



Help for America's Homeowners

  
MAKING HOME AFFORDABLE

# Making Home Affordable

*Lessons Learned Series: Customer Care*



Tools and Resources



Evaluation &  
Communication  
Standards



Escalation and  
Resolution Process



Financial Counseling



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# Customer Care

Making Home Affordable (MHA) established standards for affordable and sustainable foreclosure prevention solutions, and customer service relationships between mortgage servicers and homeowners. From its inception, MHA sought to make the homeowner's experience as transparent and predictable as possible. This effort included partnering with stakeholders and requiring servicers to exhibit high professional standards of care in all interactions with homeowners.



Tools and Resources



Evaluation &  
Communication  
Standards

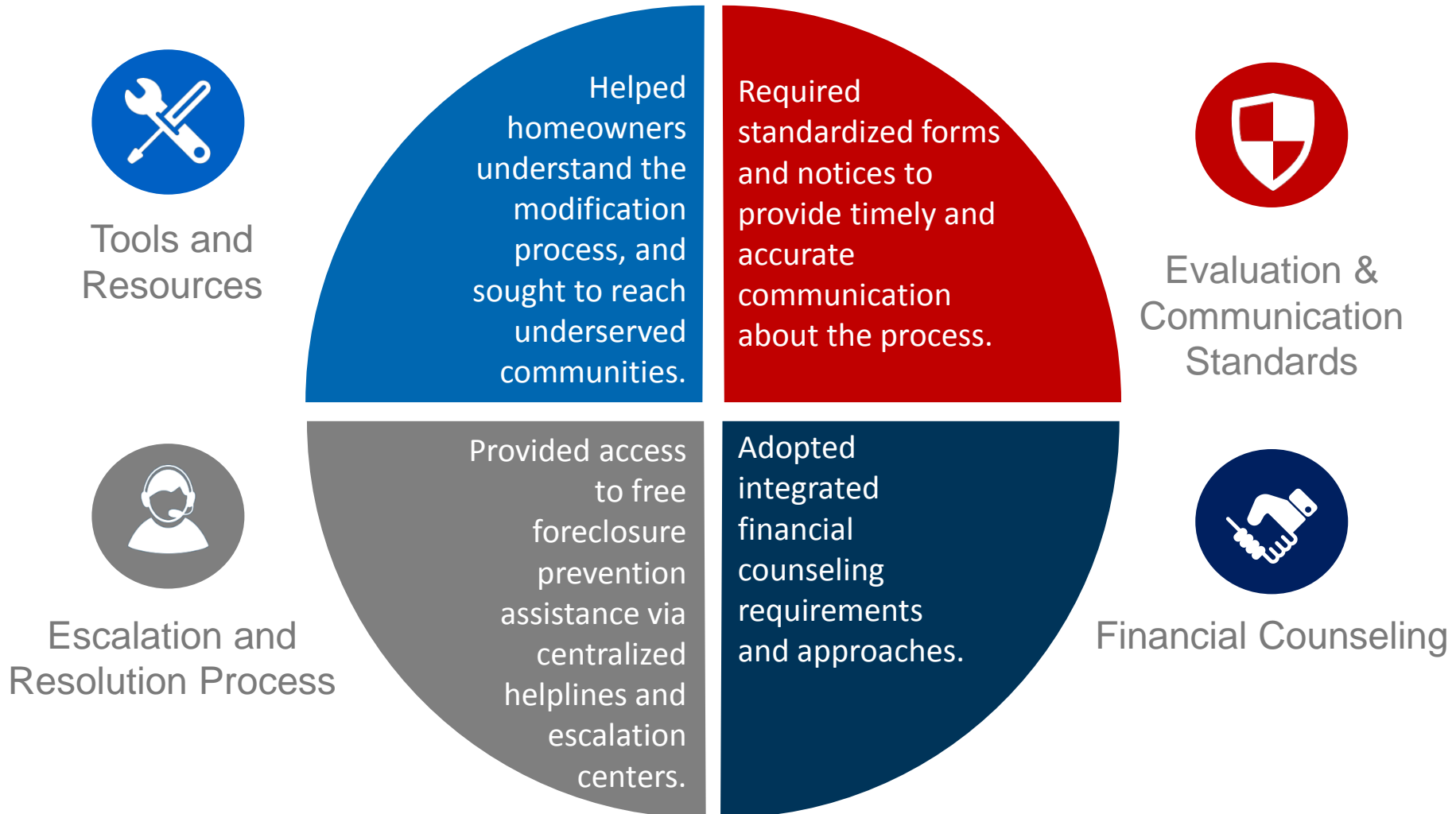


Escalation and  
Resolution Process



Financial Counseling

# Major Elements of Customer Care in MHA





# Tools and Resources

Ensured transparency of the process to obtain mortgage assistance for the protection of all parties.

