

“The foreclosure prevention training we received from VHDA prepared us very well to help many families during the mortgage clinic in June. The time allotted to talk with families during each counseling session was just right, as it allowed us to see the maximum number of families while giving each and every one of them the direction that they needed to move forward in their individual situations. Everyone I spoke with that day left with more relief than they had when they arrived, and I personally found that to be a very satisfying experience.”

- Rhonda Woody, Housing Counselor, Catholic Charities of Eastern Virginia

1. Description of Program

As a result of the statewide increase in Virginia home foreclosures, precipitated by the current nationwide mortgage industry crisis, VHDA sought a more effective and expedient way to certify additional counselors in loss mitigation and foreclosure intervention to help more Virginians keep their homes. Most housing counselors are trained on the “front end,” allowing them to teach clients about the principles of homeownership education before they buy a home. VHDA’s training initiative, on the other hand, helped counselors obtain training on the “back end” so that they could now offer counseling in foreclosure prevention and loss mitigation as well. This capacity building initiative began with VHDA associates attending NeighborWorks® faculty training. Once trained, these associates were able to offer expanded training opportunities to housing counselors across the Commonwealth. The training sessions were held at VHDA facilities in Richmond, a more feasible alternative than asking housing counselors to attend NeighborWorks® training in different cities, which would be much more expensive and difficult to schedule. VHDA also provided scholarships for attendees who needed to stay overnight in a hotel.

The comprehensive curriculum covered all facets of loss mitigation and foreclosure counseling, including:

- Role of the counselor
- Steps in the foreclosure counseling process
- Work-out options for government-backed and conventional loans
- Elements of a loan workout package
- Working with loan servicers
- Recognizing signs of predatory mortgage loans
- Foreclosure scams
- Case studies

Housing counselors who successfully completed the training received a *VHDA Certificate of Basic to Intermediate Foreclosure Prevention* designation.



A foreclosure prevention training session held for Virginia housing counselors.

2. Why/When it was undertaken

Realizing that the growing mortgage crisis was creating a critical need for increased foreclosure prevention outreach in Virginia, VHDA set out to provide more housing counselors with the training necessary for them to become certified loss mitigation and foreclosure prevention counselors. The program was instituted in March 2008, when VHDA invited housing counselors from across the Commonwealth to begin training in all facets of loss mitigation, a process to help those having trouble making their home loan payments. This capacity building initiative was designed to increase the number of certified housing counselors available to guide borrowers through the steps of foreclosure prevention.

3. What VHDA has accomplished

To date, seven “full” certification training sessions, as well as three “basic” training sessions, have been held. These sessions resulted in 239 housing counselors with non-profits, local governments and local housing agencies receiving valuable training in loss mitigation and foreclosure intervention. This increase in certified counselors was accomplished via the capacity-building partnership between VHDA, NeighborWorks® and other housing stakeholders. The initiative quadrupled the number of Virginia housing counselors who were certified prior to the inception of the training sessions. Counselors are required to keep their certification updated with Continuing Education Units (CEUs) throughout the year.

4. Why is it Meritorious and Meets NCSHA Judging Criteria

Innovative

Making loss mitigation and foreclosure intervention training free and accessible for housing counselors is a unique approach to helping solve the current foreclosure crisis. First, VHDA provided substantial financial assistance – in the form of scholarships – to make it possible for more housing counselors to attend the training sessions. And while the training sessions remained as challenging as always, they were more accessible due to VHDA’s efforts in bringing them directly to the housing counselors at locations across Virginia. This in turn made it easier to attend the sessions, thereby increasing the number of certified counselors prepared to assist homeowners facing foreclosure.

Respond to an important state housing need

When the foreclosure crisis hit, there were a limited number of certified loss mitigation and foreclosure intervention counselors in Virginia. Why? Because the emphasis of housing counselors had been on credit counseling and homeownership education – “the front end.” As the number of Virginia foreclosures began to rise, the need for housing counselors in loss mitigation and foreclosure intervention – “the back end” – became critical. By building the capacity for housing counselors who are certified in these high demand areas, VHDA has helped increase access to foreclosure intervention counseling for thousands of Virginians.

Achieve intended results

VHDA has achieved its goal of increasing the number of housing counselors trained in foreclosure prevention – as a result of this training initiative, 239 trained counselors are now ready to assist homeowners address their mortgage challenges and provide options to help Virginians save their homes from foreclosure. Although VHDA has always provided counseling to its own borrowers, the benefits of having numerous certified foreclosure intervention counselors readily available to assist homeowners are evident.

For example, these newly trained housing counselors were essential to the success of the Virginia Mortgage Clinics. An initiative of Governor Tim Kaine's Virginia Foreclosure Prevention Task Force, the Virginia Mortgage Clinics assisted 686 homeowners by providing them with free, face-to-face foreclosure intervention counseling sessions. All of these counselors were certified through VHDA's capacity building initiative and were available throughout the day at each clinic.

Exit surveys given to attendees who received counseling were overwhelmingly positive. In addition, the majority of those who responded included "knowledgeable" to describe their respective counselors. And, 95% of those who received counseling at the clinics indicated that they would follow up with a housing counselor.

Provide benefits that outweigh costs

The biggest benefit of this initiative is the number of homeowners who have prevented foreclosure because they received guidance from 239 newly trained housing counselors. In addition to assisting 686 homeowners during the Virginia Mortgage Clinics, these counselors continue to provide counseling to citizens across Virginia. And, the benefits to the localities throughout the Commonwealth are substantial, since the burden of foreclosed properties weighs most heavily upon the communities in which these properties are located. These benefits far exceed the costs incurred to provide the housing counselor training.

5. Conclusion

The growing foreclosure crisis made building the capacity for certified loss mitigation and foreclosure prevention counselors a critical need. VHDA anticipated the potential impact of the foreclosure crisis on Virginia homeowners and proactively developed this training program to provide more certified housing counselors to meet the needs of Virginia's homeowners.

As a result of VHDA's training, 239 housing counselors were trained in loss mitigation and foreclosure prevention to help Virginia homeowners avoid foreclosure. And these counselors got the chance to use their new skills right away, participating in the Virginia Mortgage Clinics to assist 686 Virginians facing foreclosure. And because of VHDA's early training initiative, most of the people receiving counseling at the Virginia Mortgage Clinics chose to attend before they were in serious trouble – 82% reported they had not yet received a foreclosure notice.

VHDA's capacity building initiative highlights the creativity, flexibility and dedication required to help mitigate the challenges of the current foreclosure crisis. The Authority created an innovative way to make loss mitigation and foreclosure intervention certification more affordable, accessible, and logistically possible. By partnering with strong stakeholder partners, VHDA has made significant strides in equipping the state's housing counselors with the training they need to provide a sense of empowerment to Virginians struggling to keep their homes.