

Mortgage Origination and Servicing Issues Affecting Low- and Moderate-Income Homeowners

Tuesday, July 12, 2016



COMMUNITY DEVELOPMENT STUDIES & EDUCATION



FEDERAL RESERVE BANK
OF PHILADELPHIA

Agenda

Mortgage Origination and Servicing Issues Affecting Low- and Moderate-Income Homeowners

Tuesday, July 12, 2016
Federal Reserve Bank of Philadelphia

8:30 a.m. **Registration and Continental Breakfast**

9:00 a.m. **Welcoming Remarks**

Keith L. Rolland, Community Development Advisor, Community Development Studies & Education Department, Federal Reserve Bank of Philadelphia

9:05 a.m. **Origination and Servicing Trends Affecting Low- and Moderate-Income (LMI) Homeowners**

Laurie Goodman, Codirector, Housing Finance Policy Center, Urban Institute

This presentation will provide insight into post-recession trends affecting the ability of LMI individuals and families to purchase homes. The presentation will include highlights of recent Urban Institute research on the qualified mortgage rule, changes in credit profiles and records, demographic changes affecting mortgage demand, and servicing costs.

9:50 a.m. **Loan Origination Issues and Challenges**

This panel will provide insight into recent loan origination experience in the Delaware Valley from the perspectives of different sectors.

Panelists:

- William H. Hall IV, Senior Manager, Housing Programs, Clarifi
- Joseph Rey, Associate Broker/Partner, RE/MAX Millennium
- Marie Gayo, Senior Vice President, Operations, Trident Mortgage Company

Moderator: Leonard A. Bernstein, Managing Partner, Reed Smith

10:50 a.m.

Break

11:00 a.m.

Servicing Issues and Challenges

This panel will provide insight into recent servicing experience in the Delaware Valley from the perspectives of different sectors.

Panelists:

- Michael T. McKeever, Attorney, KML Law Group, P.C.
- James D. Scott, Vice President and Default Manager, Cenlar FSB
- Margaret Robinson, Attorney and Supervisor, Save Your Home Philly Hotline, Philadelphia Legal Assistance

Moderator: Honorable Annette M. Rizzo (Retired), First Judicial District, Commonwealth of Pennsylvania, and Neutral, JAMS

12:00 noon

Lunch and Keynote Address

12:20 p.m.

Keynote Address: Long-Term Servicing Outlook and Implications for Financial Institutions and Housing Counseling Agencies

Laurie Maggiano, Program Manager, Servicing and Secondary Markets, Consumer Financial Protection Bureau

This presentation will discuss servicing trends, including the increasing role of nonbank servicing firms. The presentation will also discuss the planned termination of the federal Making Home Affordable Program in December 2016.

1:10 p.m.

Observations

Theresa Y. Singleton, Vice President and Community Affairs Officer, Community Development Studies & Education Department, Federal Reserve Bank of Philadelphia

Agenda

1:15 p.m.

Concurrent Sessions

A) Low Down Payment Homeownership Products Available to Financial Institutions in Pennsylvania, New Jersey, and Delaware

Fannie Mae has introduced its HomeReady product and Freddie Mac has introduced its Home Possible product. Key characteristics and features of each product will be explained.

Panelists:

- Jonathan Lawless, Vice President, Product Development and Affordable Housing, Fannie Mae
- Danny Gardner, Vice President, Single Family Affordable Lending and Access to Credit, Freddie Mac

Moderator: Kate Newton, Director, Homeownership Programs, Pennsylvania Housing Finance Agency

B) Issues and Challenges Facing LMI Homeowners on Reverse Mortgages

This panel will examine origination and servicing trends of reverse mortgages in the Delaware Valley. Speakers will examine changes in the home equity conversion mortgage (HECM), including requirements for housing counseling; spousal safeguards; and changes to increase the likelihood that borrowers will have the ability to pay their property taxes, home insurance premiums, and home maintenance and repair costs.

Panelists:

- Greg McDermott, Manager, HECM Department, Trident Mortgage Company
- Elizabeth P. Shay, Homeowners Assistance Program Coordinator, SeniorLAW Center
- Philip Caulfield, Senior Policy Analyst, Office of Single Family Program Development, U.S. Department of Housing and Urban Development
- Don Graves, Business Development Manager for Retirement Funding Solutions, HECM Advisors Group, and Adjunct Professor of Retirement Income, American College of Financial Services

Moderator: Anita M. Brown, Chief Operating Officer, Clarifi

2:30 p.m.