## CheckMyNPV.com:

- Free web-based tool designed to: assist homeowners in understanding the Home Affordable Modification Program (HAMP®) net present value (NPV) evaluation process; allow homeowners to conduct an NPV self-evaluation of their mortgage; and facilitate dialogue between homeowners and servicers about the factors considered in the NPV evaluation and HAMP application process.

## MHA Support Centers:

- **Homeowner's HOPE™ Hotline:** 24-hour helpline operated by the non-profit Homeownership Preservation Foundation provided free foreclosure prevention information and housing counseling referrals.
- Assisted homeowners with questions about their eligibility for MHA programs, and connected homeowners with detailed program or denial questions to the MHA escalation centers.

## Outreach and Borrower Intake Project:

- A nationwide network of HUD-approved housing counseling agencies engaged by Treasury to increase outreach and support to homeowners who were potentially eligible for MHA, but may not have responded to traditional outreach methods.



# MHA Homeowner Assistance Call Centers



## MHA SUPPORT CENTER STATISTICS



More than  
**5M**  
Calls Received at  
**1-888-995-HOPE™**



**2.8M**  
Homeowners Referred for  
Free Housing Counseling  
Assistance through the  
**Homeowner's HOPE™**  
Hotline



**60K**  
Escalations Resolved\*



**22 DAYS**  
Average Time to  
Resolve Escalations\*\*

\* Excludes escalations that did not require servicer action.

\*\* Non-GSE escalations resolved since 2/1/11.



# Outreach and Borrower Intake Project

Treasury partnered with NeighborWorks America to implement the MHA Outreach and Borrower Intake Project. This partnership utilized a nationwide network of housing counseling organizations to reach homeowners who were potentially eligible for MHA, but may not have responded to traditional outreach methods. Participating HUD-approved counseling agencies conducted targeted local outreach, provided preliminary assessments of a homeowner's eligibility for MHA, and helped homeowners complete and submit applications for assistance under MHA.

- NeighborWorks® expanded program outreach efforts:
  - Arranged for trained housing counselors to be available at each Treasury MHA outreach event.
  - Planned and conducted targeted, counselor-led homeowner outreach events.
  - Offered participating agencies and their counselors a variety of webinars and place-based training, including a two-day, in-person training course through the NeighborWorks Training Institute on how to help homeowners obtain MHA assistance.

Outreach and Training	Number of Events
<b><i>Outreach</i></b>	
Traditional	15
Counselor Led	11
<b><i>Training</i></b>	
In-Person	14
Web-Based	8



# Evaluation & Communication Standards

Ensured that there was a simple process in place for homeowners to seek mortgage assistance and that as many homeowners as possible were able to easily obtain the needed and appropriate level of assistance.

## Single Point of Contact for Homeowner Assistance:

- Required the largest servicers participating in MHA to establish and implement a process through which homeowners would be assigned a relationship manager to serve as their single point of contact throughout the resolution process.

## Simplification of Documentation and Submission Methods:

- Created a uniform application that all homeowners seeking MHA assistance were required to complete. Initially called the Request for Modification and Affidavit, this application was later renamed the Request for Mortgage Assistance or RMA form.

## Standardization of Communications:

- Established standards for communications, solicitations, and notices that provided consistency to similarly situated homeowners.

