

NHS Foreclosure Prevention Activities and Results in FY 2010

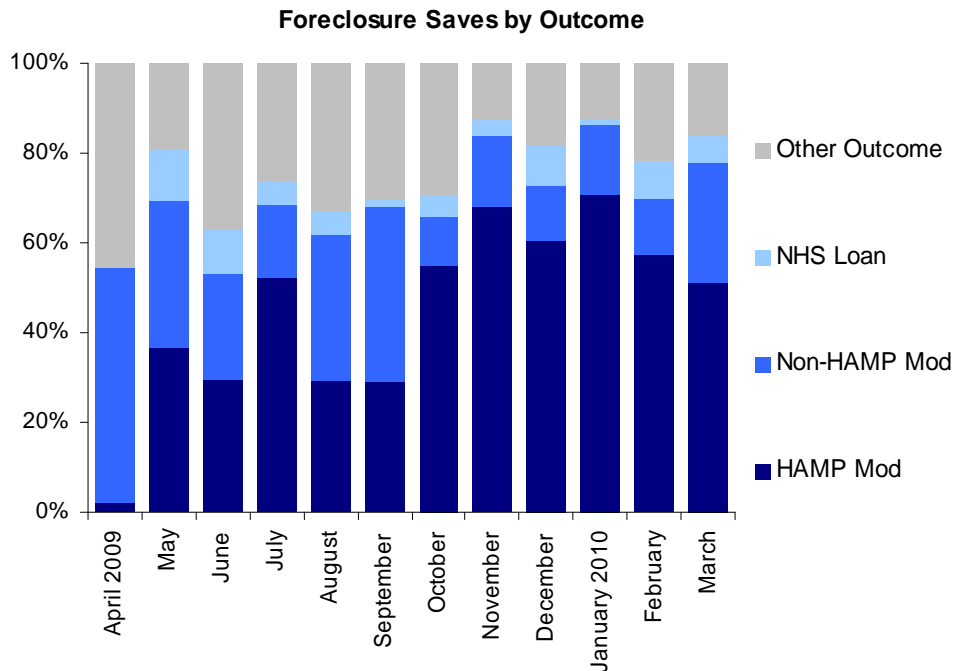
Since the inception of HOPI in 2003, NHS and its partners have counseled or educated over 14,000 at-risk homeowners. In the past year alone, NHS provided one-on-one counseling services to over 4,000 families, and an additional 2,800 families attended a foreclosure prevention class.

These education and counseling strategies continue to deliver real results to homeowners in need. Over the past year, NHS assisted 1,010 families avoid foreclosure in Chicago and surrounding communities, representing a 109% increase from the previous year. About 76% of these saves were achieved through one-on-one counseling. As we focus on the year ahead, several programmatic and demographic trends provide a framework for NHS as we continue to provide critical foreclosure prevention services within our ever-changing neighborhoods.

1. Loan modifications play an increasingly large role in foreclosure prevention.

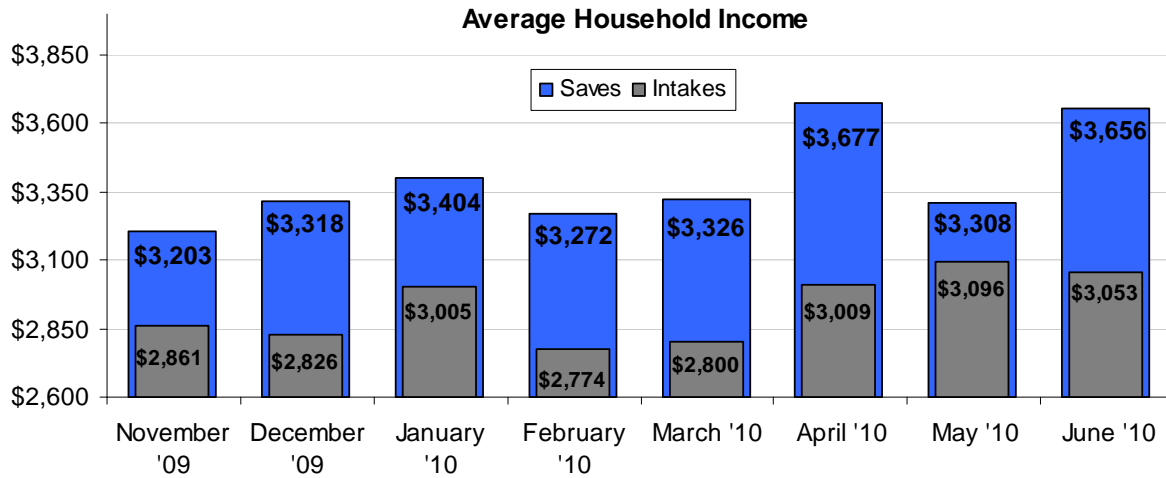
Over the past year, assisting and advocating for delinquent borrowers in need of loan modifications has been a growing part of NHS' foreclosure prevention activities. Overall approximately 80% of all foreclosure preventions during the year were achieved through loan modifications, 9% were forbearances, 6% were NLS refinance loans and the remaining 5% include other outcomes such as a repayment plan, deed-in-lieu or partial claim.

Of all loan modifications, two-thirds were provided under the federal HAMP program and one-third were conventional (non-HAMP) modifications.



2. Changing demographics: families avoiding foreclosure have increasing higher incomes.

As economic challenges and job loss continue, NHS is seeing more families with higher incomes in need of foreclosure prevention assistance. While the average household income of all foreclosure counseling *intakes* in June was \$3,053 – a 6% increase compared to November – the average income of foreclosure *saves* continues to be much higher compared to intakes. The graph below shows the monthly average incomes of both groups, and illustrates not only the increasingly higher income households in default or foreclosure, but also the type of households that typically benefit from loan modifications (the most frequent counseling outcome).



Source: Saves income data comes from monthly foreclosure saves report; intake income data comes from NFMC reports, November 2009 - June 2010.

3. Demand for foreclosure prevention services remains high, and NHS and other housing counselors must operate in a changing, even more challenging environment.

Each quarter, a larger percentage of families seeking prevention services are already in foreclosure. In FY 2010 31% of all new NHS foreclosure client intakes were in imminent danger of defaulting, 42% were already delinquent, and 27% were already in foreclosure. However, if this data is viewed by quarter (see chart below) it is clear that a growing number of clients are already in foreclosure when they seek counseling, making it even more challenging to achieve a positive outcome.

Clients' Mortgage Status at Intake			
	In Imminent Danger of Becoming Delinquent	Delinquent	In Foreclosure
4th Qtr FY09	41.0%	38.9%	20.1%
1st Qtr FY10	39.2%	37.6%	23.2%
2nd Qtr FY10	34.0%	40.9%	25.1%
3rd Qtr FY10	32.4%	38.7%	28.9%
4th Qtr FY10	24.2%	38.2%	37.6%