

# *Connecticut Judicial Branch Mortgage Foreclosure Mediation Program Evaluation*

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## Executive Summary

The Connecticut Foreclosure Mediation Program (FMP) is a state-wide program formed in 2008 in response to the national financial crisis and its effects on homeowners and their mortgage obligations. This report describes the results of an independent analysis of the FMP, drawing on databases of case information maintained by the Connecticut Judicial Branch, direct observations of mediations, and interviews with program administrators, caseload coordinators, and mediators.

Section I introduces the FMP program. In the program, a Connecticut Judicial Branch employee works as a mediator to help a homeowner and loan servicer reach a mutually acceptable settlement with the aim to efficiently improve the outcome for all parties. All mortgage foreclosure cases for 1-4 unit owner-occupied dwellings with a return date on or after July 1, 2008, are eligible for participation in the program if the homeowner is also a borrower on the note that is secured by a mortgage on the property.

Section II describes the datasets that were used in the quantitative analysis. This evaluation draws on two databases maintained by the Connecticut Judicial Branch, one that has basic information about all cases before the courts and a second that contains detailed information about FMP participants and cases.

Section III details the methodology used in the analysis. We use descriptive statistics and logistic and OLS regressions to investigate program and participant characteristics and differences between participant outcomes within the program. The findings of the analysis must be understood in light of potential selection bias and omitted variable bias in the data that, without an experimental design, means that the relationship between the outcomes and program participation may not be causal.

Section IV presents the results of the analysis. In six years of operation, the FMP served homeowners in over 31,000 foreclosure cases. The mediation program primarily serves low- and middle-income homeowners and appears to provide equal access across racial and ethnic demographics. Program participation is difficult to gauge, but roughly 1/3 of homeowners deemed “pre-eligible” by the Connecticut Judicial Branch attend mediation, indicating potential opportunity for increased participation, especially in urban areas. FMP participation is correlated with lower foreclosure rates than for all homeowners with mortgage foreclosures and for an identified comparison group. These results appear to be sustainable, with about 10% of program participants reentering FMP over the history of the program. FMP participation is also closely correlated with significantly longer case length than non-FMP mortgage foreclosure cases. Plaintiff action is the most statistically significant factor tied to case length.

Section V summarizes the findings of the evaluation and suggests a subsequent evaluation that examines the causal impact and cost effectiveness of the program using an experimental design such as a randomized encouragement design.

## I. Introduction

The downturn of the housing market in 2008 and the onset of the subsequent financial crisis triggered a surge in foreclosures across the United States. As housing prices dropped, thousands of homeowners found themselves in peril of negative equity, with loan balances larger than the market value of their homes. An increase in unemployment rates further compounded the challenges faced by homeowners, spreading the threat of foreclosure beyond risky subprime mortgages. Loan servicers and state court systems grappled with the influx of foreclosures, often ill-equipped to handle the sudden rise in the volume of cases.<sup>i</sup>

Both state and federal government agencies attempted to assist homeowners by implementing mortgage refinancing and mortgage payment assistance programs. Many states also channeled additional resources into assisting homeowners navigate the complicated foreclosure process, often by supplying legal aid, counseling, training, and self-help informational materials. States and local jurisdictions have created over twenty-five mediation programs to facilitate negotiation between homeowners and servicers.<sup>i</sup>

The Connecticut General Assembly established the nation's first state-wide foreclosure mediation program in 2008. By mid-2014, Connecticut's Foreclosure Mediation Program (FMP) had provided mediation for homeowners in more than 31,000 cases. The FMP is administered by the Judicial Branch of the State of Connecticut and is often cited as a model for other states. In 2012, the Department of Justice and the Department of Housing and Urban Development released a report that identified foreclosure mediation as a promising tool to coordinate the broad array of foreclosure mitigation tools and cited Connecticut's program as one that had been particularly successful in generating high participation rates.<sup>1</sup>

Other states continue to follow Connecticut's lead. In 2013, at least three additional states introduced legislation proposing the establishment of a foreclosure mediation program.<sup>2</sup> Encouraging the growth of mediation programs depends on the assumption that the programs produce beneficial outcomes. Yet despite the hundreds of millions of dollars poured into foreclosure mitigation, few states have evaluated the effect of their mediation programs. In response to the lack of consistent evaluation practices, the Department of Justice's Access to Justice Initiative published *Foreclosure Mediation: Emerging Research and Evaluation Practices*, a framework guide for foreclosure mediation program evaluation.<sup>3</sup> The guide encouraged states to evaluate mediation programs in a more standardized, rigorous manner. In 2012, the State Justice Institute awarded the Connecticut Judicial Branch a grant to evaluate the Connecticut Foreclosure Mediation Program. The Connecticut Judicial Branch commissioned this evaluation and report as part of this initiative to assess the efficacy of the Foreclosure Mediation Program. This report and evaluation follow the framework laid out in *Foreclosure Mediation: Emerging Research and Evaluation Practices* by reporting on the following metrics: program characteristics, foreclosure rate, participation rate, outcomes, sustainability,

i. For ease of reference, this report uses the phrase "servicer" to refer to both lenders and mortgage servicers throughout this report. Although a homeowner's mortgage may have originated with a bank or large lender, it is usually serviced by a third-party loan servicer or a loan servicing division within the lender's larger institution.

administrative impact, access, and representation/counseling. This report presents these results grouped into findings in the following areas:

1. Program characteristics
2. Characteristics of program participants
3. Outcomes of FMP cases

In addition to the metrics and measures recommended in the Department of Justice's *Foreclosure Mediation* report, we address the following key questions about the Foreclosure Mediation Program:

1. FMP program characteristics: What are the key characteristics of the FMP program?
2. Characteristics of program participants
  - a. How do program participants compare to non-program participants?
  - b. Does the program provide equal access across racial/ethnic and socio-economic demographics?
3. Outcomes of FMP cases
  - a. How do the outcomes of FMP cases compare with the outcomes of other cases?
  - b. Are program participants less likely to experience foreclosure than non-program participants?
  - c. What factors influence a participant's likelihood of experiencing a given outcome?
  - d. Are program participants more likely to receive loan modifications than non-program participants?
  - e. Are the successful outcomes of program participants sustainable over time?

## II. Data Used in the Analysis

This study uses two sets of administrative data collected by the Connecticut Judicial Branch—the eFile dataset and the FMP dataset. The eFile dataset includes basic information on all Connecticut Judicial Branch cases. For foreclosure cases, this basic information includes a unique case identifier, address of the property, plaintiff’s and defendant’s counsel, judicial district, dates for each of the major case milestones (e.g., file, return, disposition, extension), and disposition. Connecticut Judicial Branch employees input these data into the data collection system at each step of the case in the course of caseflow coordination. The eFile database contains information on all Connecticut foreclosure cases, including those that utilize the FMP. Since the FMP started in mid-2008, there have been nearly 124,000 foreclosure cases recorded in the eFile dataset.

The FMP dataset is specific to the Foreclosure Mediation Program and contains both data about participants’ interactions with the FMP and more detailed information about the participants’ cases. The FMP dataset includes a unique case identifier, mediator’s name, dates for each FMP meeting, characteristics of the mortgage (e.g., interest rate, mortgage type, property type), outcomes (e.g., home retention, liquidation, loan modification), and plaintiff and defendant conduct during mediation. Data in the FMP dataset are a mix of directly observed indicators reported by mediators (such as the date of the initial mediation meeting), indicators reported by mediators that require slightly more mediator interpretation (such as whether or not the plaintiff or defendant engaged in conduct consistent with the objectives of the mediation program), and homeowner-reported indicators that are then input by mediators into the electronic data collection system.

In April 2013 the Judicial Branch also began to collect voluntarily reported income, gender, race, and ethnicity data from FMP participants. By mid-2014, participants in nearly 3,000 cases had provided those data, which represents 70% of the cases for that period of time. These microdata are not available for those not in the program or those who were in the program before it was collected. The authors of the report also worked with the Judicial Branch to make a survey available to program participants and their attorneys in July 2014. The results from the survey were not available for analysis by the time of this report but should provide the Judicial Branch with important insights into participant perspectives on the efficacy and fairness of the process. Appendix A contains a table with explanations of all variables used in analysis.

Foreclosures are often precipitated by unfortunate life events, and mediators may hear the private details of the personal struggles that led to financial pitfalls. To ensure the safety and dignity of those undergoing the foreclosure process, all data used in this evaluation were stored in a secure manner and de-identified prior to analysis.

The electronic filing system implemented by the Judicial Branch and its robust data-collection and case management system for program participants provides a set of data that greatly enhances program evaluation efforts. As a comparison, the Department of Justice’s report on effective mediation evaluation suggested that, “at a minimum,” administrators

ought to track participation and settlement rates. The report suggested that a “more comprehensive approach” would include noting the presence of counsel, the outcome of the mediation agreement, and the time period.<sup>4</sup> While the DOJ report only notes a few examples of programs attempting to track a single one of these indicators, the Connecticut Judicial Branch tracks not only these indicators but many more, including employment status, mortgage characteristics, and servicer. These data enable the Judicial Branch to learn a great deal about participant characteristics, case outcomes, and how to improve the program.



### III. Methodology

This section details the multivariate models used to analyze the data described in the prior section. This study seeks to answer the following questions:

1. FMP program characteristics: What are the key characteristics of the FMP program?
2. Characteristics of program participants
  - a. How do program participants compare to non-program participants?
  - b. Does the program provide equal access across racial/ethnic and socio-economic demographics?
3. Outcomes of FMP cases
  - a. How do the outcomes of FMP cases compare with the outcomes of other cases?
  - b. Are program participants less likely to experience foreclosure than non-program participants?
  - c. What factors influence a participant's likelihood of experiencing a given outcome?
  - d. Are program participants more likely to receive loan modifications than non-program participants?
  - e. Are the successful outcomes of program participants sustainable over time?

An important caveat before considering the methodology is that there are clear problems of selection bias and omitted variable bias in the structure of the study. These problems are similar to those faced by other studies on foreclosure mitigation-related programs.<sup>5</sup> Selection bias means that the group in the program is likely materially different from the group not in the program due to active or passive selection of participants into or out of the program. Although the FMP is open to all eligible homeowners, homeowners must take discrete actions in order to participate in the program. Because eligible homeowners effectively select whether or not they participate in the program by deciding to return the Foreclosure Mediation Certificate, attend mediation sessions, and so on, program participants cannot be said to be directly comparable to non-participants.

Omitted variable bias means that variables not present in the model could be driving the relationship between program participation and the outcomes of interest. For instance, because homeowners need to submit the Foreclosure Mediation Certificate and then attend mediation sessions, homeowners able to read and fill out the required forms may be more likely to enroll in the program. A factor that caused a homeowner who would otherwise have wished to participate in the program not to participate might also cause differences in the outcomes of the foreclosure case. Thus, differences in the outcomes of participant and non-participant cases may be caused not by program participation but by an underlying and unobservable factor such as literacy, primary language spoken, or type of employment. Alternatively, homeowners who feel optimistic about their chances of reaching settlement

through the mediation process may be more likely to return the Foreclosure Mediation Certificate. Since homeowners are in possession of a great deal of information about their personal economic situation unknown to outside observers, it is possible that differences in outcomes between FMP participants and non-participants are being driven, at least in part, not by the program but by the fact that homeowners who choose to enroll in the program are materially different in some way than those who do not enroll.

The total effect of these biases is that, without a sufficient identification strategy to isolate the causal relationship, this study cannot assess causal impact of the FMP. As such, the analysis of program outcomes presented here should be understood as a description of what happens to cases in the FMP but not as a claim that the program causes those outcomes. Rigorous evaluation of the program using an experimental method or other causal identification strategy would allow causal claims, but are beyond the scope of the current evaluation. In the case of the FMP, where access to the program is statutorily mandated for all eligible homeowners, causal impact could be assessed through a randomized encouragement design whereby a subset of potentially eligible homeowners were randomly selected to receive an incentive to participate in the FMP. The data at hand does allow us to describe in detail the characteristics of program participants and to report factors that are closely tied to certain case outcomes.

### **Descriptive Methodology**

We report descriptive summary statistics on program participants and their cases in order to describe program characteristics, participant characteristics, and case outcomes. These statistics include descriptions of population characteristics of participants, number of participants who reached each stage of the program, length of time in the program, reentry into the program, length of time in the foreclosure process, and case outcomes (e.g., home retention, foreclosure, etc.). The metrics and outcomes reported closely track the framework laid out in *Foreclosure Mediation: Emerging Research and Evaluation Practices*, while also including data not required by the DOJ report. For example, Table 2 reports on race and ethnicity of participants, Figure 2 shows program participation by stage of the process, and Figure 9 shows the percentage of FMP cases resulting in particular outcomes ranging from home retention with loan modification to foreclosure.

### **Analytic Methodology**

Addressing the question of how do the outcomes of FMP cases compare with the outcomes of other cases required the use of multivariate ordinary least squares (OLS) and logistic regression models. We employed two multivariate regression models. What we refer to as the partial model includes the outcome of interest, the independent variable of interest, and controls for geography. The full model includes the outcome of interest, all of the independent variables of interest, and controls for geography by zip code. In both the full and partial model we use zip code due to sample size constraints. We give more weight to the

full model as it is a more complete view of the underlying factors related to the outcome and thus is less prone to omitted variable bias. In general, in the findings section, we focus on the full model, but also include the partial model in the interest of research transparency and robustness. Because much of the data are only available for cases that have entered mediation, it is impossible to compare FMP participants with non-participants along most of the demographic characteristics, so any analysis including these demographic indicators is necessarily limited to FMP participants.