## Foreclosure Protections and Prohibitions:

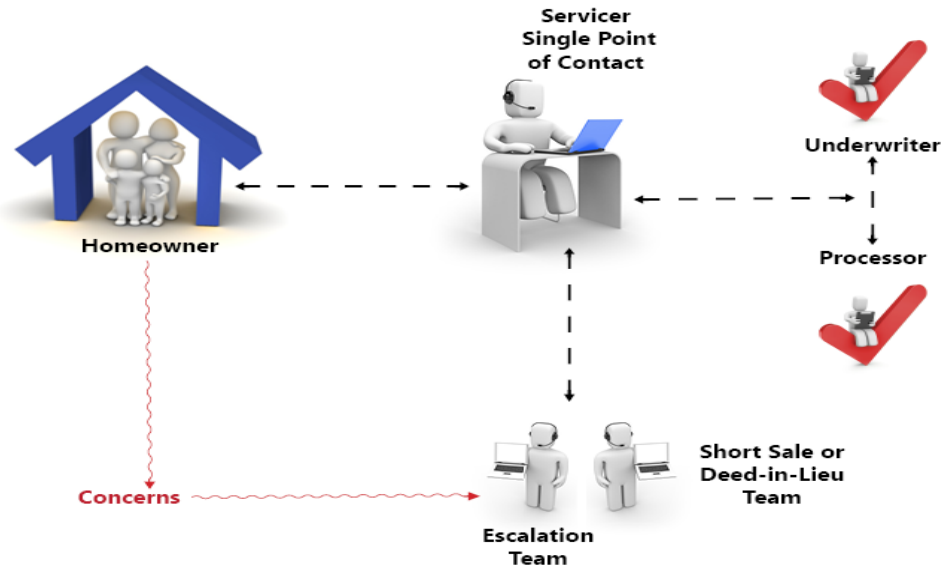
- Required servicers to suspend a scheduled foreclosure sale in order to evaluate a homeowner for MHA, and prohibited them from conducting a foreclosure sale before providing a written certification to foreclosure counsel or the trustee attesting that all loss mitigation options had been considered and exhausted.





## Single Point of Contact Model

The largest MHA participating servicers were required to assign a relationship manager to each homeowner potentially eligible for MHA, to serve as the homeowners' dedicated single point of contact through the entire application and resolution process. Treasury issued this requirement to improve the homeowner's experience working with their servicer as they sought to avoid foreclosure. Prior to this, homeowners typically had to work with several individuals across different servicer departments, with no assurance that any single individual knew all aspects of their situation. And, if a homeowner wished to pursue a short-sale or deed-in-lieu of foreclosure, they would likely have had to work with yet another team.





## Single Point of Contact Model

### Relationship Managers were required to:

- ✓ Promptly contact and provide written notice to the homeowner within five business days of being assigned. The notice had to include a toll-free contact number for reaching the relationship manager directly, other contact options, and the preferred method for sending documents;
- ✓ Communicate all options available to the homeowner, and the actions the homeowner must take to be considered for these options;
- ✓ Track all documents so that the homeowner would not be required to re-submit documents, and to ensure prompt notification of a need for additional documents;
- ✓ Respond to inquiries, be knowledgeable about the homeowner's current status, and communicate underwriting decisions in a timely manner;
- ✓ Coordinate with other servicer personnel responsible for ensuring that a homeowner determined to be ineligible for MHA was considered for other options; and,
- ✓ Be properly trained, have appropriately-sized caseloads consistent with policy timelines, and be supported by others in the servicer organization who could fulfill these responsibilities when the homeowner's assigned relationship manager was unavailable.

