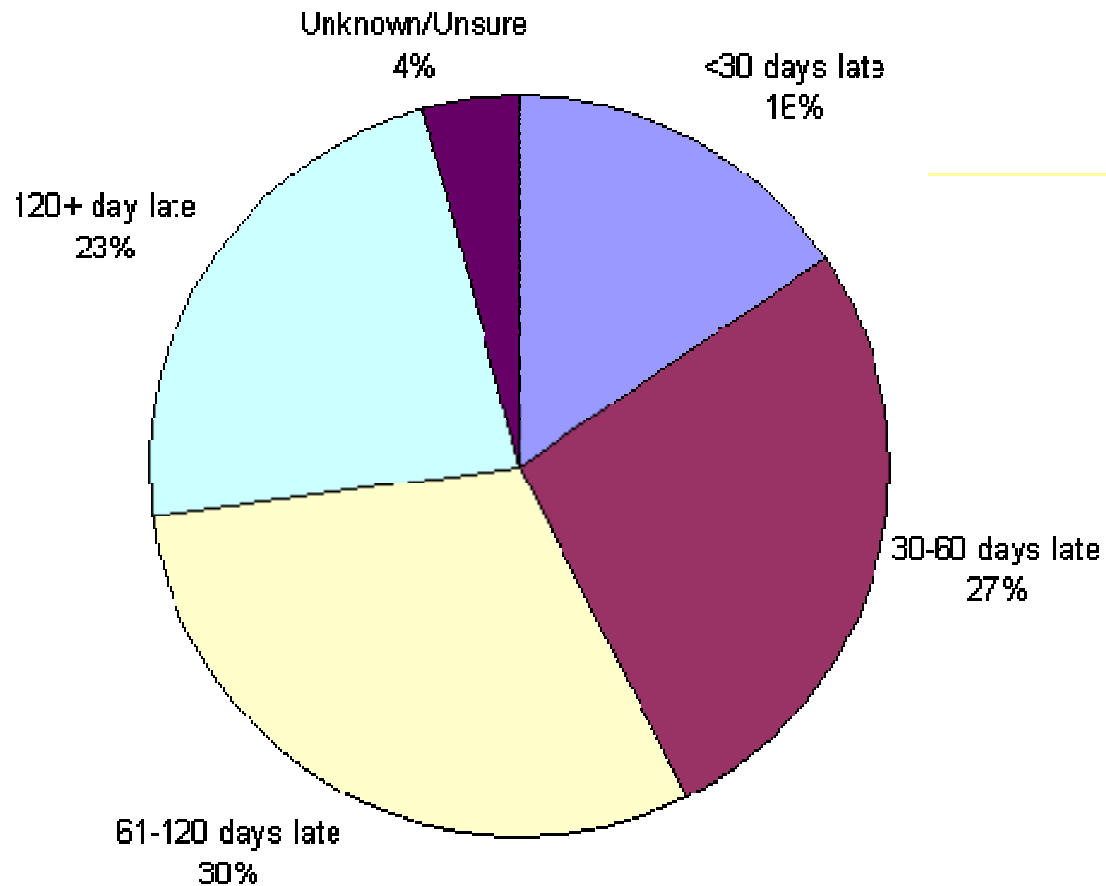
Homeowners counseled 2006



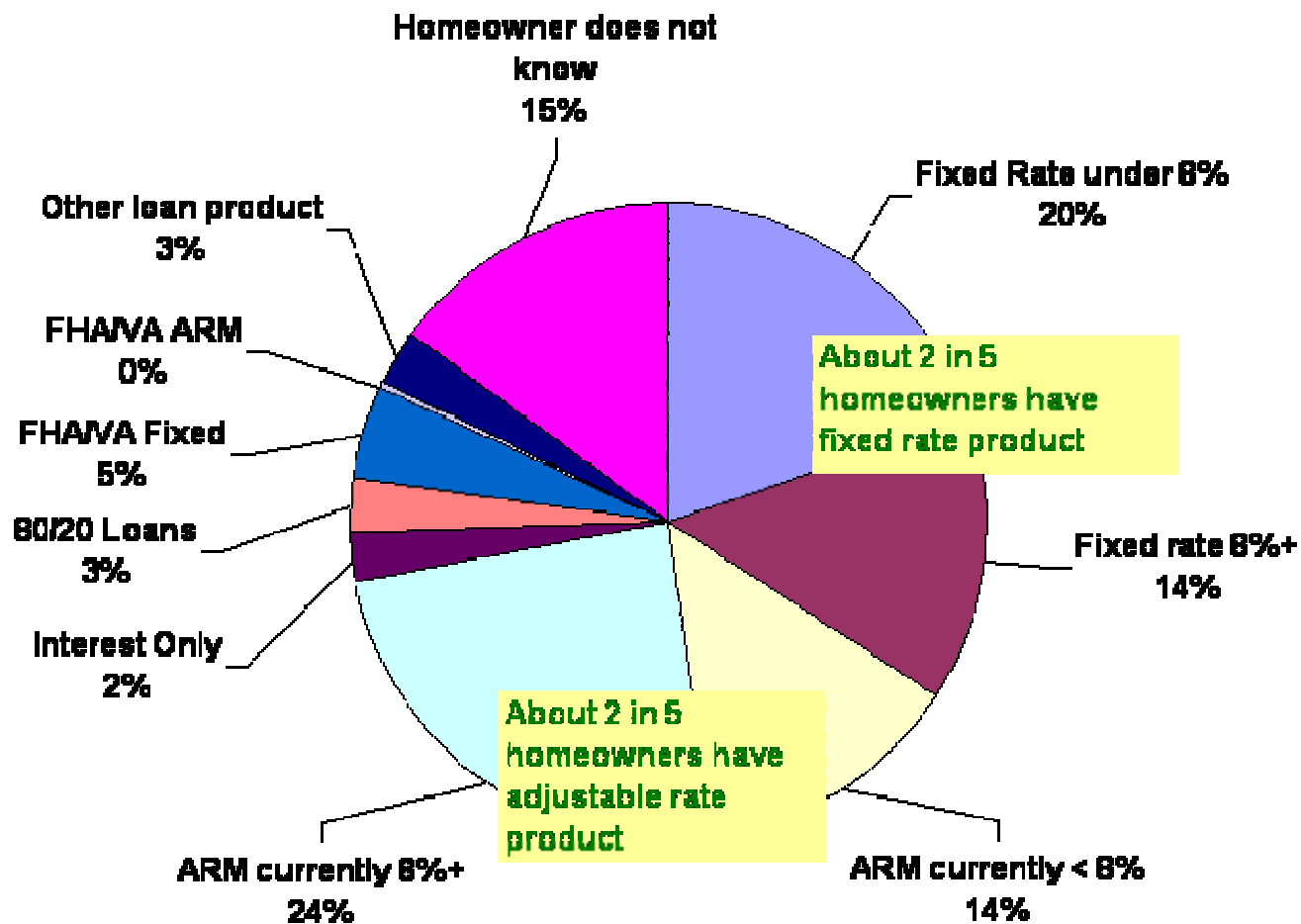
Outcomes after Counseling



Delinquency rates for callers

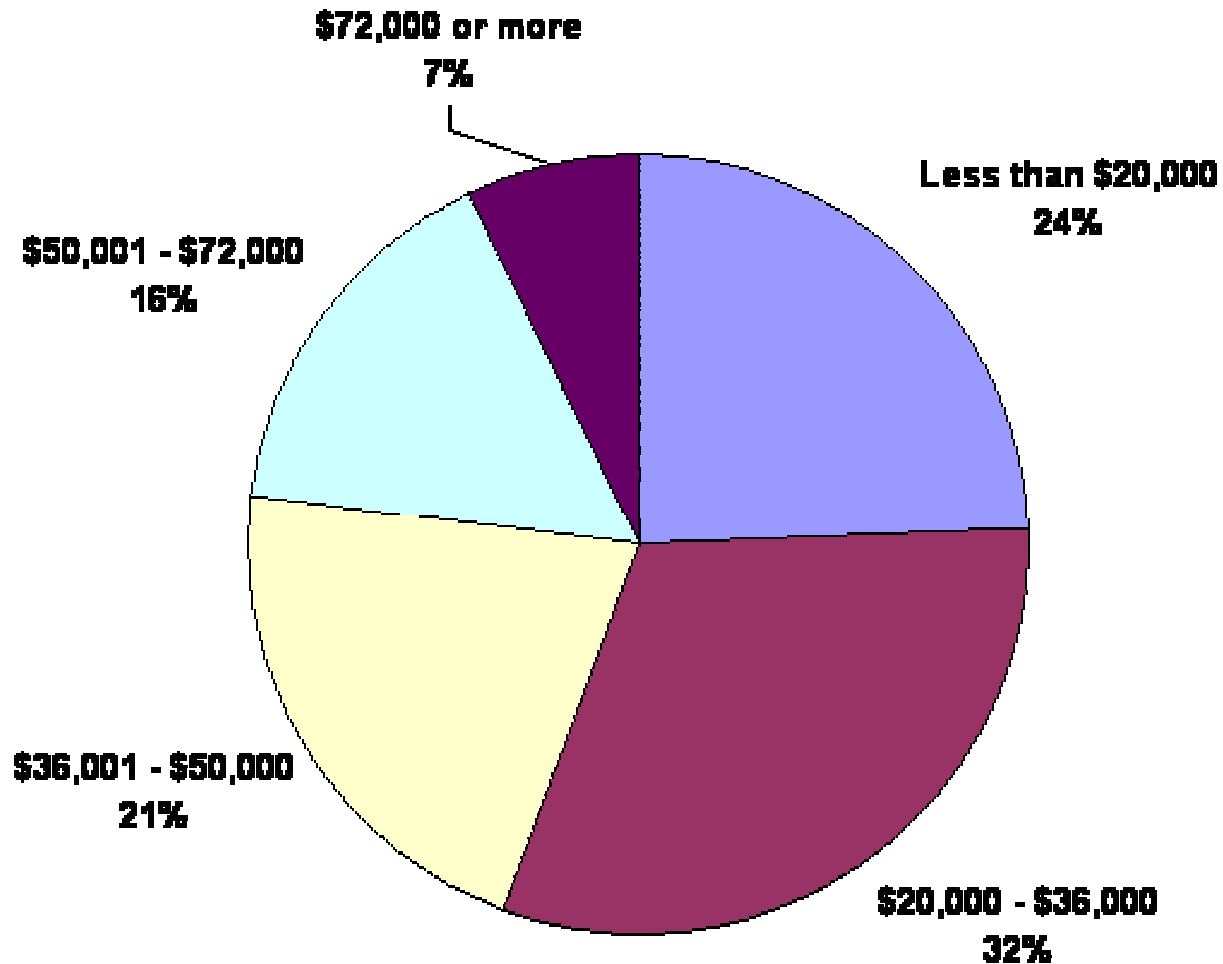


Loan types

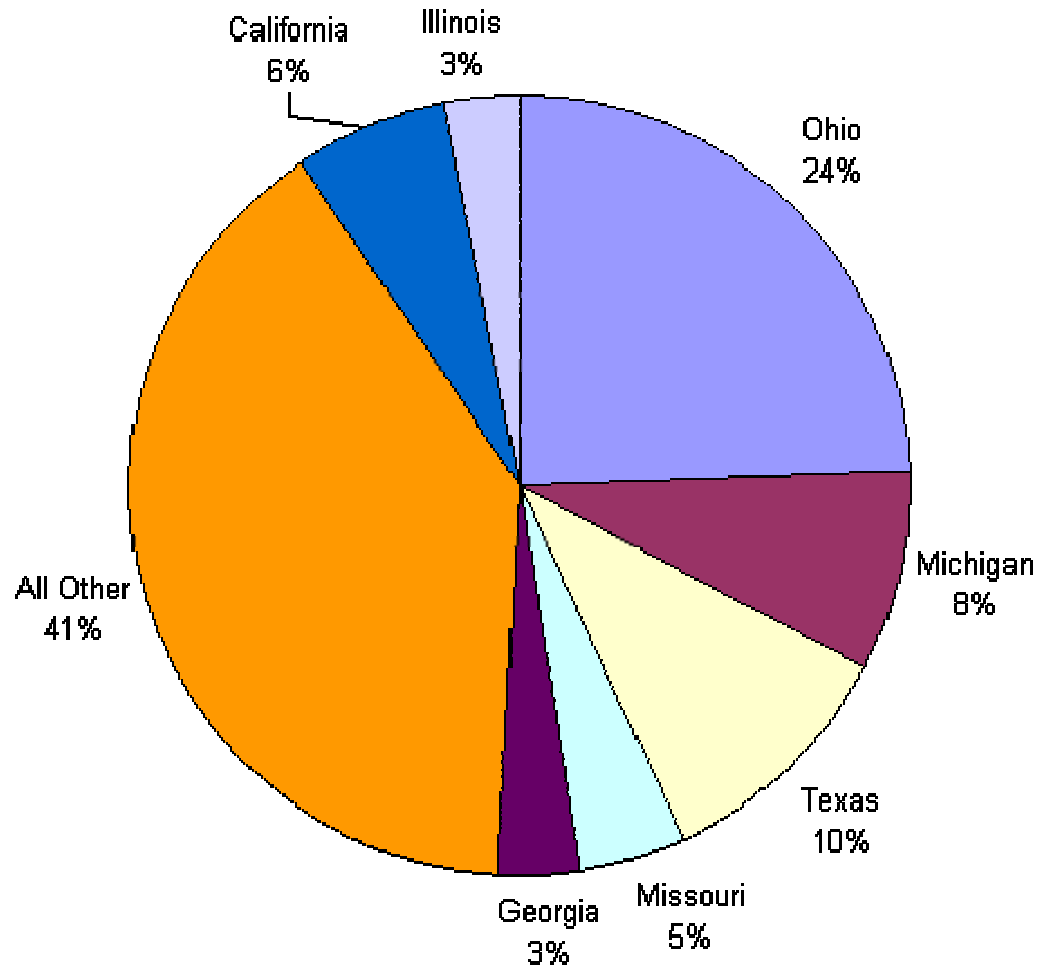


Annual gross income

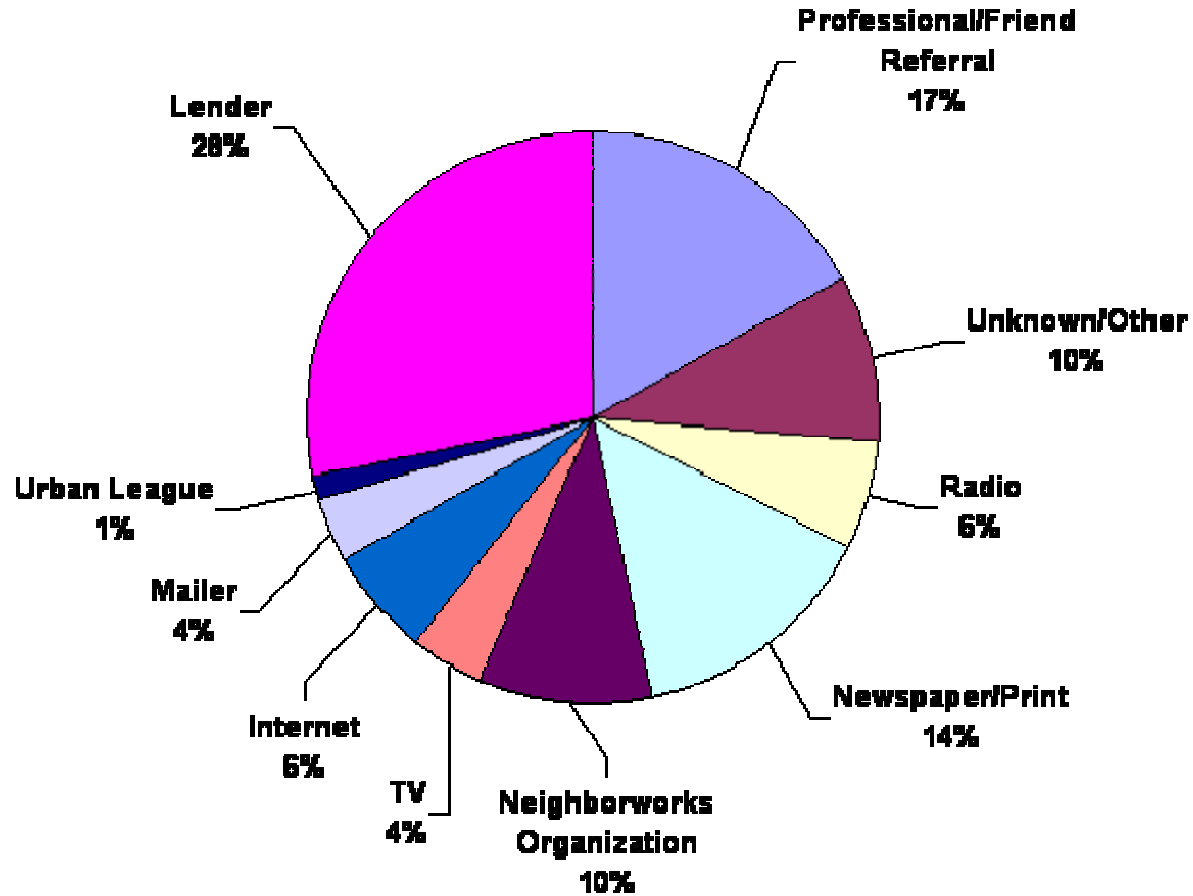
(at start of counseling)



888-995-HOPE calls by state YTD



How did you hear about us?



Counseling sessions by zip code



