



Helping Struggling Homeowners—*Getting it Right*

Eric Selk, Executive Director HOPE NOW Alliance

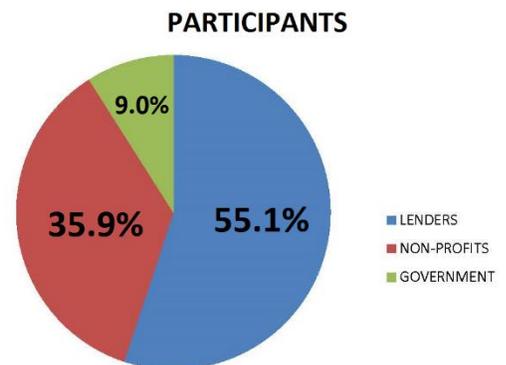
HOPE NOW is an alliance of non-profits, mortgage servicers and mortgage stakeholders focused on improving the customer experience for families delinquent on their mortgage. Over the past 8 years, the organization has hosted more than 170 face-to-face loss mitigation outreach events, assisting over a hundred thousand customers. The membership is keenly aware of the challenges consumers face when working through the loss mitigation process. HOPE NOW publishes data monthly focused on all mortgage solutions that are helping families avoid foreclosure. Membership meetings are held, on a regular basis, that focus on best practices and creative ideas on ways customers can be helped. At the last quarterly meeting, HOPE NOW did a survey with all members to review current challenges in trying to assist customers. Members included representatives from the largest mortgage servicers, non-bank servicers, housing counselors and government partners. There were three basic questions that were asked in order to find some common denominators across all members. The results were fascinating and show how different stakeholders are having a similar experiences.

The Three Questions we asked:

1. What part of the mortgage assistance process worked well?
2. What part of the process continues to be difficult?
3. How would you suggest to make the process better for customers?

A profile of the HOPE NOW participants can be seen in the graph to the right. There were some “standard” answers - “more solutions” and “more funding for counseling agencies”. But upon closer look, the key words that kept coming up were indicative of the overall landscape.

For instance, in regards to question #2, “communication” was mentioned 35 times. That means out of a survey that encompassed 78 participants, nearly 50% of everyone is feeling challenged on simply discussing and sharing information. It’s interesting to note that these are also housing professionals with years of experience. Everyone is familiar with HAMP, HARP and all the iterations of those pioneer government programs. Other key words that kept coming up: “Standardization” (20 times), “Collection of Documents” (11 times), and “Clarity” (23 times). After seven years of government programs, industry realignment and fee for service models there is still a struggle



with the concept of how to discuss and implement housing assistance programs. The key stakeholders need to focus more on the complexity and the end users of these housing programs. One of the most startling observations is the redundant message that families did not get help because of incomplete paperwork. This means, the need was there but the path to a solution was elusive and confusing. If a homeowner does not perceive value, they will walk away from the process.

So the question becomes how can and the process be simplified to create the best engagement with families struggling to keep their homes? It starts with reviewing prior programs, a study of best practices and sincere government engagement. Work in these three key areas - customers, paperwork and compliance – needs to be reviewed. This will not be easily solved. It's also important to look ahead, fully considering technology and preferred platforms for customer engagement. We live with iPhones and e mail, can our loss mitigation processes reflect normal human communication? A critical look at how assistance is offered, implemented and reported is paramount for success.

It is clear from hundreds of conversations with families who come to the HOPE NOW Outreach Events, that there is an underlying implementation problem. People are often confused by program guidelines; in general they are complicated and counter intuitive. Some of the normal practices of loss mitigation also seem slanted against the homeowner. For instance a "suspense payment" is generally speaking, a hard concept to grasp. Most programs have a trial payment, again this transaction is also unique. At the most recent borrower outreach event in Tampa, over 50% of the families surveyed had been through the process more than once. If a family was working with a servicer and a non-profit they would easily fill out over 100 pages of intake documents **before they even started the review process**. Can you imagine going through this process more than once? This task is on top of understanding various program guidelines and requirements. It's daunting for a distressed family to engage and complete the current process.



As this survey points out, everyone is in agreement on simplifying and streamlining the process. It's a rare example of industry alignment and a single message to the investor and government partners. Let's hope that these issues are on the table and that the industry doesn't get caught redoing mistakes of the past.

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