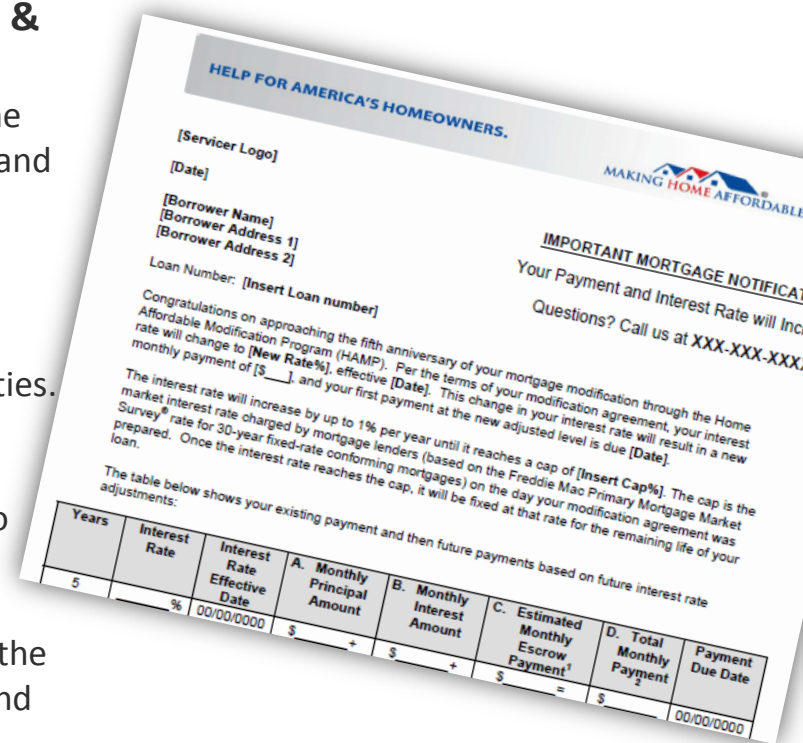


# Standardization of Communications

MHA consistently conveyed the degree of specificity that was expected from servicers while establishing consistency of communications with similarly situated homeowners.

## Established Standards for Homeowner Communications & Notices:

- Strove to make the process for obtaining assistance, and the terms of the provided assistance, as clear, straightforward and comprehensible as possible.
- Mandated specific key information be included.
- Provided model language for servicer use.
- Required that information about available options and application processes were available to all appropriate parties.
- Established that the following be provided on all notices to homeowners:
  - Toll-free number for a servicer representative able to explain the content of the notice;
  - HOPE™ Hotline toll-free number; and
  - Any information, disclosures, or notices required by the mortgage documents and applicable federal, state and local law.





# Solicitation Requirements

Advised homeowner of their potential eligibility for HAMP.

Clearly described the initial application package and submission steps.

**HELPING YOU STAY IN YOUR HOME.** MAKING HOME AFFORDABLE

*You may be able to make your payments more affordable. Act now to get the help you need!*

[Servicer logo]

Dear Borrower,

There is help available if you are having difficulty making your mortgage loan payments. You may be eligible for the Home Affordable Modification Program, part of the initiative announced by President Obama to help homeowners.

**As your mortgage loan servicer, we will work with you in an effort to make your mortgage payment affordable. You will not pay any fees to take advantage of this opportunity to modify your mortgage loan payment and keep your property. Now is the time to act. We are ready to help you.**

**Here's how it works:** We will first determine if you are eligible based on your situation. To conduct this evaluation, we need you to submit an Initial Package consisting of a Request for Mortgage Assistance form (including all necessary certifications), an IRS Form 4506-EZ or Form 4506-T, and documentary evidence of all income. You may obtain the Request for Mortgage Assistance form at [www.hud.gov/offices/hsg/sfh/hamp](http://www.hud.gov/offices/hsg/sfh/hamp) or by calling 1-800-568-4962. For more information, please visit [www.HAMPadmin.com](http://www.HAMPadmin.com).

[Servicer may list income documentation required for the most common types of income, provided the following sentence is included at the end of the list: "If you have other types of income, cannot locate required documents, or have questions about the documentation required, please contact us at (7, 000,000,0000)."]

[We will also need the following information to complete this analysis: \_\_\_\_\_]

[If the Initial Package is received later than 30 calendar days prior to the scheduled foreclosure sale date, you will also have to meet the following requirements: \_\_\_\_\_]

If you are eligible, we will look at your monthly income and housing costs, including any past due payments, and then determine an affordable mortgage payment.

At first, you will make new, affordable monthly payments on your mortgage loan during a trial period. If you make those payments successfully and fulfill all trial period conditions, we will permanently modify your mortgage loan.

The modification may involve some or all of the following changes to your mortgage loan: **1) Bringing your account current; 2) Reducing the interest rate on your loan; 3) Extending the term of the loan; and/or 4) Delaying your repayment of a portion of the mortgage approval until the end of the loan term.** [Servicer can also mention the possibility of principal forgiveness *if permitted by the investor.*]

**STEP 1 GATHER THE INFO WE NEED TO HELP YOU**

To take advantage of this opportunity and the Home Affordable Modification Program, contact us as soon as possible. To help speed the process it will be helpful if you have the following information when you call:

- Loan number
- Monthly pre-tax income of each borrower
- Information about any financial hardship you are suffering

If you do not qualify for a loan modification under this program, or do not want to stay in your home or keep your rental property, we will work with you to explore other options available to help you keep your property or make your decision to sell a new home, if applicable.