We matched the methodology with the underlying distribution of the data on the outcomes of interest. For example, we used OLS regressions for cardinal outcomes of interest (such as length of case in days) and logistic regressions for binary outcomes of interest (such as whether or not the homeowners retained their homes).

Answering the question about whether or not program participants' outcomes were significantly different from non-participants required a group to compare with program participants. Since the data available in the eFile dataset includes only basic information about the case and parties, it was not possible to construct a reliable methodology for matching participants with similar non-participants undergoing foreclosure. We report on comparisons between FMP participants and all mortgage foreclosure cases, but also sought a more comparable group of homeowners. The closest group was of those homeowners who signaled a desire to join the FMP program by submitting a Foreclosure Mediation Certificate, was judged to be eligible for the FMP, but did not attend an initial meeting. This group of "Certificate-submitted eligible non-participant" homeowners may also differ in important ways from FMP participants, but represents the closest identifiable comparison group for which microdata existed. We did not have demographic data on the comparison group because they did not meet with mediators, so instead we used a geographic fixed-effects model that controlled for census tract, which controlled for geography-correlated characteristics and contexts such as socioeconomic indicators. For comparisons of FMP participants and homeowners who submitted the certificate and were eligible but did not initiate mediation, we only have data on foreclosure, case length, and address. As such, we use a parsimonious model with the outcome of interest, the independent variable of interest, and a control for census tract.

In the interest of research transparency, all results of interest are included in this report, whether the results were statistically significant or not, and, where applicable, results that are statistically significant to the 90<sup>th</sup>, 95<sup>th</sup>, and 99<sup>th</sup> percentile are noted in tables with a single, double, or triple asterisk, respectively.

Because of the inherently geographic nature of foreclosure, in addition to OLS and logistic regression analysis, we also conducted geospatial analysis. As part of this analysis, we computed foreclosures as a percentage of potential FMP-eligible properties (1-4 unit owner-occupied properties with mortgages). The most granular level for which this data were available was at the census tract level, so we conducted the geospatial analysis at that level by converting addresses from the eFile dataset into latitude and longitude via Google's

geocoding API. Using latitude and longitude for each property, we assigned cases in the process of foreclosure to census tracts, then aggregated the statistics of interest (e.g., number of foreclosures, number of home retentions) to the census tract level by either summing or averaging, depending on the variable. We then used QGIS to visualize the data.

In concert, these methodologies allow an evaluation of the Foreclosure Mediation Program that describes in detail characteristics of the program, its participants, and case outcomes.

## IV. Findings

### A. Program characteristics

What are the key characteristics of the FMP program?

#### FMP program description

##### Key terminology

**Pre-eligible:** Mortgage foreclosure with a return date on or after July 1, 2008

**Submitted Certificate, non-participant:** A pre-eligible homeowner who submitted the Foreclosure Mediation Certificate, was determined to be eligible, but did not attend mediation

**Participant:** A homeowner who participated in pre-mediation or in one or more mediation sessions

**Termination:** End of mediation without settlement

The Connecticut Foreclosure Mediation Program was created in response to the national housing crisis. As foreclosure rates ballooned, states scrambled to find innovative methods of addressing rising rates of delinquent loans and underwater mortgages. Connecticut's legislature created the Foreclosure Mediation Program in 2008 and extended it in 2010, 2011, 2013, and 2014.

Nationally, foreclosures are either judicial (adjudicated through the court system) or non-judicial. Connecticut's foreclosure process is judicial— loan servicers must work through the state court system to pursue foreclosures. During participation in mediation, mortgage payments continue to accrue but the judge may not render a final judicial decision while mediation is ongoing.

Unlike states in which a third party or vendor conducts mediation, the FMP is housed in and administered by the Connecticut Judicial Branch. Connecticut's 25 mediators are full-time Judicial Branch employees, and mediations take place in Judicial Branch facilities. Connecticut's program is state-wide and each of the state's 14 judicial districts functions as a unit. Mediators are required to have knowledge of foreclosure law and the mediation process, as well as mortgage assistance programs and community resources. A mediator guides the homeowner through the mediation process and often assists the homeowner in learning about state and national assistance programs.

Mediators may direct homeowners to a variety of additional resources and programs, including the federal Home Affordable Modification Program (HAMP), the Emergency Mortgage Assistance Program administered by the Connecticut Housing Finance Authority (CHFA), employment and financial assistance programs, housing counselors, community-based legal services, and the Judicial Branch’s volunteer attorney program.

A mediator facilitates communication between a servicer and a homeowner to determine if the parties can reach an agreement to resolve the foreclosure, but does not make a final determination regarding the foreclosure. A mediator may submit a request for an extension of mediation to a judge, which, if approved, allows the parties to remain in mediation for a longer period of time. A mediator may also terminate mediation.

In addition to guiding discussion between the parties, mediators work to ensure that both parties supply required documentation, meet statutory deadlines, and communicate in a timely manner. The servicer and homeowner may reach an agreement during mediation. If the servicer and homeowner are not able to reach an agreement during mediation or if mediation is terminated by a judge, mediator, or homeowner, the case will return to the court.

#### Legislative Acts

**July 2008:** Public Act No. 08-176 tasked the Chief Court Administrator with establishing a foreclosure mediation program in each judicial district.

**2010:** Public Act No. 10-181 extended the mediation program through June 30, 2012.

**2011:** Public Act No. 11-201 extended the mediation program to July 1, 2014.

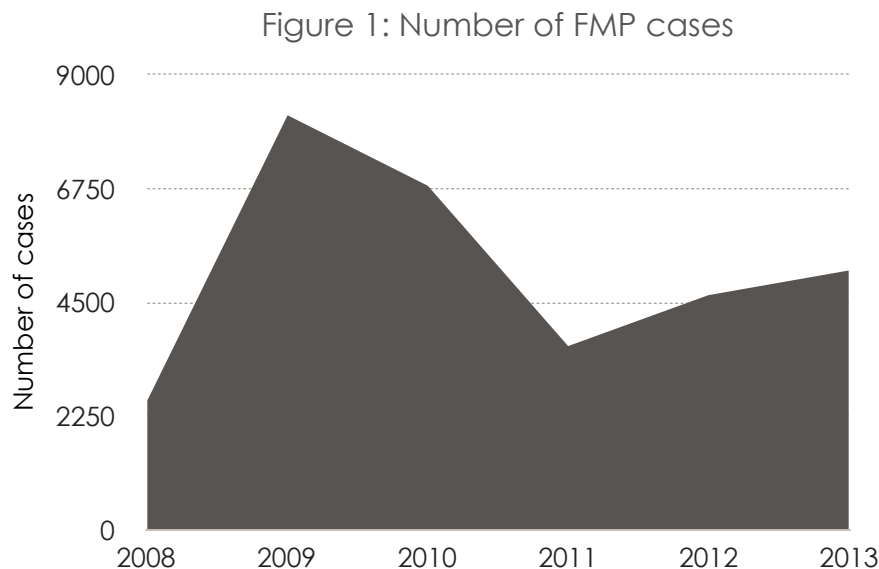
**2013:** Public Act No. 13-136 outlined the objectives of the mediation program, redefined the mediation period, and created a new pre-mediation process.

**2014:** Public Act No. 14-89 extended the mediation program to July 1, 2016.

The purpose of the FMP is to assist the servicer and homeowner in reaching agreement with regard to the mortgage foreclosure. Mediators must balance the mandate to assist homeowners avoid foreclosure against the need to facilitate an efficient foreclosure process. In 2013, the Connecticut legislature defined the objectives of the mediation program in Public Act No. 13-136 as a determination of whether or not the parties can reach an agreement that either allows the homeowner to avoid foreclosure or expedites the foreclosure. The new language emphasized the importance of both parties using “reasonable speed and efficiency” and participating in mediation “in good faith, but without unreasonable and unnecessary delays.”<sup>6</sup>

The legislature also added a pre-mediation step to the FMP process requiring all cases to first attend pre-mediation meetings where the mediator works with the participant to determine the best way to proceed with their case, whether through mediation or otherwise.

### Program participation

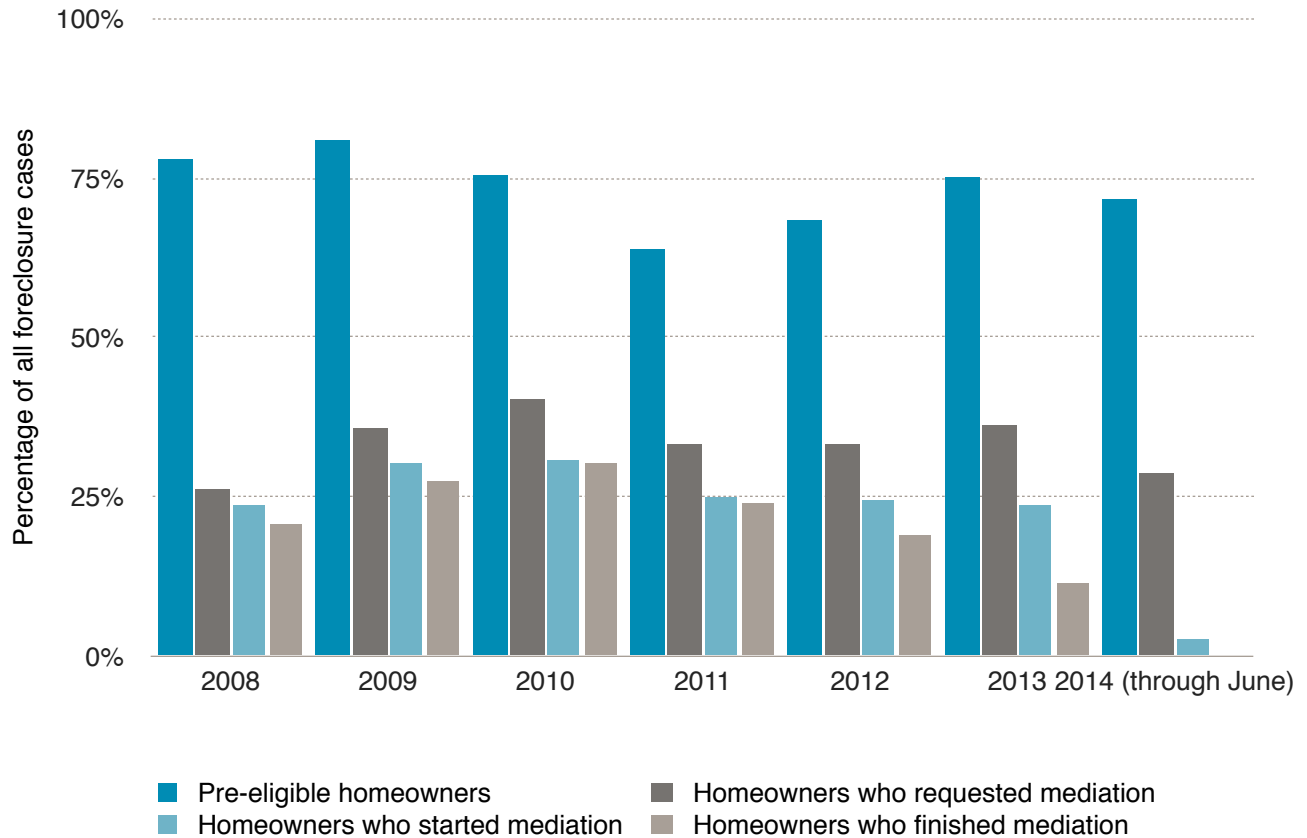


The FMP has mediated more than 31,000 cases since the program began in 2008. Program usage has risen and fallen with the rate of foreclosures in Connecticut, which peaked in the wake of the financial crisis in 2009, then subsided, only to see a resurgence in 2012 and 2013. Any mortgage foreclosure case with a return date on or after July 1, 2008, is designated as “pre-eligible” for FMP participation by the Judicial Branch. Since the program was initiated in 2008, 73% of foreclosures in the state have been determined to be pre-eligible. Homeowners in 46% of pre-eligible cases (33% of total foreclosure cases) requested FMP participation by submitting a Foreclosure Mediation Certificate. Of those cases, 72% initiate FMP participation by attending an initial meeting with a mediator. Figure 2 and Table 1 show program participation by stage and conversion between stages of FMP participation. Over the course of the program, 33% of pre-eligible cases have initiated FMP participation.