Total radio and TV PSA airings



Public service announcements

- Radio PSAs

- Stations/airings 153 stations, 42,000 airings
- Heard by: 58.9 million people
- Media value: \$1.6 million

- TV PSAs

- Stations/airings 257 stations, 5,810 airings
- Seen by: 151.8 million people
- Media value: \$2.19 million

- PSA airings in 19 of 20 top foreclosure cities
- About 40% of callers hear about the hotline from campaign
- TV PSAs named “Spot of the Week” by *Advertising Age*, recognized by *Ad Critic*, and featured in *Adweek* and *Brandweek*
- Finalist, PR News’ Nonprofit PR Awards
- Return on investment: 6:1

Our callers

Based on a sample of 5,016 foreclosure prevention sessions conducted by CCCS Atlanta 2004 to 2006

•**Age:** 44

•**Sex**

- Female 62.7%
- Male 37.3%

•**Marital Status**

- Married 49.8%
- Single 35.9%
- Divorced 14.3%

•**Household Size:** 2.96

Our callers (continued)

- **Financial Information**

- Gross Annual Income \$36,027
- Monthly Net Income \$ 2,622
- Monthly Living Expenses \$ 1,670
- Monthly Debt Payments \$ 1,798
- Monthly Surplus/Deficit -\$ 846

Our callers (continued)

- **Secured Debt Payments**
 - Mortgage \$1,168
 - Non-Mortgage \$271
- **Unsecured Debt**
 - Total Debt \$14,196
- **Minimum Payment Required** \$360
- **Net Worth** \$51,347
 - Assets \$154,966
 - Liabilities \$103,620
- **Credit Score**
 - Average Caller Credit Score 502
 - Average US Credit Score 678

Pitching in together

- **Lenders**
 - Refer your callers with difficult credit issues to 888-995-HOPE
 - Supply a direct number to your loss mitigation group
 - Route our counselors quickly to decision makers
- **Communities**
 - Connect struggling homeowners to 888-995-HOPE
 - Publicly recognize the problem
 - Endorse nonprofits who can help
- **Nonprofits**
 - Equip and train your counselors to handle the growing problem
 - Partner with others whenever possible