The Making Home Affordable program was created to help millions of homeowners enhance or modify their mortgages. As part of this program, we – your mortgage servicer – and the Federal Government are working to offer you options to help you stay in your home.

OSL-309-01-03

**STEP 2 CONTACT US**

We want to make modifying your mortgage loan as easy as possible. However, you must take the first step by contacting us at [phone number]. You may also write to us at the address at the [bottom/top] of this letter. Be sure to include the information listed above. [Servicer may insert any fax or e-mail contact alternatives.]

**IMPORTANT NOTICE** We want to help you avoid foreclosure scams.

**Beware of Foreclosure Rescue Scams. Help is free!**

- There is never a fee to get assistance or information about the Making Home Affordable Program from your lender or a HUD-approved housing counselor.
  - For a HUD-approved counselor, visit: <http://www.hud.gov/offices/hsg/sfh/hco/fo/>
- Beware of any person or organization that asks you to pay a fee in exchange for housing counseling services or modification of a delinquent loan.

Provided toll-free number to contact a servicer representative.

Identified unique requirements for submissions received more than 30 days late. In addition, servicers were required to have made a 'reasonable effort' to solicit a homeowner over a period of 30 days. This effort required a minimum of four telephone calls and two written notices, including one by certified mail.



## Non-Approval Notice Requirements

Treasury required servicers to include specific information in all Non-Approval Notices and established timelines for providing such notices.

### Required to include language that:

- Provided primary reason(s) for the non-approval - *Model language provided in the MHA Handbook.*
- Provided NPV inputs used in HAMP determination, where applicable.
- Included a description of other foreclosure alternatives and the steps that needed to be undertaken to be considered for those options.

**Previous HAMP Modification(s).** We are unable to offer you a Home Affordable Modification because:

- Your loan on the related property has received the maximum number of modifications permitted under the Home Affordable Modification Program.
- You or a co-borrower have received the maximum number of modifications permitted under the Home Affordable Modification Program.

**Excessive Forbearance.** Use the following only for loans considered for HAMP prior to June 1, 2012: We are unable to offer you a Home Affordable Modification because we are unable to make an affordable payment equal to 31% of your reported monthly gross income without violating the terms of your loan beyond the requirements of the program.

**Property Not Owner Occupied.** The following should be used only for loans considered for HAMP prior to June 1, 2012: We are unable to offer you a Home Affordable Modification because you do not live in the property as your primary residence.

**Ineligible Mortgage.** We are unable to offer you a Home Affordable Modification because your loan did not meet one or more of the basic eligibility criteria of the Home Affordable Modification Program.

- You did not obtain your loan on or before January 1, 2009.
- Your loan with us is not a first lien mortgage.
- The current unpaid principal balance on your loan is higher than the program limit. (\$729,750 for a one unit property, \$934,200 for a two unit property, \$1,129,250 for a three unit property and \$1,403,400 for a four unit property).
- Your mortgage loan has been charged off and you have been released from liability for repayment.



# Escalation and Resolution Process

Treasury established a framework that offered homeowners, authorized advisors, and servicers consistency, transparency and an independent vehicle to resolve MHA-related issues. Two case escalation centers provided a crucial third-party resource for concerns and disputes regarding applications to MHA programs.

## Case Escalation Support Teams:

- Supported homeowners and authorized advisors with questions or concerns about the solutions being offered by the servicer.

## Standardized Case Escalation Process and Forms:

- Established standardized forms and timelines for servicer responses. Standardized forms were required from servicers when responding to disputes submitted on behalf of the homeowner by the escalation centers. The forms captured the information necessary to process escalated cases efficiently and provided consistency in the information provided to centers. The Servicer Template Guide provided servicers detailed instructions on how to correctly complete and submit the standardized escalation forms.