The numbers of non-pre-eligible cases held steady from 2009-2013, but the proportion of pre-eligible cases has fluctuated significantly. The variability in the percentage of foreclosure cases eligible for the FMP might be attributed to macro-economic forces with greater impact on owner-occupied homes or to changes in eligibility coding or recording practices over time. One of the primary challenges in estimating participation rates is the inability to determine what portion of pre-eligible homeowners are truly eligible to participate in the mediation program. It is likely that some portion of the homeowners who

do not return an eligibility certificate are ineligible, in which case the program participation rates would be understated. In the following section on participant characteristics we also discuss the geographic distribution of foreclosures and FMP participation throughout the state, noting that low participation rates in urban areas may provide an additional indicator that homeowners in Connecticut who could benefit from the program do not participate. The

Figure 2: Yearly program participation by stage



Pre-eligible (percentage of total foreclosures)	74%
FMP Requested (percentage of pre-eligible)	46%
FMP Initiated (percentage of requested)	72%
Participation rate (percentage of pre-eligible cases attending an initial mediation)	33%



33% participation rate for pre-eligible cases suggests that at least some eligible homeowners may not be participating in the mediation program, and highlights a possible area for program improvement. Since the steepest drop-off is between the number of pre-eligible cases identified and the number of homeowners who request mediation by submitting a Foreclosure Mediation Certificate, understanding awareness of the program at this stage, homeowners’ perception of its benefits, and other barriers to participation could prove helpful in extending the program’s reach and impact.

One of the most striking findings of the program participation analysis is that there is a significant group of homeowners who submit a Foreclosure Mediation Certificate but do not attend a single mediation session. Although some percentage of those owners may have been rejected by the Judicial Branch as ineligible, Judicial Branch administrators stated in interviews that the group of ineligible homeowners is very small. Depending on how small, the group of homeowners who submitted Certificates but did not attend a mediation may possibly be the closest comparable group to the FMP participants on which we have data. In the Outcomes section, we explore comparisons between the FMP participants and these non-participants who submitted Certificates.

## B. Participant characteristics

**What are the characteristics of FMP participants?**

**How do program participants compare to non-program participants?**

**Does the program provide equal access across racial/ethnic and socio-economic demographics?**

### Race and ethnicity

Table 2: Race and ethnicity in Connecticut’s population and FMP participants

		Connecticut	FMP Participants
<b>Race</b>	<b>White</b>	81.6%	74.3%
	<b>Black</b>	11.3%	18.9%
	<b>Other</b>	7%	6.8%
<b>Ethnicity</b>	<b>Hispanic</b>	14.7%	14.3%

US Census Bureau, Connecticut, 2013, available at <http://quickfacts.census.gov/qfd/states/09000.html>.

Compared with Connecticut’s overall demographic composition, white participants are slightly underrepresented in the FMP, Hispanic participants closely reflect the Hispanic

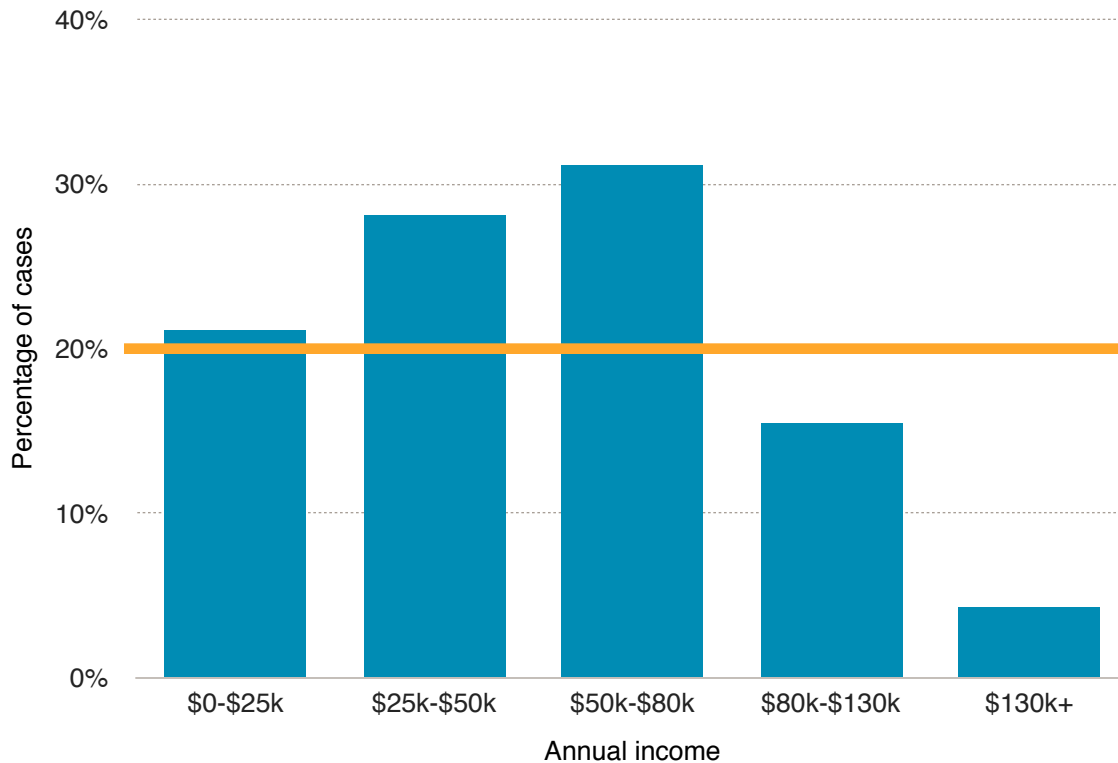
population in Connecticut, and black participants are heavily overrepresented. FMP participation by black homeowners is 50% higher than the composition of Connecticut's population would predict. As discussed in the Outcomes section, regressions controlling for income largely explain this difference in participation rates, since income is closely correlated with foreclosure rates, and thus with FMP participation. Once income and geographic location are accounted for, there is not a statistically significant difference in participation by race, indicating that the Foreclosure Mediation Program appears to be reaching members of different racial and ethnic groups evenly.

However, it is important to note that this does not tell us whether general state-level foreclosure rates for black homeowners are higher than for white homeowners, holding income levels equal. Since race and ethnicity data are not available for non-FMP foreclosure cases, our data does not allow us to answer the question about whether foreclosure rates in general are higher among black homeowners, controlling for income.

Race and ethnicity data were drawn from a voluntary questionnaire included in the initial mediation session. Since use of the form was not implemented until April 2013, only a fraction of completed cases include race and ethnicity data. An analysis of overall participation is likely accurate, but further analysis should be done of race, ethnicity, and mediation outcomes as the Judicial Branch accumulates more data in this area and as the cases initiated in 2013 reach completion.

## Participant income, PITI, and unpaid mortgage principal

Figure 3: Participant income distribution compared with CT income distribution



The FMP is used primarily by middle income families. Homeowners making \$25,000 to \$80,000 a year make up 40% of Connecticut's population but comprise 60% of FMP participants. Figure 3 above shows the income distribution of program participants compared to the overall income distribution within Connecticut. The income bands are quintiles of income in Connecticut; the orange line simply demonstrates that 20% of Connecticut citizens fall into each income band.

Principal, interest, taxes, and insurance (PITI) payments and unpaid mortgage principal amounts (shown in Figures 4 and 5) mirror the distribution of participant income, reflecting the low- and middle-income profile of the program participants. Average PITI amounts range from \$800 to \$1800 per month. Unpaid mortgage principal is largely concentrated between \$100,000 and \$400,000.

Figure 4: FMP cases by unpaid mortgage principal

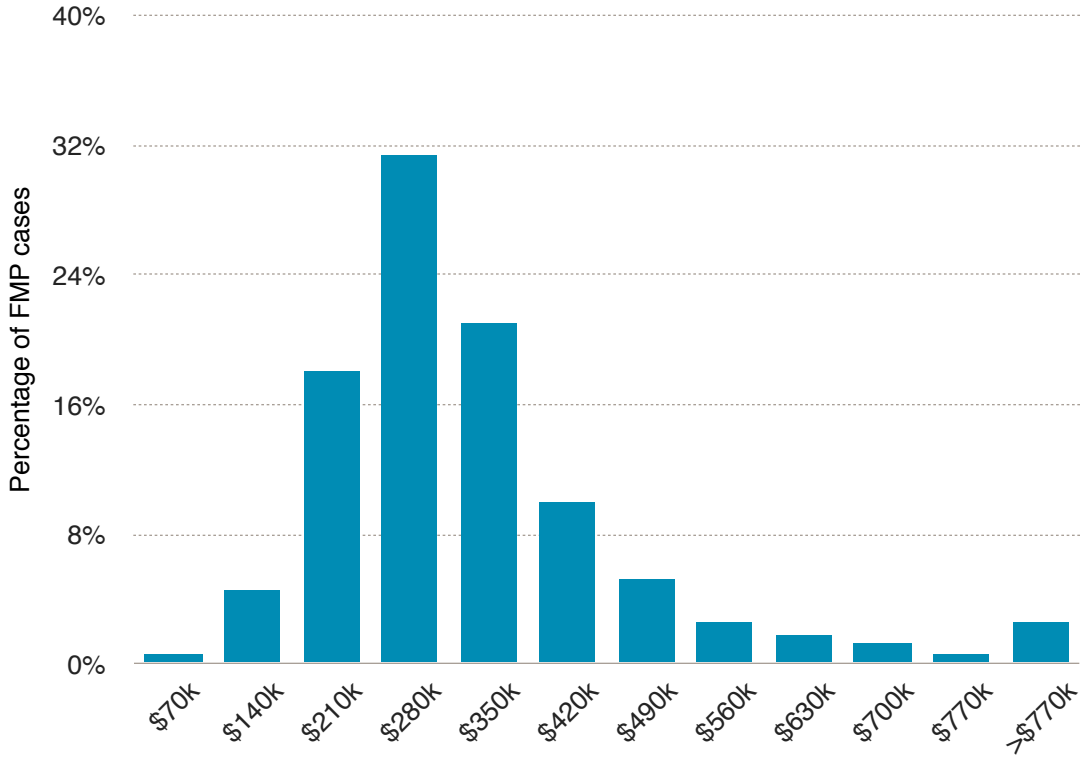
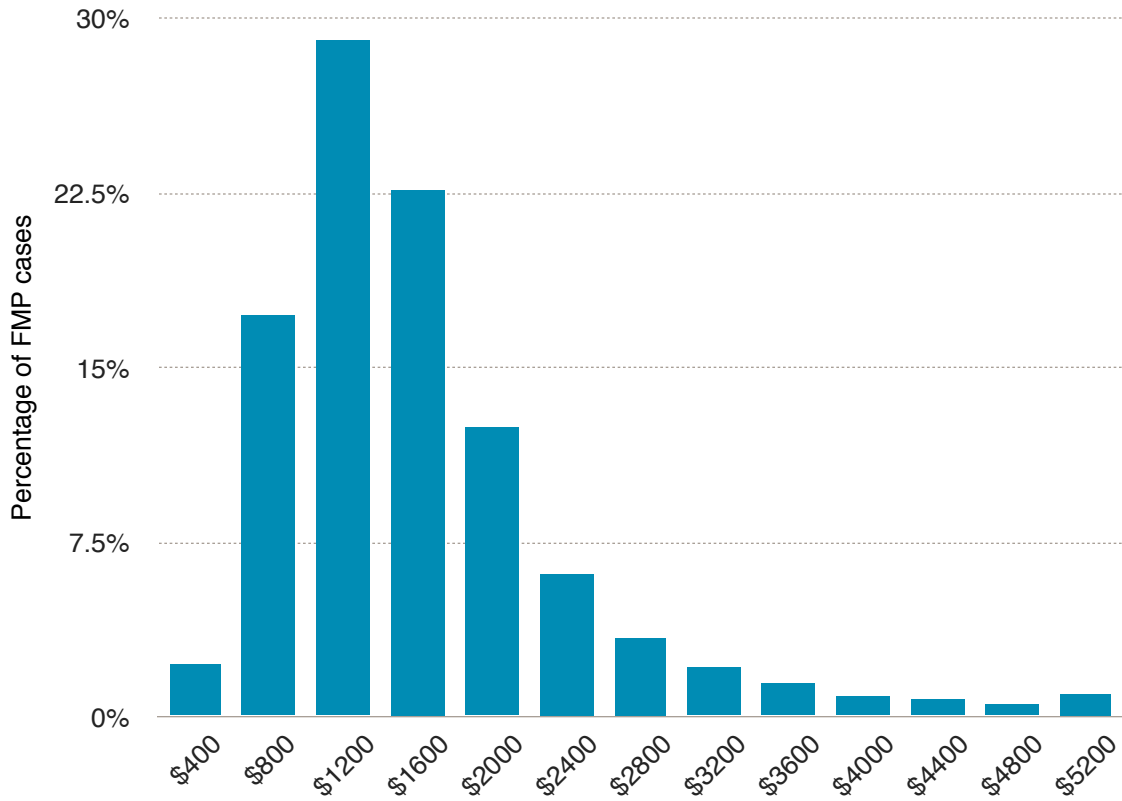


Figure 5: Program participation by participant monthly PITI amount



## Location

Geo-spatial analysis reveals that the urban population in Connecticut demonstrates the greatest need for FMP; foreclosure rates are highest in urban areas, both in terms of number of foreclosures and as measured as a percent of 1-4 unit owner-occupied dwellings with outstanding mortgages. Foreclosure rates are lowest in suburban areas in Connecticut; foreclosure rates for rural areas were between those of urban and suburban areas. Figures 6, 7, and 8 demonstrate that although urban areas have the highest foreclosure rates, suburban areas tend to have the highest FMP participation rates, both as measured by Foreclosure Mediation Certificates submitted and by attendance at initial mediation sessions. The uneven participation rates in many urban and rural areas is an additional indicator that the 33% participation rate of pre-eligible cases probably encompasses lack of participation by eligible homeowners. Reasons for low participation rates by urban homeowners might include language barriers, difficulty accessing program information or facilities, or differences in income, debt, or mortgage terms that discourage homeowners from seeking FMP assistance. We recommend that the Judicial Branch use the geospatial information provided to focus its outreach in areas with high foreclosure rates but low participation rates.

