

CCCS of Greater Atlanta Research Department

Report Date: February 6, 2009

Project Name: 2007 HOPE Hotline Counseling Outcomes

Project Work Period: Jan-Feb 2009

Hypothesis / Purpose: To measure the changes in client financial condition and success in avoiding foreclosure 12 months after initial counseling session

Data Sample

Service Date Range: January 1, 2007 - December 31, 2007

Type & Source of Clients: Homeowners seeking help to prevent foreclosure referred via the HOPE Hotline and counseled by CCCS Atlanta

Number of Clients: 21,248

Sampling Method: All

Data Gathered Via: Client data collected from clients by a CCCS of Greater Atlanta counselor during the session and stored in production database and data warehouse. Credit report data and credit scores pulled from Equifax credit reports.

Research Findings

Overall Conclusion: **71% have avoided foreclosure a year after counseling**

Other Key Findings

1. Homeowners seeking counseling are experiencing high levels of stress in their families and finances with 42% experiencing reduced income or job loss and 15% facing medical issues.
2. The HOPE hotline is reaching all segments of the community, with 55% of homeowners served from non-white ethnic groups (40% African American and 15% Hispanic).
3. The average homeowner's budget is out of balance by more than \$1,000 each month.
4. Homeowners who lost their homes to foreclosure had similar incomes to those who kept their homes, but had higher mortgage payment (\$1,616 versus \$1,355) and bigger monthly budget deficits (-\$1,397 versus -\$1,080).
5. The average FICO score for a counseled client was 511, with no difference between those who avoided foreclosure and those who lost their homes
6. Average time mortgage held is 910 days for the foreclosure group and 1,132 days for the avoided foreclosure group
7. There was a huge difference in the net worth of clients who avoided foreclosure (-\$1.1K) versus those who lost their homes (-\$52K)

Data Limitation

Data at 12 months is pulled from two independent sources. Credit report data is obtained from Equifax, which is dependent on timely and accurate reporting by lenders, servicers and other creditors. An additional sample of foreclosure activity was obtained from RealtyTrac's database, which is compiled from county records and is dependent on the timeliness and accuracy of those county records.