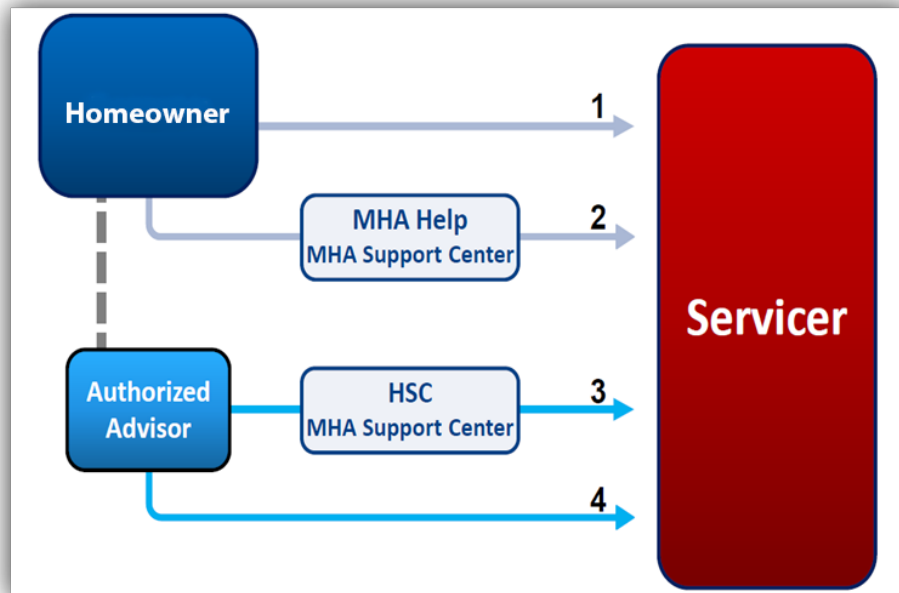
## Escalation of Disputed Non-Approvals:

- Provided an independent review for homeowners with questions regarding their denial.



## Case Escalation Support Teams

- The MHA Help team received detailed program or denial questions from the HOPE™ Hotline and was dedicated exclusively to working with homeowners and servicers to resolve MHA escalated cases.
- The HAMP Solution Center (HSC) was a resolution resource established to manage escalated cases received from housing counselors, government offices, and other third parties acting on behalf of a homeowner.



Case Escalation Paths From Requestor to Servicer

**60**

Thousand

Escalations  
Resolved

**22**

Days

Average Time to  
Resolve non-GSE  
Escalations



# Case Escalation Process



**Requestor**  
Requestor submitted dispute or inquiry to servicer.  
When Requestor was the MHA Support Centers, the Engagement Notice would be submitted.

**Servicer**  
Within 5 business days from receipt of an Escalated Case, sent acknowledgement to the borrower and Requestor.  
When the Requestor was an MHA Support Center, the Servicer Acknowledgement Form would be used.

**Servicer**  
Reviewed/resolved Escalated Case within 30 calendar days from receipt of case.  
Any case escalated as of December 1, 2017 must be resolved by May 1, 2018.

**Servicer**  
Notified Requestor within 10 business days of case resolution and next steps in writing.



For each Escalated Case, the servicer was required to:

- Determine whether a change in the original determination was warranted.
- Document the resolution determination and the pending or proposed resolution, including next steps, for the homeowner.

*\*Due to the MHA Program termination and borrower application sunset, effective December 1, 2017, MHA Help and HSC will no longer accept new cases nor escalate new cases to servicers.*





## Escalation of Disputed Non-Approvals

- To facilitate review and response to cases escalated to servicers by HSC and MHA Help, servicers were required to report to HSC or MHA Help the status of referred escalated cases and, upon request, provide all necessary information required to assess a homeowner's escalated case, including, but not limited to:
  - Debt and income inputs, assumptions, and calculations used to evaluate the homeowner;
  - Name of the investor/guarantor and Pool ID if the reason for denial was "Investor/Guarantor Not Participating," unless restricted by confidentiality;
  - Correspondence by either the homeowner or the servicer relative to the applicable MHA program evaluation;
  - Timeline of events constructed by the servicer relative to the applicable MHA program evaluation; and
  - Other relevant data relied upon by the servicer in conducting the evaluation.



# Financial Counseling

Treasury's post-modification counseling requirements were designed to help homeowners stay current in their HAMP modifications by holistically addressing their current overall financial situation, in addition to the specific financial hardship that contributed to the default on his/her original mortgage loan.

## Tools and Requirements:

- Since the start of the program, housing counseling resources have always been made available on HMPadmin.com to support trusted advisors who provide assistance to homeowners.
- In 2014, Treasury issued guidance requiring the largest servicers to offer free financial counseling to eligible homeowners who were either entering a HAMP trial modification, or were in a permanent HAMP modification and at risk of re-default. In addition, these servicers were required to provide counseling to any HAMP homeowner who requested it, regardless of the status of their HAMP modification.