**Figure 6: Foreclosure rate**

Foreclosures as a percentage of 1-4 unit owner-occupied housing with mortgage obligations

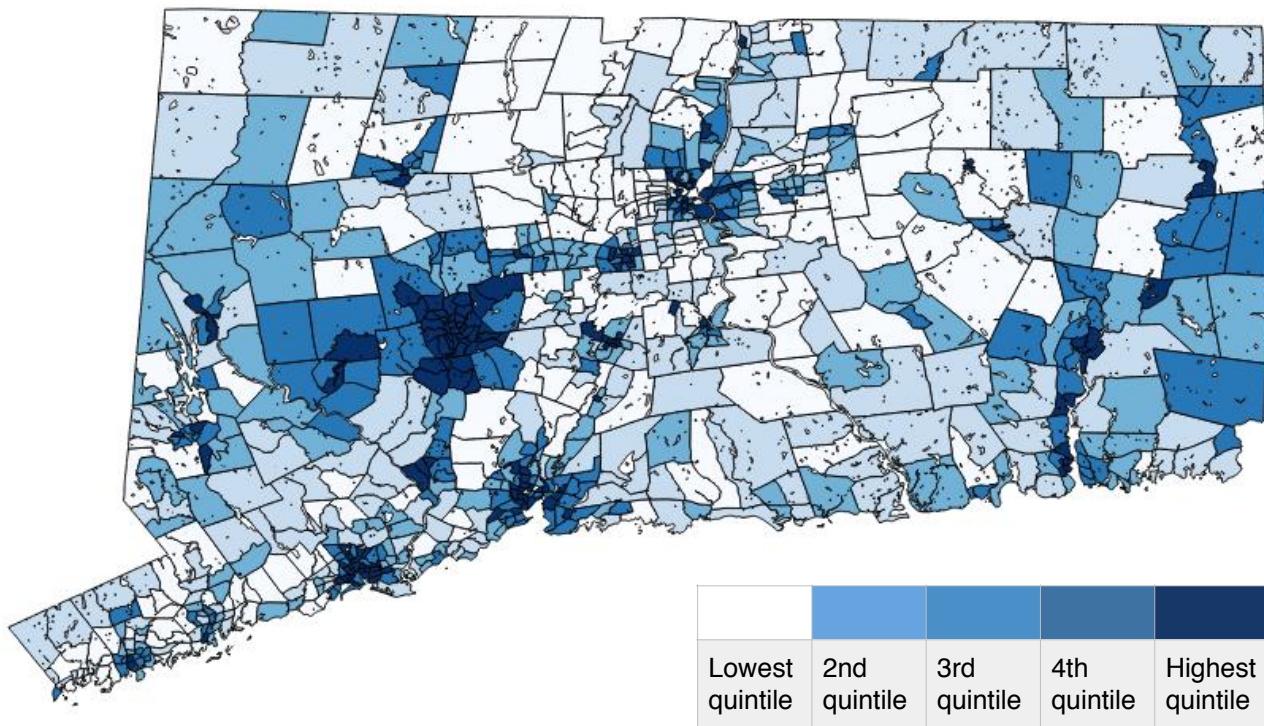


Figure 7: Participation rate 1

Homeowners submitting Foreclosure Mediation Certificates as a percentage of pre-eligible cases

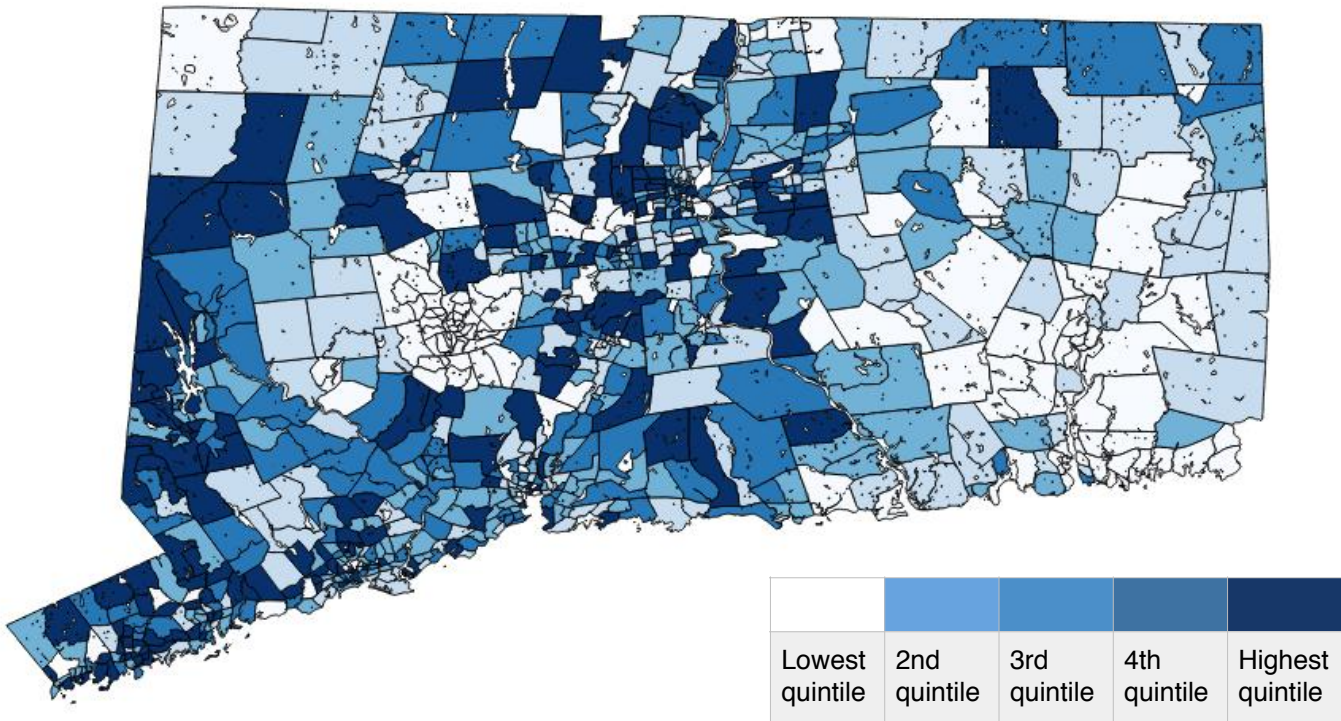
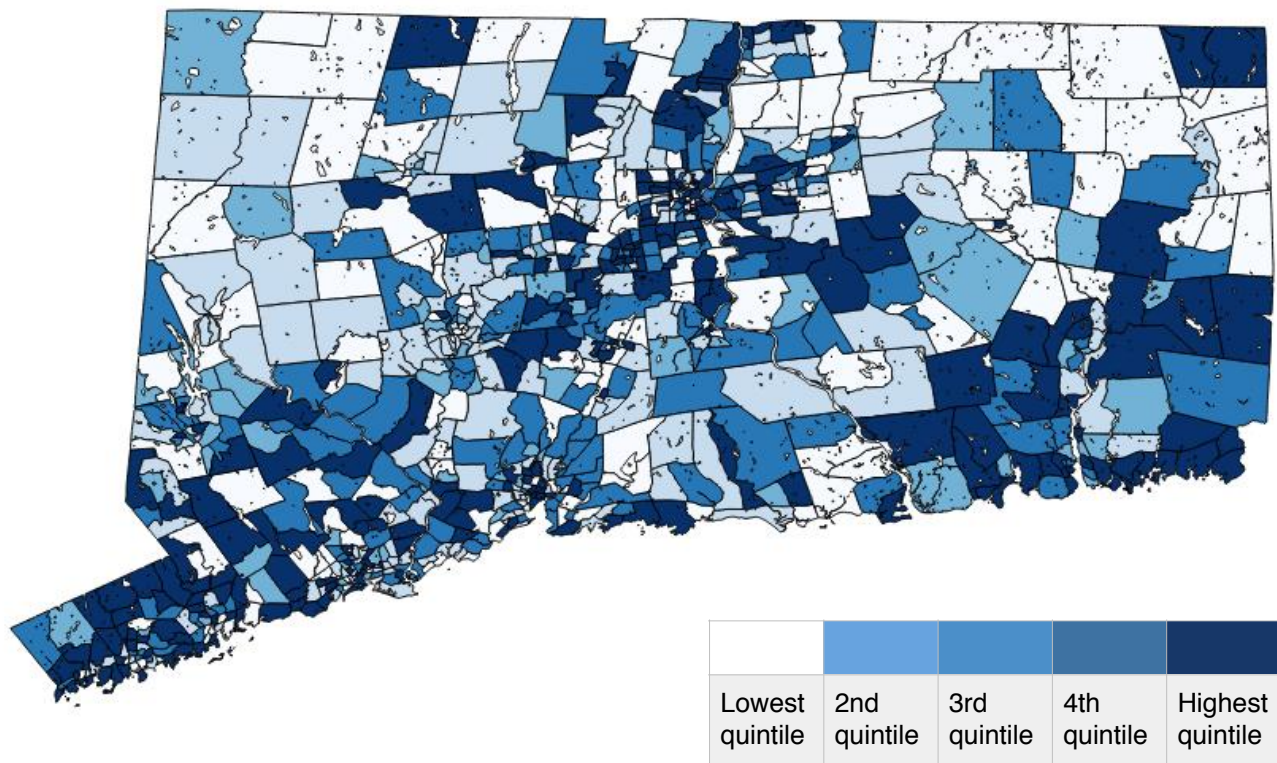


Figure 8: Participation rate 2

Homeowners attending first mediation sessions as a percentage of homeowners submitting Foreclosure Mediation Certificates



## C. Outcomes

**How do the outcomes of FMP cases compare with the outcomes of other cases?**

**Are program participants less likely to experience foreclosure than non-program participants?**

**What factors influence a participant's likelihood of experiencing a given outcome?**

**Are program participants more likely to receive loan modifications than non-program participants?**

**Are the successful outcomes of program participants sustainable over time?**

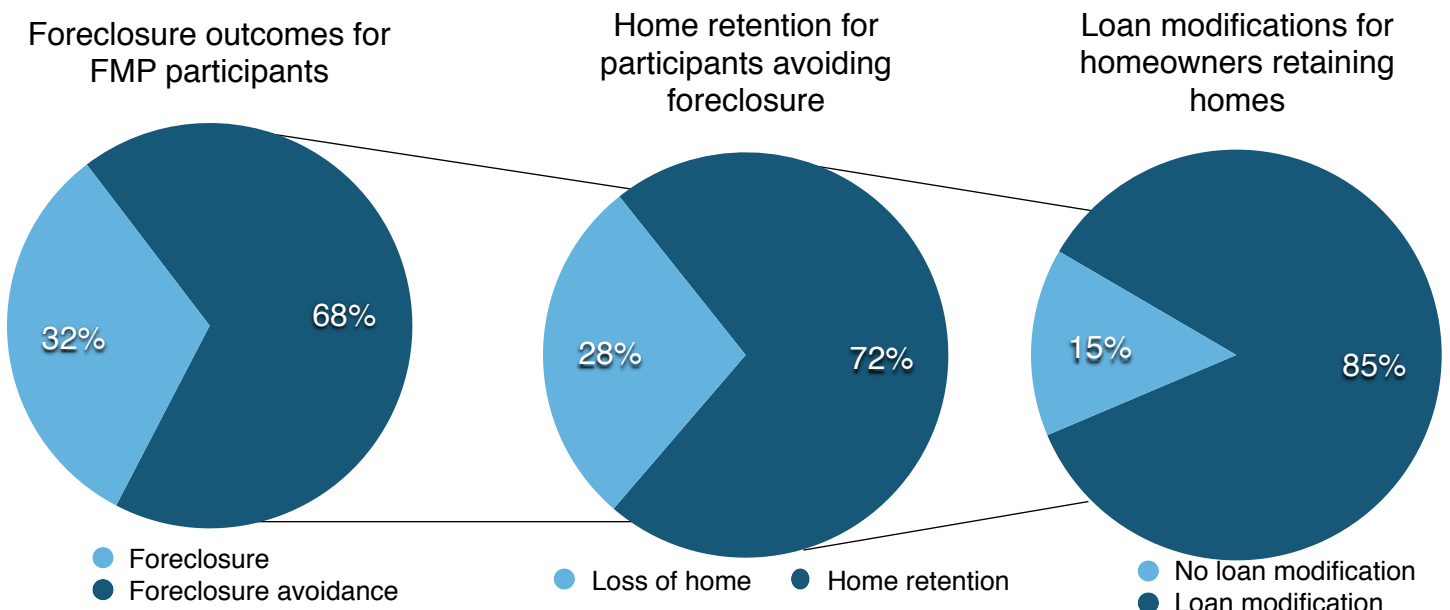
Outcomes
Homeowner retains home: <ul style="list-style-type: none"><li>• With loan modification</li><li>• Without loan modification<ul style="list-style-type: none"><li>• Repayment</li><li>• Reinstatement</li><li>• Partial claim</li></ul></li></ul>
Homeowner does not retain home: <ul style="list-style-type: none"><li>• Sale</li><li>• Short sale</li><li>• Deed-in-lieu of foreclosure</li><li>• Extended law date or sale date</li><li>• Other (cash for keys, for example)</li></ul>
Parties fail to reach agreement:
Mediation terminates: <ul style="list-style-type: none"><li>• Homeowner fails to appear.</li><li>• Homeowner declines further mediation.</li><li>• Homeowner's motion to extend mediation is denied by the judge.</li><li>• Servicer motion for shorter mediation period is upheld by the judge.</li></ul>

One of the key questions motivating FMP program evaluation is whether outcomes for FMP participants are better than they would have been without FMP participation. As explained in the methodology section, we cannot ascribe causality with the data at our disposal, but controlling for various factors and using the best available comparison group, we can illustrate strong correlations and trends.

