

**HOMEOWNERSHIP PRESERVATION FOUNDATION**  
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**The HOPE hotline: 888-995-HOPE**

**The Service**

Available free to homeowners all across America 24/7

Staffed by 5 HUD approved credit counseling agencies: Auriton Solutions in Minneapolis, CCCS Atlanta, CCCS San Francisco, Novadebt in New Jersey, and Springboard in Riverside, CA. Together they dedicate 80 trained foreclosure prevention housing counselors. By June 25, there will 100 counselors in the Foundation-sponsored system.

In May, 2006, there were 75 calls a day to the hotline

In May, 2007, there are 650 calls a day.

**The Cost/Benefit**

For every 100 calls, 47% turn into counseling sessions. Each counseling session costs \$100. So the expense for those sessions is \$4,700.

For those 47 counseling sessions, 25% or 12 are recommended for work-out

For those 47 counseling sessions 17% or 8 are recommended to sell.

Both work-outs and sales help borrowers and lenders avoid foreclosures

42% of counseling sessions have positive outcomes. That's 20 out of the 47 sessions that avoid foreclosure.

Industry tells us that each foreclosure costs a minimum of \$30,000.

\$30,000 times the 20 households who avoided foreclosure is \$600,000. For \$4,700 industry saves \$600,000

On a daily basis

650 calls x 47% conversion rate = 305 households counseled.

305 sessions x 42% success rate = 128 households daily who avoid foreclosure.

128 x \$30,000 saves per foreclosure = \$3,840,000 saved to industry daily.

**Servicers developing best practices** based on two fundamental principles:

1. It's about relationships with non-profit. Bill Rinehart at Ocwen sends letters to delinquent borrowers through non-profits and gets up to a 12% return. He uses warm transfers to the HOPE hotline for borrowers who have failed on 5 or more work-out plans. Steve Nelson at GMAC-RFC uses on-the-ground staff, case workers in effect, in high foreclosure markets
2. Each servicer must have dedicated staff to handle the caseload generated by non-profit counselors. Donna Sheline at JP Morgan Chase has 4 dedicated staff who only take calls from nonprofit counselors; Jerry Durham at Countrywide uses dedicated email, phone line and staff to receive calls from counselors.

**Sustainability: In HPF's case:**

Phase One: Charitable grants: \$20 Million from GMAC RFC in 2005; \$3.25 Million from Fannie Mae in 2007; charitable grants from servicers: Ocwen:\$200K, Chase: \$200K, Countrywide: \$150K

Phase Two: fee for service; servicers providing reimbursement for counseling.

Phase Three: investors witness the effectiveness of counseling and build the cost in as an allowable expense