

# Measuring the Effectiveness of the NFMC Program

The National Foreclosure Mitigation Counseling (NFMC) program was launched in December 2007 with funds appropriated by Congress to address the nationwide foreclosure crisis by dramatically increasing the availability of housing counseling for families at risk of foreclosure.



We enlisted the help of the Urban Institute to evaluate the effectiveness of this program. And they found:

- ✓ NFMC counseling helped clients **receive loan modifications**.
- ✓ The NFMC program helped homeowners receive loan modifications with **larger payment reductions** than non-NFMC owners.
- ✓ For borrowers with troubled loans, NFMC counseling **increased their chances of obtaining a cure**.
- ✓ For cured loans, NFMC clients were **better able to sustain these cures** and avoid redefault or transition to Real Estate Owned (REO).
- ✓ For clients that did not wish to or could not remain in their homes, NFMC counseling **helped clients close short sales**.
- ✓ For NFMC clients that did not cure their mortgages or execute a short sale, NFMC clients **resolved their situation more quickly** than without counseling.

After counseling, NFMC clients were much more likely to receive modified mortgages: the odds of owners receiving a loan modification was 2.83 times as large as the odds of a modification for those not receiving NFMC counseling. This was not the only benefit NFMC clients received regarding loan modifications.

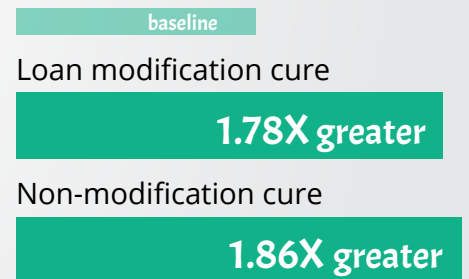
## Change in odds of receiving a loan modification



## Change in NFMC clients' probability of completing a short sale once started



## Change in odds of curing a troubled loan\*



\*A troubled loan is 90 or more days delinquent, in foreclosure, or in REO status.

[nw.org/NFMCeval14](http://nw.org/NFMCeval14)

This Urban Institute report for the NFMC program (rounds 3 through 5) presents analyses for borrowers who received NFMC program counseling between July 2009 and June 2012; the outcomes for these clients were observed through June 2013.