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Best Practices in Foreclosure Intervention Counseling

# Serving Distressed Homeowners in Groups

## About the Series

Best Practices in Foreclosure Intervention Counseling is provided by Freddie Mac as a service to organizations doing this important work.

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## Spotlight Organization

Family Services, Inc.
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## For More Information

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One way to effectively manage high demand for foreclosure counseling services is by using group delivery methods. By meeting with large groups of customers rather than individuals, nonprofit counseling agencies can streamline service delivery and save resources. Many nonprofit organizations have been delivering pre-purchase education for years serving up to 50 prospective homeowners in a single event. Now, with increasing demand from consumers facing mortgage default, nonprofits are implementing similar delivery methods for foreclosure intervention services.

Before the mortgage and economic crisis, few counseling agencies considered delivering any portion of foreclosure intervention counseling in groups. The cases were thought to be too complex and the homeowners too embarrassed to discuss their problems in a group environment that might include their neighbors or co-workers.

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In many markets, the overwhelming demand for services has forced nonprofits to test more efficient group delivery models. Through these experiments, some lessons have been learned and best practices have emerged. One fact is clear: If marketed and delivered professionally, homeowners will attend, and quality services can be rendered in group trainings.

Family Services, Inc. (FSI) in Charleston, S.C. started using this group approach in 2008. “Due to the increased demand, our counselors were booked every 90 minutes throughout the day,” notes Debbie Kidd, director of FSI. “This caused many distressed homeowners to wait up to 3-4 weeks for an appointment – only delaying the process and often pushing them further into foreclosure. The counselors spent the majority of their day in one-on-one counseling sessions leaving them little to no time to negotiate on the clients’ behalf with lenders.”

Kidd continues, “Not only did the new system save the counselors almost 30 hours a week compared to our previous approach, it also took the emotional burden of non-stop meetings with clients off their shoulders. As a result, the counselors’ stress levels were greatly reduced, the staff turnover rate declined and counselors enjoyed their jobs once again.”

## Benefits of Group Delivery

The most significant benefits of providing foreclosure intervention services to groups of homeowners include:

- Being able to reach groups of consumers with basic foreclosure education and information in an efficient way
- Creating a clear entry point and structure for program services
- Providing a screening mechanism to provide intense counseling services to the most interested and committed consumers
- Ensuring that all homeowners receive uniform messaging about services

## A Variety of Models

Dozens of group training models are being used successfully across the country. Some groups have as few as 10 homeowners attending two-hour educational seminars before completing the intake process, while others attract hundreds of homeowners to day-long events, providing education, information, referrals, and even one-on-one counseling. Some events include direct involvement of major mortgage servicers or the active participation of dozens of housing and mortgage industry professionals.

Content can also vary, but usually consists of an overview of the foreclosure process, an explanation about the role of the mortgage servicer and the loan workout options they can offer, followed by a discussion of how a foreclosure counselor may be able to help. This session is typically followed by the homeowner completing required documents, meeting briefly with a foreclosure counselor to ensure that critical information is in the file, and then scheduling the homeowner for an in-depth counseling appointment. In some models, when time and staffing allow, a complete counseling session is offered at the close of the group event.

## Foreclosure Orientation: Group Education and Information Sessions

The primary objective of this method is educating homeowners about key foreclosure issues, providing an opportunity to ask general questions, and then providing community resource referral information. These orientations typically last 30 to 90 minutes and be can be offered in a variety of settings, including community centers, libraries, local banks, and even large employers, especially when groups of employees may soon be laid off.

## Foreclosure Intervention Seminar: Education, Intake and Triage

The most common type of group delivery being used is a one- to two-hour seminar targeted specifically to homeowners facing default and/or foreclosure. In most cases, the group size is kept to fewer than 40 homeowners, but seminars can be offered several times a week, if needed. Done effectively, these seminars can walk many clients through the intake process and triage so that services can be prioritized based on each homeowner's delinquency status and goals.