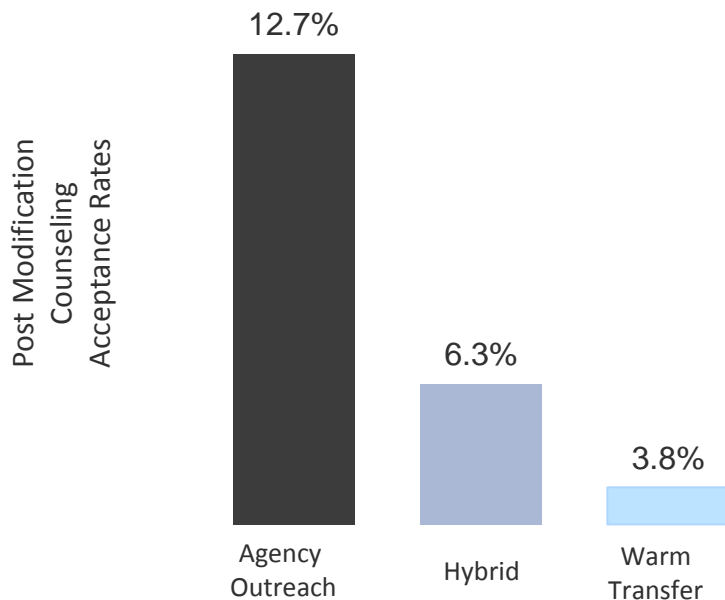


## Financial Counseling

### Homeowner Solicitation Requirements:

Servicers were required to undertake reasonable efforts to solicit homeowners for financial counseling using one of two methods (or a hybrid approach):

1. “Warm Transfer” where the assigned relationship manager transfers the eligible homeowner directly to a counseling agency representative over the phone; or
2. “Agency Outreach” whereby the counseling agency solicits the homeowner directly based on an “inclusion file” of eligible homeowners provided by the servicer.



**ALTHOUGH WARM TRANSFER WAS DEEMED PREFERABLE AT THE OUTSET AGENCY OUTREACH PROVED MORE SUCCESSFUL**



## Financial Counseling

### Key Features of Treasury's Post-Modification Counseling Requirement in HAMP:

- Targeting Homeowners at Greatest Risk of Default: In addition to the basic eligibility criteria specified in the guidance, servicers were allowed to further define characteristics of the “at risk” population.
- Holistic, Individualized Counseling Sessions: Sessions included customized advice designed to address the homeowner's unique financial situation, including:
  - The development of a budget and action plan to reduce household debts,
  - Evaluating the issues that resulted in difficulty making monthly mortgage payments,
  - And reviewing the terms of the HAMP trial or permanent modification.
- Servicers were required to contract with a HUD-approved counseling agency of their choice.
- Robust Reporting Requirements: Data collected early on enabled Treasury to quickly refine and hone policy guidance regarding solicitation, which increased take-up rates. Servicers were required to maintain reports detailing the number of homeowners offered counseling, those who started counseling, and those who completed a full counseling engagement. These reports have yielded useful information about the effects of counseling on loan modification performance.



## Financial Counseling: Early Results in HAMP

More than 500,000 homeowners have now been referred to post-modification financial counseling through HAMP. Early data collected by Treasury merits further analyses going forward as there may be additional lessons from the program that could inform future policy design.

Preliminary data indicated that homeowners who participated in financial counseling at the start of their HAMP trial modification performed better than homeowners who did not participate.



**Homeowners who chose to receive housing counseling performed better in their HAMP modifications.**



## Financial Counseling: Preliminary Takeaways

While Treasury is still collecting and analyzing the data from its post-modification counseling requirements, some interesting patterns have emerged that merit additional research and interpretation. As policymakers evaluate future approaches to financial counseling programs, these and other data trends should be considered:

- Average time to complete counseling can vary significantly by counseling agency. Early data showed a range of one to six months.
- Longer counseling programs appeared to have lower completion rates.
- Homeowners who were more delinquent before beginning their HAMP trial modification were less likely to accept counseling.
- The take-up rate was significantly affected by the method used to solicit homeowners.



# Lessons Learned and Best Practices for Future Policy

- Simplicity and Consistency in Communication and Documentation
- Transparent Sources of Information
- Access to Third Party Assistance
- Standardized Independent Review Process
- Access to Financial Counseling
- Develop Partnerships and Leverage External Resources