In this section we discuss the results of our multivariate regression models. Tables 3 through 7 in Appendix B present the full results of both the full and partial models discussed below.

### Are program participants less likely to experience foreclosure than non-program participants?

Figure 9: Outcomes for FMP participants



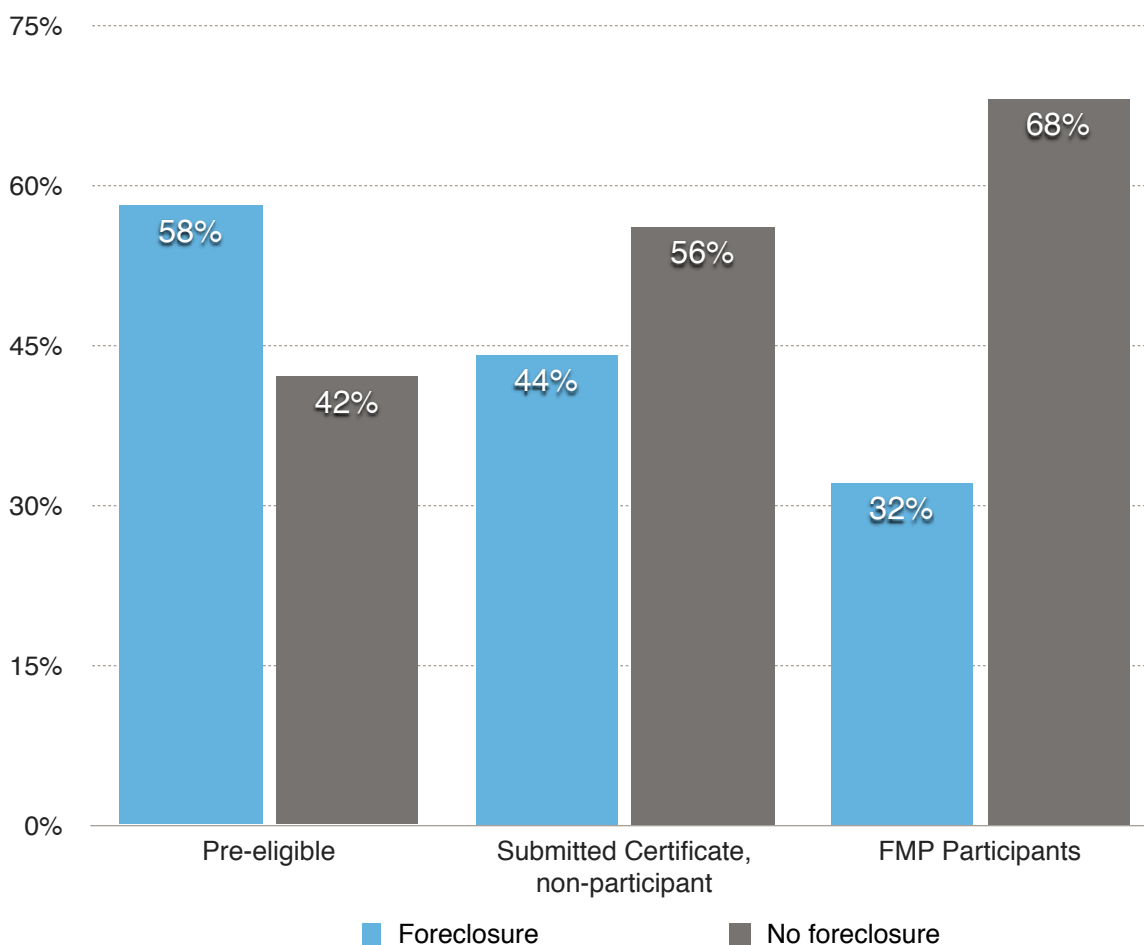
32% of the FMP cases that have been completed have ended in foreclosure. Of the 68% that avoided foreclosure, 72% of the homeowners retained their homes. Of those who retained their homes, 85% received a loan modification.

Figure 10 shows the percentage of cases that ended in foreclosure across three groups of homeowners. Of all pre-eligible cases, 58% ended in foreclosure. Looking at only cases where the defendant had submitted a certificate and been determined to be eligible but not initiated the mediation, the percentage of foreclosures drops below 50% to 44%. Among FMP participants, the percentage is lower still, with only 32% receiving a judgment of foreclosure. While these figures do not control for any other case characteristics, they do mirror the results from the multivariate models discussed below.

In Table 3 (Appendix B) we compare FMP cases and a comparison group of non-FMP cases where homeowners returned the certificate of foreclosure mediation and were eligible but did not initiate mediation. FMP participation correlates with a 13% higher likelihood of avoiding a judgment of foreclosure, a strongly statistically significant result. FMP participation also correlates with an additional case length of 255 days.



Figure 10: Foreclosure rates among three groups of homeowners



Cases that began mediation but terminated without reaching a settlement fared much worse. These cases were 25% more likely to be foreclosed on and took even longer— 320 days more— than non-FMP, comparison group cases.

Looking across other outcomes of interest in the full model presented in Appendix B, cases where mediation was terminated without a settlement were 48.4% less likely to result in home retention, 45.5% less likely to result in loan modification, 85.2% more likely to result in foreclosure, and took 104 more days to resolve than FMP cases that reached settlement.

### **What factors influence a participant’s likelihood of experiencing a given outcome?**

Comparing FMP participant cases with other FMP participant cases, we can explore the rich data collection surrounding participant demographics, plaintiff and defendant behaviors, loan characteristics, and personal economic factors. Tables 4 through 8 in Appendix B display the results of the partial and full statistical models across the outcomes of interest and independent variables of interest. In this section, we discuss how these factors correlated with changes in likelihood to attain certain outcomes.

## Geography

Properties in census tracts abutting urban areas fared best, with outcomes significantly better than those of cases in rural and urban areas. Suburban areas had the lowest foreclosure rates, the highest home retention rates, and the highest loan modification rates of all cases in the FMP. The vast majority of suburban census tracts were in the top quintile for each of those measures.

In urban areas where foreclosure rates are higher, many more homeowners lose their homes. Urban areas such as Hartford, New Haven, Bridgeport, and Waterbury had the highest foreclosure rate of owner-occupied housing units that have mortgages. While some rural census tracts performed more like suburban tracts, others encountered the same problems facing urban Connecticut. The one unique point of analysis of rural locales is that the home liquidation rates are much higher than in urban or suburban areas.