These seminars cover topics such as:

- Providing an overview of the state's foreclosure process and timeline
- Allowing self assessment of each homeowner's financial situation
- Determining if their current mortgage is affordable
- Looking at some potential workout options for their situation

FSI offers a two-hour foreclosure intervention class more than 15 times a month throughout South Carolina. The trainers for these classes come from a network of statewide organizations that have been trained to deliver the group foreclosure seminar. Up to 60 homeowners can register for the class, though the average attendance is closer to 20 homeowners. An intake form is completed at the class, the foreclosure process and workout options are discussed, and FSI's foreclosure intervention services are covered. After the group session is completed, staff members meet privately with homeowners for about 10 minutes each and schedule a follow-up counseling appointment. These appointments, completed primarily by phone, are conducted by counselors at FSI from its main office in Charleston.

The two key outcomes of using this approach have been: (1) a dramatic decrease in the no-show rate for one-on-one counseling (both by phone and in-person) and (2) each full-time counselor has been able to serve 500 homeowners a year, largely because much of the intake and information-gathering is completed by other staff prior to the counseling session.

## Foreclosure Workshop: A Large, Collaborative Public Event

Foreclosure intervention workshops are typically large-scale events open to the public that involve much advance planning. These events, which can attract hundreds of homeowners, require the active participation of many parties, including local banks, real estate agents, civic and government leaders, lawyers and mortgage servicers.

These workshops provide general information about the foreclosure process and the steps homeowners can take to address their problems. At a typical event, after a short opening session, participants can ask questions or speak confidentially with a counselor from a nonprofit counseling agency to get help. In some cases, loan servicers not only attend the session but also reach out to their customers in the community and then meet with them at the workshop to explore — and sometimes execute — loss mitigation solutions. However, the large

number of people attending these events may make it impossible for counselors and servicers to meet individually with each person, so the primary focus of such events is public education and information.

### Key Points to Consider When Implementing a Group Delivery Model

It is important to select a delivery model that matches your organizational goals. To effectively design and deliver group foreclosure services, several key questions need to be addressed, including:

- What specific content can be delivered in a group setting?
- Who is the target audience and how can they be reached?
- What can be done to ensure that enough homeowners attend to justify the time and cost?

An important note: If your organization's goal is to strongly encourage all homeowners to start with a group meeting, consider offering at least one alternative entry point for those who are too embarrassed, or who live too far away, to attend. Many organizations are offering similar content and intake procedures through their agency Web site, giving two entry point choices to consumers: group seminar or online intake.

## Lessons Learned

1. **Respect homeowner privacy in the group setting.** Examples include having private space for one-on-one counseling discussions separate from the group meeting space and ensuring that media representatives do not attend group events with video cameras in hand.

2. **Group orientation and intake help to screen uncommitted customers and reduce the no-show rate for individual counseling appointments.** Only motivated homeowners will make it a priority to prepare for and attend a group intake event. Afterward a few will decide not to continue with one-on-one counseling and will attempt to manage on their own, empowered by what they learned at the session. At the completion of a group orientation, a homeowner should have a clear understanding of both the services offered and what will be expected of them during the counseling process.

3. **Counselors feel less overwhelmed by heavy demand for their services with group delivery methods.** One of the main benefits of implementing group delivery methods is that counselors are not so overwhelmed by the need to complete many intensive, individual intake sessions. As a result, counselors are better able to focus on one-on-one sessions and follow up with all their cases.

## Agency Background

Family Services, Inc., based in Charleston, S.C., provides programs and services to assist clients to reach their potential and live their dreams. The Homeownership Resource Center (HRC), a division of Family Services, Inc., is certified by the U.S. Department of Housing and Urban Development as a housing counseling agency. The Mortgage Default and Foreclosure Counseling program is designed specifically for homeowners who are behind, or anticipate becoming behind, in their mortgage payments on their primary residence.

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