



Carolyn Lecque, a housing counselor at Family Services, Inc., explains the importance of reaching out to lenders at a default clinic.

Family Services Inc.: Delivering Default Counseling to the Masses

By: Jennie W. Blizzard

Family Services, Inc.'s Homeownership Resource Center (HRC) has always valued its efforts to prepare South Carolinians for homeownership. But when the North Charleston-based nonprofit began to see more than 30 clients a week for the mortgage default counseling, a traditionally small component of the nonprofit's services, Debbie Kidd foresaw a serious problem. "We saw traffic in the program pick-up about a year ago," said Kidd, housing director of the HRC at Family Services. "We met with people who were in our area and referred those outside of the area to another agency. We later made a decision to not turn away clients regardless of their incomes or home values. Once our mortgage default program became statewide, the floodgates opened."

For the four full-time default counselors, caseloads and stress levels rose. Counselors spent almost an hour and a half with each client. "It was very exhausting and overwhelming," said Kidd. "You become very emotionally tied to clients and their situations." Traditionally, most default counselors are trained to provide one-on-one consultations. But with such a high demand, Kidd thought of a simple but novel idea in mortgage default counseling: hold one clinic and give all participants the same information at once. With this new model, counselors save 27.5 hours of counseling time each week. The efficiency allows Family Services to devote more time on helping clients renegotiate loan terms with lenders and on other foreclosure prevention issues.

A Simple Start to a Complex Situation

Kidd credits word-of-mouth advertising and outreach to the community for its success. Once distressed homeowners hear about the program, they can either call the established 1-800 number, e-mail Family Services or walk-in to inquire about loss mitigation assistance. The agency then mails the client a packet of information, which includes a budget, one of the most important components in saving the home. Participants must bring the packet to the default clinic a copy of their mortgage statement and information needed to fill out a budget.

During the clinic, counselors help clients create a household budget and spending plan. Clients are encouraged to cut household expenses, such as cable and multiple phone bills. After the client leaves with a copy of the budget, the counselor begins the "triage" process. The counselor assesses the situation and writes notes on the file related to critical questions:

- How many months is the mortgage delinquent?
- Is the reason for default resolved?
- How much does the client owe?
- How much does the client have to contribute?

TIPS FOR SETTING UP A DEFAULT CLINIC

- Determine the location.
- Determine the time to hold the clinic.
- Realize that one-third of the participants will not show up at the first clinic they register for. The fear that has kept them from contacting their lender is most likely keeping them from attending the clinic.
- Keep a regular schedule that will ensure they will attend the next clinic.
- Explain the purpose of the default clinic.
- Review the file documents to determine why the information is being collected.
- Review the foreclosure process and communicate to the clients what to expect next.

“One of the best things that Family Services does is set a high expectation level by emphasizing honesty. If the clients do not provide the most accurate and honest information, then the partnership is terminated. Clients realize that if they provide the most accurate and honest information, they are going to get the best help possible.”

– Marshall E. Crawford Jr.
Management Consultant
Partnership and Growth for
NeighborWorks America

- Is there any equity available?
- What is a suggested resolution for the situation?

The client is then referred to the HOPE hotline, a 24-hour, seven-day-a-week call center operated by the Homeownership Preservation Foundation that provides free, personalized assistance to help at-risk homeowners avoid foreclosure.

Efficiency Equals Collaboration

Family Services has reduced the one-on-one time spent with clients and continues to explore ways to fund default counseling. NeighborWorks America, a national nonprofit created by Congress, provides financial support, technical assistance and training for community-based revitalization efforts. To qualify for the support, a community organization must be recognized as a member of the NeighborWorks Network. Family Services became the first nonprofit in South Carolina to be recognized as a network member. Kidd does admit that most counselors have been reluctant to reduce personal counseling time since they are trained to do intense one-on-one counseling.

Family Services has also created its own pool of rescue funds for South Carolina residents. Nearly \$200,000 has been spent on residents who have faced foreclosure. Currently, the funds have been depleted but the organization is looking for additional resources. To qualify for assistance, clients must provide matching funds. That is why creating a budget early in the process becomes crucial.

Family Services' effort to create a more streamlined approach to counseling for mortgage default prevention has resulted in collaborations with state and national partners. In December 2007, Family Services partnered with the South Carolina Association of Community Development Corporations, a state trade association; South Carolina Appleseed Legal Justice Center and South Carolina Legal Services; NeighborWorks America; and the Federal Reserve Bank of Richmond to launch the South Carolina Foreclosure Task Force Initiative. The initia-

tive educates target audiences about preventing foreclosures in the state and connects vulnerable homeowners to foreclosure prevention resources.

“In addition to being one of the top utilizers of the HOPE hotline, Family Services realized they could not handle the foreclosure problem alone and have done a great job of partnering and reaching out to other nonprofits in the state,” said Marshall E. Crawford Jr., management consultant, Partnership and Growth for

NeighborWorks America. “They realize that this problem is big enough for everyone to be involved.”

Family Services has contracted with 25 counselors throughout the state to help with mortgage default counseling. In February, NeighborWorks America awarded \$364,774 to Family Services. Two months later, Family Services announced plans to staff a team of housing counselors who will work with distressed homeowners across South Carolina.

Unfortunately, not all clients' homes have been saved from foreclosure. “We give information and direction but it is really up to the homeowner to stick to their budgets to work toward a resolution,” said Carolyn Lecque, a homebuyer counselor and certified credit counselor at Family Services. “The borrower makes the loan in good faith, and it is up to the homeowner to show that he/she has something to offer during the workout with the lender.” For more information about Family Services, Inc., and NeighborWorks America, visit www.familyserviceschassc.com/ and www.nw.org.



Debbie Kidd, the housing director of HRC at Family Services, has taken a unique default counseling concept to additional states.

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