Figure 11: Percentage of finalized FMP cases ending in home liquidation

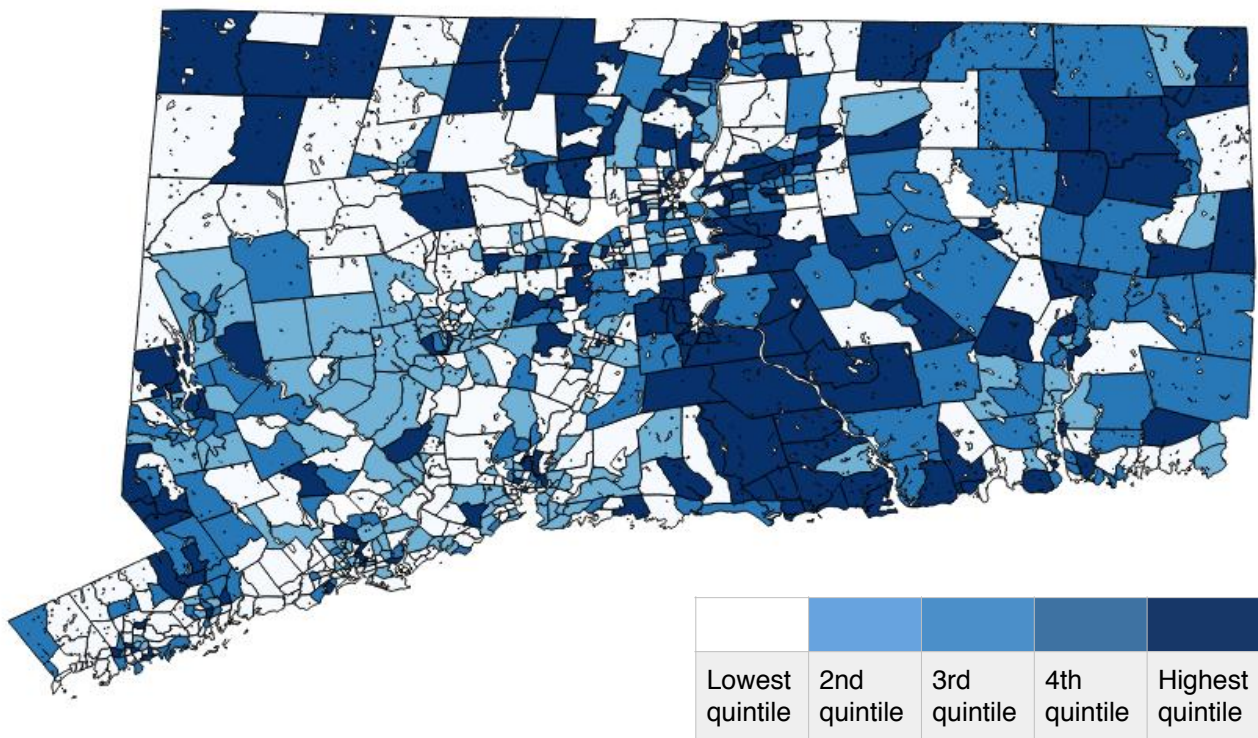


Figure 12: Percentage of finalized FMP cases receiving loan modifications

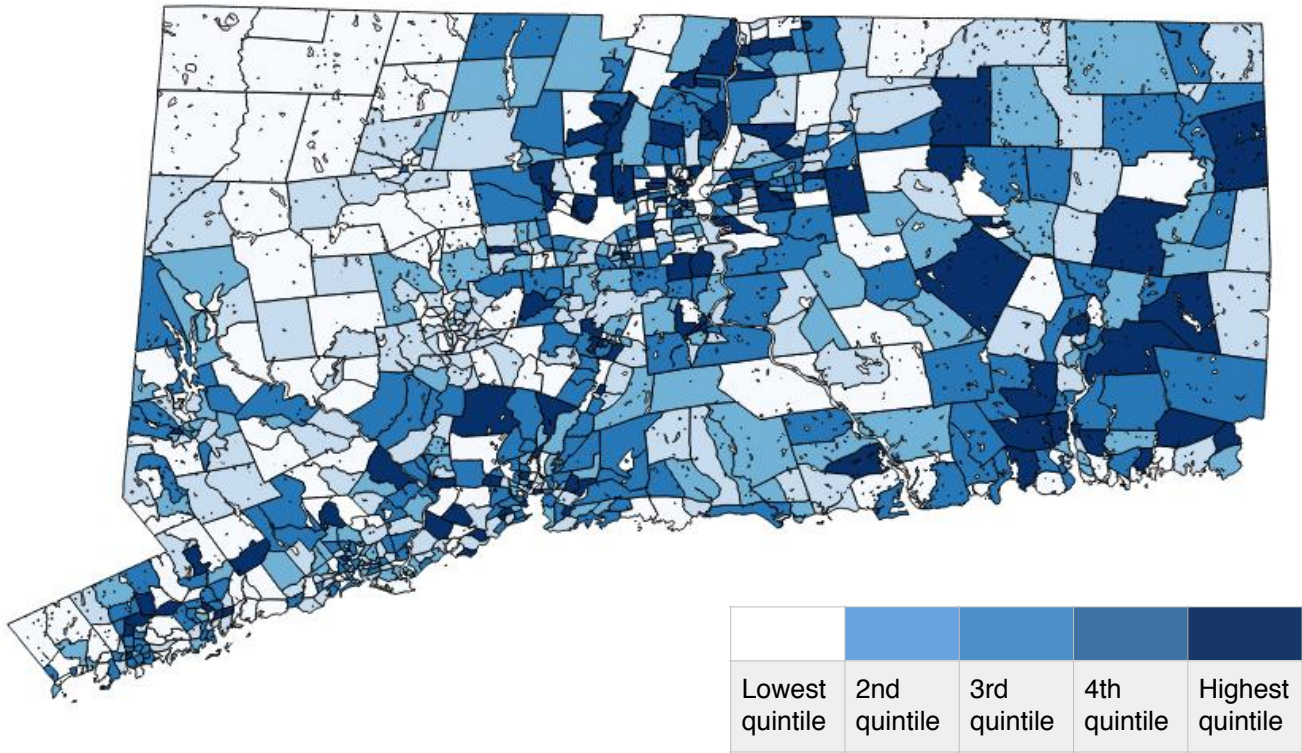
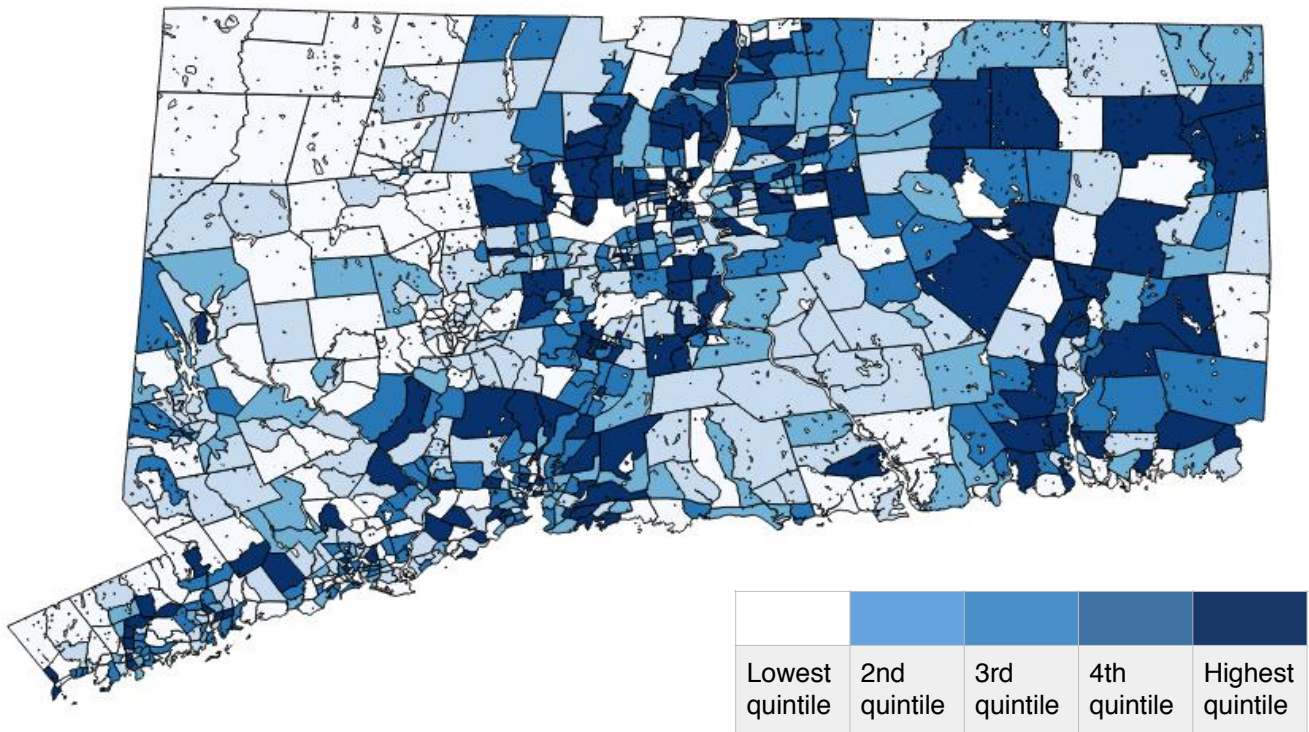


Figure 13: Percentage of finalized FMP cases ending in home retention



### **Race/ethnicity/primary language**

The multivariate model provides almost no evidence of unequal access to justice based on race, ethnicity, or primary language in the FMP. While in the partial model black participants did have longer cases, other outcomes were statistically the same as white participants. Hispanic participants actually had a significantly lower chance of being foreclosed on than white non-Hispanic participants, and otherwise had statistically comparable outcomes. In the full model, controlling for all observed factors, such as personal economic factors and loan characteristics, there were also no statistically significant racial/ethnic differences, except that minority status was statistically significantly correlated with a 7.76% increase in likelihood of loan modification.

### **Personal economic factors**

Personal economic factors were among the most statistically significant correlations with FMP outcomes. Unsurprisingly, higher income statistically significantly tracked onto higher likelihood of home retention, loan modification, and a lower likelihood of being foreclosed on, whereas unemployment and bankruptcy had the opposite effect, which was also significant. One of the strongest findings was that divorce is strongly and significantly correlated with outcomes such as loss of home, liquidation of home, no loan modification, and foreclosure. This is possibly because a home bought on two incomes can no longer be sustained on one income after a divorce.

### **Loan characteristics**

Certain loan characteristics are also significantly correlated with home retention, though less significantly than with other outcomes of interest. In the full model that controls for all characteristics, \$100,000 more in unpaid mortgage principal correlates with an 8% reduction in the likelihood of home retention, and a 3% higher interest rate correlates with a 7.2% reduction in likelihood of home retention. Given that the overall home retention rate for those in the program whose cases had been completed was just above 40%, a 7-8% difference is about 0.2 standard deviations, a not insignificant change.

### **Length of mediation and foreclosure process**

One of the critical indicators of success for the FMP is how long it takes for a case in mediation to be settled or otherwise terminated and how that compares with other, non-mediated foreclosure cases. Pre-eligible (mortgage foreclosure) cases last an average of 354 days and cases for homeowners who submitted Mediation Program Certificates but did not attend mediation take an average of only 358 days. Recognizing that the “Certificate-submitted eligible non-participant” group may differ from the FMP participants, we use the non-participants here as a tentative comparison group, since they may more closely approximate the FMP participant group than the general pre-eligible group does. Mediated

Figure 14: Average length of time for total foreclosure and mediation process

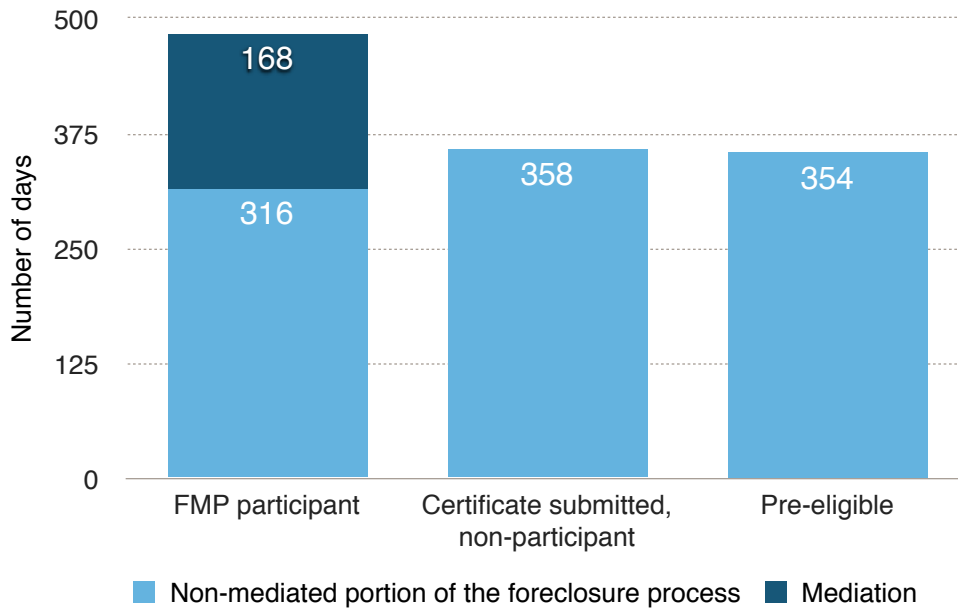
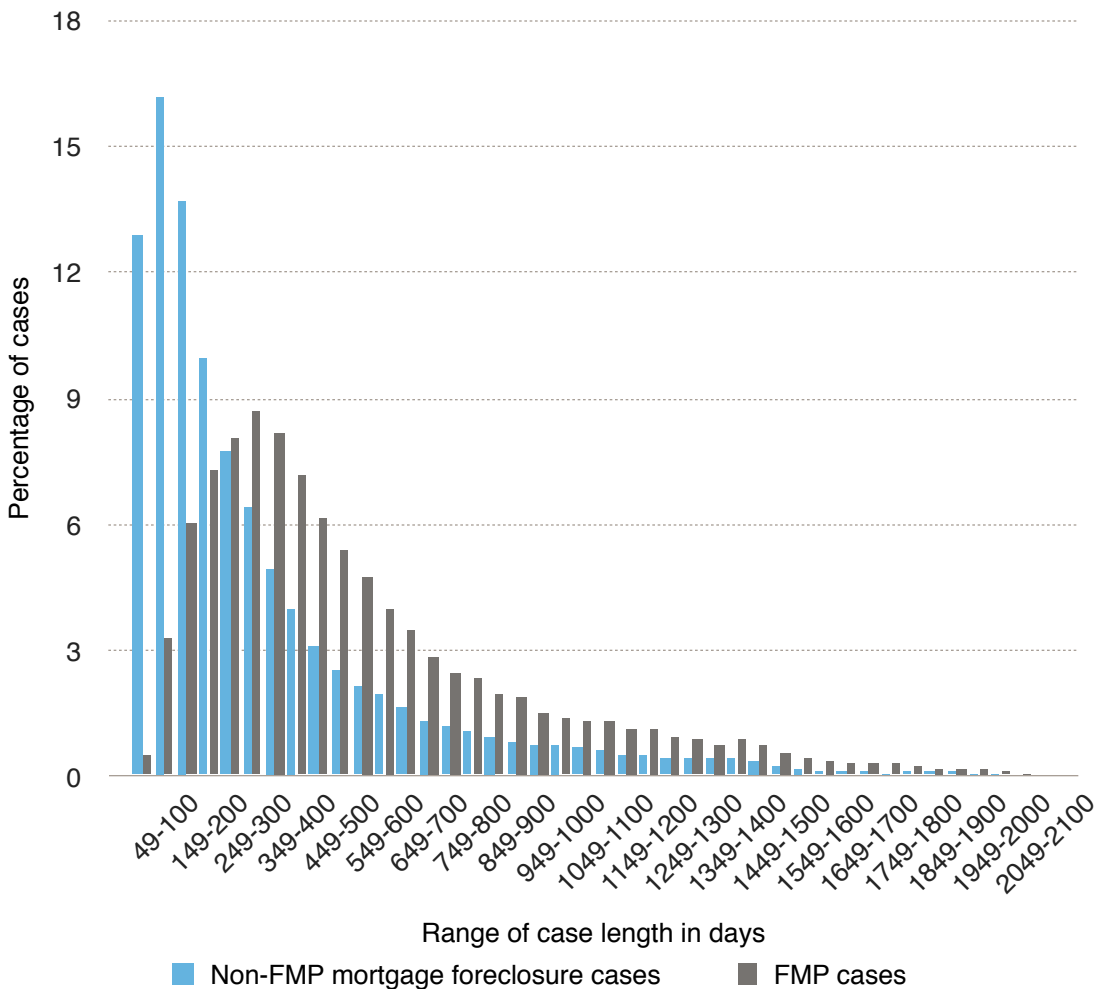


Figure 15: Case length for FMP and non-FMP mortgage foreclosure cases



cases last on average 484 days, 35% longer than Certificate-submitting eligible non-participants. The following graph shows case length (measured by days from file date to disposition date) for three groups of cases. However, cases in which the plaintiff demonstrated behavior consistent with the objectives of mediation last on average only 30 days longer than non-FMP cases. The effect of plaintiff behavior on the length of FMP cases is discussed in more detail below. Attempts to decrease case length should consider the finding that one major factor in FMP case length is plaintiff behavior.

### **Defendant and plaintiff behavior**

One of the most salient factors affecting program outcomes is the behavior of the parties in mediation. Over time, more indicators surrounding party behavior have been added into the data collection regimen to better capture behaviors that are in keeping with the objectives of the mediation. The newest indicators have shown the strongest correlations across different FMP outcomes. Cases where defendants and/or plaintiffs behaved consistently with the objectives of the mediation were significantly more likely to result in foreclosure avoidance, home retention, and loan modification. Particular to plaintiff behavior, when plaintiff's conduct was consistent with the objectives of mediation, the case was nearly 70 days shorter.

Five indicators of party behavior tracked by the Judicial Branch correlate closely with case length. These five indicators include whether plaintiff/defendant appeared at mediation, whether they were prepared, whether they motioned to extend the mediation process, and whether they had the ability to mediate. Prior to the passage of PA No. 13-136, mediators tracked three indicators: appearance at mediation, preparation for mediation, and request for continuation. PA No. 13-136 required mediators to submit to the court a report responding to two additional questions:

1) Did the parties engage in conduct consistent with the objectives of the mediation program?

2) Did the parties possess the ability to mediate?

On all five indicators, homeowners outperformed servicers, although not always by statistically significant margins. That is to say, plaintiffs (or their attorneys) were more likely to be unprepared, to file a continuance, to engage in conduct inconsistent with the objectives of the mediation program, not to possess the ability to mediate, or not to make an appearance. These differences in behavior are correlated with the length of the case, both in and out of mediation. On average, mediations in cases in which servicers were acting consistently with the objectives of the mediation lasted only 30 days longer than non-FMP cases, while cases in which servicers were acting inconsistently with mediation objectives lasted 120 days longer. The same effect is not seen in how consistent the homeowner's behavior was with the objectives of the mediation, with the two groups having the same case length, statistically speaking. Cases in which homeowners' behavior was or was not

consistent with the objectives last almost exactly the same amount of time in mediation (168 and 165 days, respectively).

Our analysis identified two specific servicers that were less likely to appear, be prepared, have conduct in keeping with the objectives of mediation, or have the ability to mediate. The case length for these servicers differs in a statistically significant way from other servicers. Not only are the two servicers identified less likely to perform well on the indicators of behavior consistent with mediation, but cases brought by these servicers last for an unusually long amount of time. An average FMP case takes 484 days from filing. A case with a plaintiff whose behavior was consistent with the mediation objectives lasts, on average, 388 days. The average case length for the two servicers least likely to have conduct in keeping with the mediation objectives is more than 537 days.

## **Sustainability and Program Reentry**

### **Are the successful outcomes of program participants sustainable over time?**

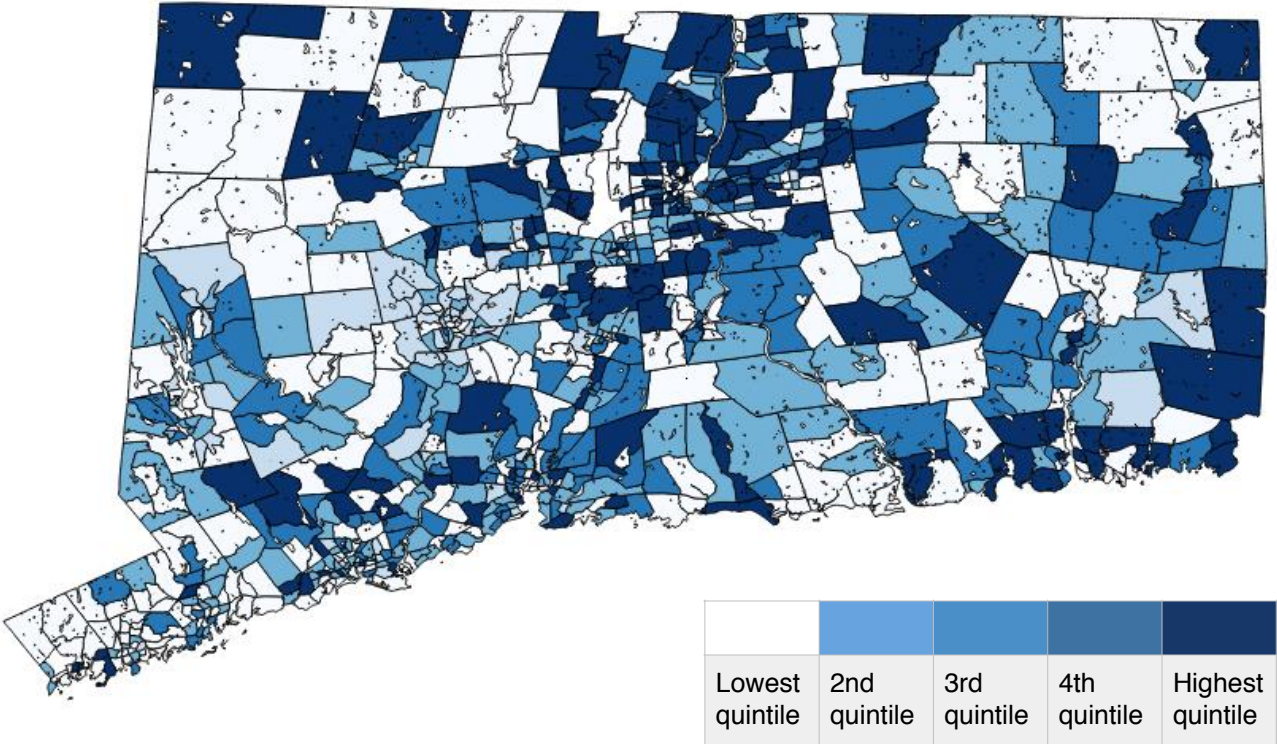
One central criticism of foreclosure mediation is that there is the potential for homeowners to retain their homes only to find themselves again in threat of foreclosure after a short period of time. If this were prevalent enough, the resulting use of system resources could threaten the sustainability of the program. If program reentry rates are high, however, and the homeowner returns to foreclosure soon after the mediation settles, then this phenomenon should be relatively easy to observe. With a six-year program history and average case length within FMP at 484 days, the current data provide ample opportunity to test whether or not program reentry is a major threat.

According to data collected by mediators on whether current FMP participants had previously participated in FMP, program reentry stands at 11%. An address matching strategy we used to check this figure returned an estimate of reentry around 9%, in line with the data from FMP dataset. It appears that about 10% of cases mediated through the FMP program reenter foreclosure proceedings after exiting the FMP. It should also be noted that for many participants, the mediation process had been suspended for a time rather than fully settled, so their return to the mediation process could be seen as continuing mediation rather than full reentry, even though they would be counted as a reentry in the dataset. The key demographics for reentry are that retired homeowners are statistically significantly more likely to reenter, although the difference is unsubstantial, at 1.1%.

Geographically speaking, suburban areas had the highest instance of program reentry. The link between high levels of outcomes such as home retention and loan modification (which the suburbs also had) and high levels of reentry may be explained simply by the fact that higher levels of home retention and loan modifications increase the total number of cases for which reentry is possible. In urban areas where foreclosures are higher, many more homeowners lose their homes, which also effectively bans them from reentering the FMP

because they would have to be able to purchase another house and then face foreclosure in that house within the timeframe of the FMP.

Figure 16: Participation by prior FMP participants as a percentage of FMP cases





## V. Conclusion

The Connecticut Judicial Branch's Foreclosure Mediation Program served homeowners in over 31,000 foreclosure cases between mid-2008 and mid-2014. FMP program participants are evenly divided between men and women. Participant racial and ethnic demographics broadly reflect the demographic composition of Connecticut, although black homeowners are overrepresented and white homeowners are underrepresented relative to the general population. Income levels, mortgage PITI, and outstanding loan amounts of participants all indicate that the FMP primarily serves low- and middle-income homeowners.

Without knowing how many "pre-eligible" foreclosure cases are eligible for FMP participation, it is not possible to determine an accurate participation rate. However, data show that homeowners in 46% of cases designated FMP pre-eligible by the Judicial Branch submit Foreclosure Mediation Certificates. 72% of those homeowners attend an initial meeting with a mediator. These results suggest that efforts to improve FMP participation rates should focus on increasing participation by pre-eligible homeowners.

FMP participation is correlated with lower rates of foreclosure when compared both with general mortgage foreclosures and with a group of FMP-eligible homeowners. Factors that are closely tied to a homeowner's likelihood of experiencing foreclosure include personal economic factors and plaintiff and defendant conduct. Low income, unemployment, bankruptcy, and divorce are indicative of higher likelihood of a judgment of foreclosure and lower chances of home retention and loan modification. Lack of plaintiff and defendant conduct consistent with objectives of the mediation also is strongly correlated with increased foreclosure rates, decreased rates of home retention and loan modification, and increased case length, meaning that a defendant in a case where the plaintiff acts inconsistently with the objectives of the mediation may be more likely to receive a judgment of foreclosure. Additionally, while plaintiffs may be dissatisfied with the length of time mediation adds to the foreclosure process, the data reveal that plaintiff action is the most statistically significant factor tied to case length.

Program results appear to be largely sustainable; in the first 6 years of the program, approximately 10% of homeowners reentered the program. The Judicial Branch reports that many of those homeowners may actually be continuing an ongoing case, which means that program reentry rates are fairly low and that positive effects for homeowners appear to be sustainable over time.

We suggest a subsequent evaluation that examines the causal impact and cost effectiveness of the program using an experimental design such as a randomized encouragement design.

## References

- <sup>1</sup> Department of Housing and Urban Development, Department of Justice, "Emerging Strategies for Effective Foreclosure Mediation Programs" available at <http://www.justice.gov/atj/effective-mediation-prog-strategies.pdf>.
- <sup>2</sup> National Conference of State Legislatures, "Foreclosures 2013 Legislation" available at <http://www.ncsl.org/research/financial-services-and-commerce/foreclosures-2013-legislation.aspx>
- <sup>3</sup> Department of Justice, "Emerging Strategies for Effective Foreclosure Mediation Programs"
- <sup>4</sup> Department of Justice, "Emerging Strategies for Effective Foreclosure Mediation Programs" 7
- <sup>5</sup> Urban Institute, "NeighborWorks America National Foreclosure Mitigation Counseling Program Evaluation Preliminary Analysis of Program Effects: September 2010 Update"
- <sup>6</sup> CGS (Supp.14) §49-31 k(7)

## Appendix A

<b>Data dictionary: Variables used in models</b>	
<b>Variable label</b>	<b>Description</b>
Black	Equals 1 if participant is African-American or Black
Hispanic	Equals 1 if participant is Hispanic/Latino
Black and/or hispanic	Equals 1 if participant is African-American, Black, and/or Hispanic/Latino
Spanish as primary language	Equals 1 if participant speaks Spanish as primary language
Income quintile	Quintile defined by CT income quintiles: equals 1 if income is below \$25,000; equals 2 if income is between \$25,000 and \$50,000; equals 3 if income is between \$50,000 and \$80,000; equals 4 if income is between \$80,000 and \$130,000; equals 5 if income is above \$130,000
Income (\$1000s)	Self-reported homeowner income (in \$1000s), collected at initial meeting
Divorced	Equals 1 if participant is divorced
Retired	Equals 1 if participant is retired
Unemployed	Equals 1 if participant is unemployed
Self-employed	Equals 1 if participant is self-employed
Bankrupt	Equals 1 if participant is filing for Ch 7 or Ch 13 bankruptcy
Plaintiff appeared	Equals 1 if plaintiff (servicer) appeared at the mediation session
Plaintiff was prepared	Equals 1 if plaintiff (servicer) was prepared for all mediation sessions
Defendant appeared	Equals 1 if defendant (homeowner) appeared at the mediation session
Defendant was prepared	Equals 1 if defendant (homeowner) was prepared for all mediation sessions
Plaintiff attorney appeared	Equals 1 if plaintiff's attorney appeared at the mediation session
Defendant attorney appeared	Equals 1 if defendant's attorney appeared at the mediation session
Plaintiff contacted mediator at least once	Equals 1 if plaintiff contacted the mediator prior to the mediation session
Number of times plaintiff contacted mediator	Number of times the plaintiff contacted the mediator prior to the mediation session
Defendant contacted mediator at least once	Equals 1 if defendant contacted the mediator prior to the mediation session
Number of times defendant contacted mediator	Number of times the defendant contacted the mediator prior to the mediation session
Plaintiff's conduct consistent with mediation	Equals 1 if plaintiff's conduct was consistent with the objectives of the mediation in all mediation sessions per the mediator
Defendant's conduct consistent with mediation	Equals 1 if defendant's conduct was consistent with the objectives of the mediation in all mediation sessions per the mediator

## Appendix A

<b>Data dictionary: Variables used in models</b>	
Mediation terminated without settlement	Equals 1 if the mediation was terminated without a settlement being reached
Outstanding principal amount on mortgage	Dollar amount of outstanding principal on the mortgage of the property in question
Total loan amount when originated	Dollar amount of the mortgage when it was originated for the property in question
Interest rate	Current interest rate of the mortgage on the property in question at the time of initial mediation session
Defendant self-represented	Equals 1 if the defendant is self-represented during the foreclosure proceedings
Note: Non-hispanic whites were the omitted race/ethnicity category in the models, so all parametric estimates were in reference to non-hispanic whites	

Appendix B

Table 3: Point estimates from OLS regressions of FMP participation status on outcomes of interest		
	Outcomes of interest	
	Judgment of foreclosure	Case length (days)
<b>Panel A: Correlation between FMP participation and outcomes of interest</b>		
Coefficient on FMP participation	-0.134*** (0.00990)	255.3*** (6.790)
<b>Panel B: Correlation between mediation terminated without settlement and outcomes of interest</b>		
Coefficient on mediation terminated without settlement	0.253*** (0.0307)	320.3*** (19.80)
<i>Notes</i>	<i>(Controlling for census tract)</i> Standard errors in parentheses * p<0.10 ** p<0.05 *** p<.01 FMP participation defined as cases in which mediation was initiated. Comparison group defined as cases coded as FMP pre-eligible in which homeowners returned an FMP Certificate and were confirmed as eligible but did not initiate mediation.	

**Table 4: LOGIT and OLS coefficients for race, ethnicity, and language on FMP outcomes of interest**

Model:	Home retention		Home liquidation		Loan modification		Judgment of foreclosure		Case length (days)	
	Partial	Full	Partial	Full	Partial	Full	Partial	Full	Partial	Full
<b>Black</b>	0.0133 (0.0587)		-0.0346 (0.0409)		0.0298 (0.0560)		0.0133 (0.0586)		48.48** (23.67)	
<b>Hispanic</b>	0.0877 (0.0534)		0.0136 (0.0374)		0.0806 (0.0511)		-0.0889* (0.0520)		-39.00* (21.79)	
<b>Black and/ or hispanic</b>	0.0692 (0.0458)	0.0753 (0.0635)	-0.0178 (0.0320)	-0.0193 (0.0420)	0.0776* (0.0437)	0.103 (0.0626)	-0.0417 (0.0450)	0.0601 (0.0654)	-2.261 (18.78)	-7.377 (27.27)
<b>Spanish as primary language</b>	-0.0340 (0.0317)	-0.0326 (0.121)	0.00915 (0.0209)	0.0535 (0.0802)	0.00276 (0.0305)	-0.0114 (0.119)	-0.0179 (0.0325)	-0.144 (0.124)	30.66* (17.82)	-55.90 (51.75)
<i>Notes</i>	<i>Standard errors (in parentheses) clustered by zip code</i>					* p<0.10 ** p<0.05 *** p<.01				

**Table 5: LOGIT and OLS coefficients for personal economic factors on FMP outcomes of interest**

Model:	Home retention		Home liquidation		Loan modification		Judgment of foreclosure		Case length (days)	
	Partial	Full	Partial	Full	Partial	Full	Partial	Full	Partial	Full
<b>Income quintile</b>	0.0771*** (0.0161)	0.0867*** (0.0262)	-0.0187* (0.0112)	-0.00838 (0.0173)	0.0780*** (0.0155)	0.0800*** (0.0258)	-0.065*** (0.0183)	-0.082*** (0.0302)	-18.03** (7.940)	-4.221 (12.59)
<b>Income (\$1000s)</b>	0.0025*** (0.000575)		-0.000619 (0.000400)		0.0026*** (0.000552)		-0.002*** (0.000644)		-0.616** (0.279)	
<b>Divorced</b>	-0.119*** (0.0198)	-0.221*** (0.0741)	0.0376*** (0.0132)	0.106** (0.0490)	-0.091*** (0.0191)	-0.166** (0.0730)	0.0847*** (0.0206)	0.0806 (0.0955)	-8.256 (11.17)	-4.074 (39.80)
<b>Retired</b>	0.0171 (0.0148)	0.00897 (0.0538)	-0.029*** (0.00984)	-0.00343 (0.0356)	0.0137 (0.0142)	0.0534 (0.0531)	-0.0170 (0.0154)	-0.0466 (0.0616)	16.42** (8.343)	-12.76 (25.67)
<b>Unemployed</b>	-0.0678** (0.0286)	0.167 (0.105)	0.0199 (0.0190)	-0.0402 (0.0698)	-0.090*** (0.0275)	0.173* (0.104)	0.0840*** (0.0295)	-0.0356 (0.110)	30.86* (16.02)	63.44 (45.86)
<b>Self-employed</b>	0.0145 (0.0169)		-0.060*** (0.0112)		0.0356** (0.0163)		-0.0117 (0.0175)		32.86*** (9.493)	
<b>Bankrupt</b>	-0.077*** (0.0231)	0.0137 (0.0763)	0.0174 (0.0154)	-0.0370 (0.0505)	-0.061*** (0.0223)	0.0116 (0.0752)	0.0996*** (0.0238)	0.145* (0.0860)	33.30** (12.92)	43.65 (35.83)
<i>Notes</i>	<i>Standard errors (in parentheses) clustered by zip code</i>					* p<0.10 ** p<0.05 *** p<.01				

**Table 6: LOGIT and OLS coefficients for plaintiff and defendant behavior on FMP outcomes of interest**

Model:	Home retention		Home liquidation		Loan modification		Judgment of foreclosure		Case length (days)	
	Partial	Full	Partial	Full	Partial	Full	Partial	Full	Partial	Full
<b>Plaintiff appeared</b>	0.0148	-0.152	0.0326**	0.0412	0.0401*	-0.119	-0.0492**	0.163	-13.42	89.02
	(0.0218)	(0.169)	(0.0145)	(0.112)	(0.0210)	(0.167)	(0.0219)	(0.197)	(11.87)	(82.07)
<b>Plaintiff was prepared</b>	0.0255	0.155	-0.0342*	-0.0491	0.0418	0.277	-0.00134	0.122	19.34	40.09
	(0.0292)	(0.192)	(0.0195)	(0.127)	(0.0281)	(0.190)	(0.0282)	(0.258)	(15.32)	(107.5)
<b>Defendant appeared</b>	0.00722	0.0499	0.00388	0.181	0.0213	0.0715	-0.0326	-0.0491	35.89**	59.06
	(0.0292)	(0.178)	(0.0194)	(0.118)	(0.0280)	(0.176)	(0.0282)	(0.248)	(15.29)	(103.2)
<b>Defendant was prepared</b>	0.0250	0.00103	-0.0240	0.141	0.0137	-0.0847	-0.0678**	-0.242	3.722	7.448
	(0.0321)	(0.262)	(0.0214)	(0.174)	(0.0309)	(0.258)	(0.0296)	(0.248)	(16.05)	(103.3)
<b>Plaintiff attorney appeared</b>	0.0107	-0.384	-0.0340	-0.322	0.0338	-0.488	-0.0359	0.280	37.69**	-6.527
	(0.0316)	(0.368)	(0.0211)	(0.243)	(0.0305)	(0.362)	(0.0310)	(0.297)	(16.82)	(123.9)
<b>Defendant attorney appeared</b>	-0.00522	0.155	-0.0226**	-0.0498	0.000112	0.165*	0.0264*	0.0452	60.10***	85.98*
	(0.0155)	(0.0985)	(0.0104)	(0.0652)	(0.0150)	(0.0971)	(0.0160)	(0.117)	(8.613)	(48.96)
<b>Plaintiff contacted mediator at least once</b>	-0.0322	0.437	0.0179	0.350	-0.0467	0.421	-0.0476	0.0326	-11.16	-368.0
	(0.0436)	(0.376)	(0.0291)	(0.249)	(0.0419)	(0.370)	(0.0455)	(0.557)	(24.68)	(232.4)
<b>Number of times plaintiff contacted mediator</b>	-0.0252	-0.176	0.0106	-0.0409	-0.0266	-0.145	0.0259	0.290	-16.96	253.3*
	(0.0285)	(0.201)	(0.0190)	(0.133)	(0.0273)	(0.198)	(0.0302)	(0.353)	(16.35)	(147.0)
<b>Defendant contacted mediator at least once</b>	-0.0123	-0.532*	0.0116	-0.131	-0.0411	-0.601**	-0.0161	0.0316	20.16	232.4
	(0.0336)	(0.302)	(0.0225)	(0.200)	(0.0323)	(0.298)	(0.0342)	(0.595)	(18.56)	(248.2)



**Table 6: LOGIT and OLS coefficients for plaintiff and defendant behavior on FMP outcomes of interest**

<b>Number of times defendant contacted mediator</b>	0.00262	0.104	0.00500	0.00200	-0.0133	0.0923	-0.00922	-0.300	-0.804	-293.2
	(0.0163)	(0.123)	(0.0109)	(0.0817)	(0.0157)	(0.122)	(0.0136)	(0.477)	(7.372)	(199.0)
<b>Plaintiff's conduct consistent with mediation</b>	0.0626** *	0.0835	-0.0165*	-0.0439	0.0535* **	0.103*	-0.0663** *	-0.0673	-76.99** *	-67.95**
	(0.0138)	(0.0545)	(0.00924)	(0.0361)	(0.0133)	(0.0538)	(0.0141)	(0.0593)	(28.30)	(29.14)
<b>Defendant's conduct consistent with mediation</b>	0.302***	0.398***	0.0447*	0.0902	0.245** *	0.361** *	-0.267***	-0.420* **	-8.761	-59.94
	(0.0335)	(0.0819)	(0.0240)	(0.0591)	(0.0321)	(0.0808)	(0.0568)	(0.154)	(40.24)	(77.63)
<i>Notes</i>	<i>Standard errors (in parentheses) clustered by zip code</i>					* p<0.10 ** p<0.05 *** p<.01				

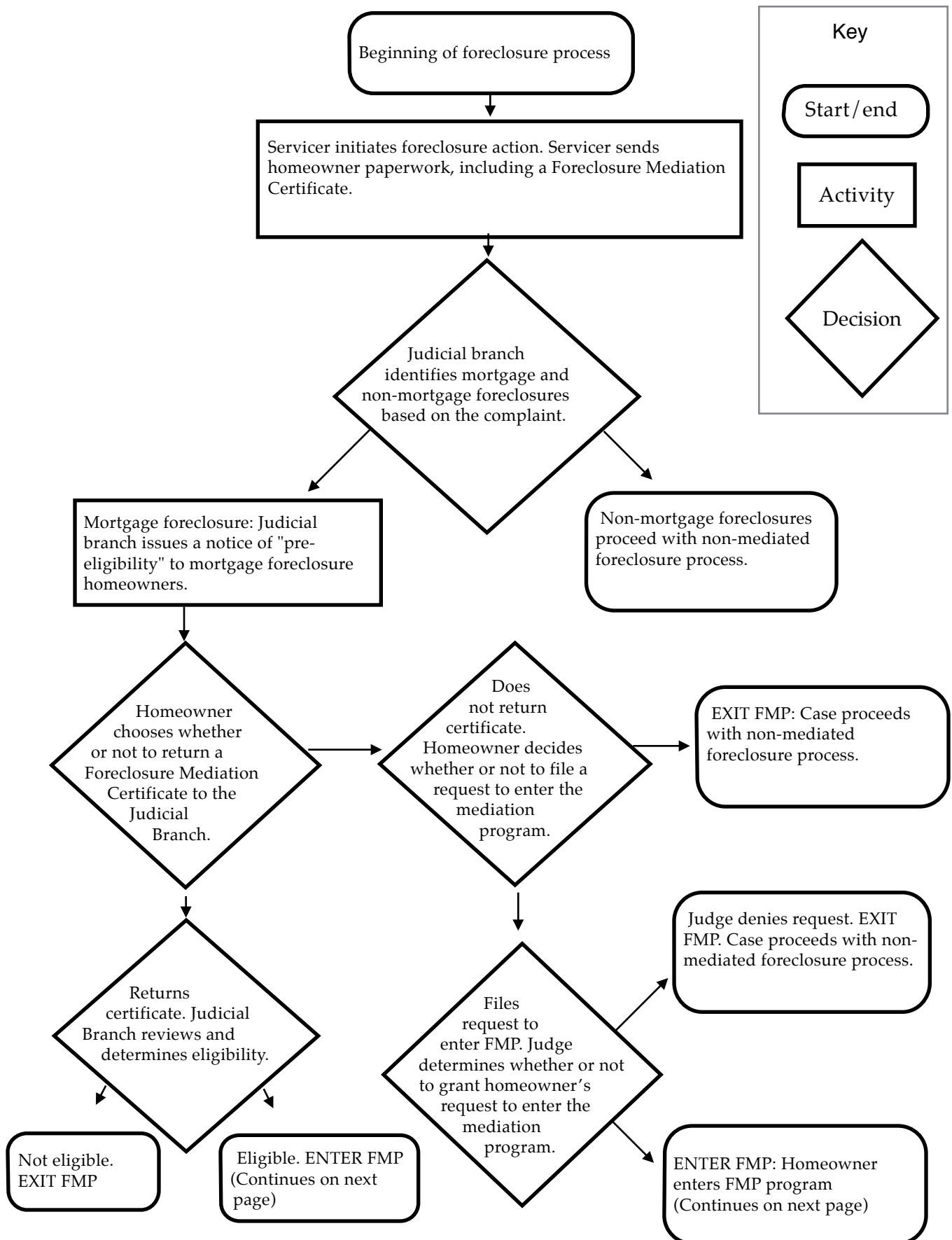
**Table 7: LOGIT and OLS coefficients for mediation terminated without settlement on FMP outcomes of interest**

	Home retention		Home liquidation		Loan modification		Judgment of foreclosure		Case length (days)	
	Partial	Full	Partial	Full	Partial	Full	Partial	Full	Partial	Full
Model:										
<b>Mediation terminated without settlement</b>	-0.463***	-0.484***	-0.0766***	-0.0580	-0.381***	-0.455***	0.495***	0.852***	81.73***	104.0*
	(0.0215)	(0.0885)	(0.0144)	(0.0608)	(0.0210)	(0.0875)	(0.0263)	(0.140)	(19.12)	(53.98)
Notes	Standard errors (in parentheses) clustered by zip code					* p<0.10 ** p<0.05 *** p<.01				

**Table 8: LOGIT and OLS coefficients for loan characteristics on FMP outcomes of interest**

Model:	Home retention		Loan modification		Judgment of foreclosure		Case length (days)	
	Partial	Full	Partial	Full	Partial	Full	Partial	Full
<b>Outstanding principal amount on mortgage</b>	-0.0000002*** (6.40e-08)	-0.0000008** (0.0000004)	-4.45E-08 (6.17e-08)	-0.0000006 (0.0000004)	9.11E-08 (6.87e-08)	0.0000002 (0.0000004)	0.00007* (0.00004)	0.000114 (0.0002)
<b>Total loan amount when originated</b>	-0.0000001*** (3.74e-08)	-1.18E-09 (0.0000003)	-6.51e-08* (3.60e-08)	3.55E-08 (0.0000003)	2.18E-08 (2.28e-08)	4.59E-08 (0.0000002)	0.000003 -0.00001	-0.00006 (0.00008)
<b>Interest rate</b>	-0.00663* (0.00361)	-0.0240* (0.0125)	0.000636 (0.00348)	-0.0174 (0.0124)	-0.00351 (0.00381)	-0.0120 (0.0137)	15.15*** (2.062)	-3.751 (5.709)
<i>Notes</i>	<i>Standard errors (in parentheses) clustered by zip code</i>				* p<0.10 ** p<0.05 *** p<.01			

FMP Process



## FMP Process