Adjournment

Biographies



Leonard A. Bernstein
Managing Partner
Reed Smith

Leonard Bernstein is the managing partner of Reed Smith's Philadelphia office, where he is a member of the Financial Industry Group and founded and chairs the firm's Financial Services Regulatory Group (FSRG). He concentrates his practice on the representation of banks, mortgage bankers, and finance companies by providing consumer credit compliance advice based on federal, Pennsylvania, and New Jersey laws and regulations. The FSRG provides compliance advice on credit card, auto finance, deposit, residential mortgage, and other retail finance products. Bernstein, who is nationally known for his expertise of the Truth in Lending Act, the Real Estate Settlement Procedures Act, and similar laws, works regularly with

federal and state financial services regulators.

Bernstein and his colleagues also handle bank regulatory issues and exams, and defend class actions and individual claims filed against financial services providers. He is active with Reed Smith's Financial Services Litigation defense group and has been elected to the American College of Consumer Financial Services Lawyers. He founded the firm's Princeton, NJ, office in 1992, was on the firm's Executive Committee from 1999 to 2004, and received the firm's Shaw's Lion Award in 2003 and Sean Halpin Award for pro bono work in 2011. Bernstein has a J.D. from Temple University Beasley School of Law and a B.A. and B.S. from the University of Pennsylvania.



Anita M. Brown
Chief Operating Officer
Clarifi

Anita M. Brown has been the chief operating officer at Clarifi since 2003. She is responsible for the management of the day-to-day agency operations as well as Finance and Accounting, Counseling, Customer Service, Systems and Technology, and Program Quality. She also works closely with the president and board of directors to direct and achieve the strategic plan for the organization. Brown joined the agency in June 1999 as the vice president of operations and systems with more than 20 years of consumer banking and management experience. She previously worked with First Union, CoreStates, and First Pennsylvania Banks. Prior to joining Clarifi, Brown was a banking assistant vice president, managing the

loan application processing unit for retail auto finance and the administration of the front-end loan processing system used by the bank.

Brown currently is on the leadership team of Philadelphia's Community and Economic Development (CED) Committee and previously cochaired the CED Foreclosure Prevention Task Force. She is also on the leadership team of the Philadelphia Housing Counseling Collaborative and sits on the collaborative's Technology Task Force and Grant Allocation Advisory Committee. In addition, she is on the Operating Committee of the National Foundation for Credit Counseling, chairs its Membership Committee, and is a member of its Dues and Allocation subcommittee.



Philip Caulfield
Senior Policy Analyst, Office of Single Family Program Development
U.S. Department of Housing and Urban Development

Philip Caulfield is currently serving as a senior policy analyst in the Office of Single Family Program Development for the U.S. Department of Housing and Urban Development (HUD) in Washington, D.C. In this capacity, he has worked on a number of policy initiatives for both forward and reverse mortgages, preparing regulations, handbooks, and other policy guidance. Caulfield has worked for HUD for more than 40 years in a variety of positions. For most of the past 30 years, he has been involved in administering the Federal Housing Administration's single-family mortgage insurance programs.

Biographies



Danny Gardner
Vice President, Single Family Affordable Lending and Access to Credit
Freddie Mac

Danny Gardner joined Freddie Mac in March 2015 as its new vice president of Single Family Affordable Lending and Access to Credit. He is a 23-year veteran of the mortgage industry, with the majority of that time spent in leadership roles focused on providing opportunities for families to purchase their first homes. In 1995, Gardner took over management of the MRB Program Administration Division of Lomas Mortgage USA, primarily supporting local housing finance agencies and their constituents by acquiring and servicing mortgages originated through tax-exempt lending programs. He remained in this role for 13 years and through two acquisitions, eventually ascending to the title of senior vice president and national director of Strategic Markets at CitiMortgage. In this role, he assumed accountability for the company's mortgage lending performance under the Community Reinvestment Act (CRA), including oversight of subsidy programs, nonprofit partnerships, diverse segments strategies, and low- and moderate-income (LMI)-focused portfolio programs. Prior to joining Freddie Mac, Gardner was vice president of CRA Lending at Capital One Home Loans, where he built a diverse and LMI-focused loan origination team.

Gardner also helped to build a new national nonprofit intermediary organization, the National Community Stabilization Trust, and was its chief operating officer from 2009 to 2013. The trust established a national infrastructure to help local municipalities and nonprofits in their mission to reclaim neighborhoods devastated by the foreclosure crisis by providing priority access to properties that were vital to neighborhood stabilization efforts.



Marie Gayo
Senior Vice President, Operations
Trident Mortgage Company

Marie Gayo is senior vice president of operations for Trident Mortgage Company. With 25 years of experience in the mortgage and investment banking industry, she possesses an extensive leadership background in operations, risk management, and administration, with particular focus on strategy and planning as well as business process improvement. Gayo previously worked for the former Sears Mortgage Corporation (purchased by PNC Bank), Hanover Capital Partners, Sovereign Bank, and Cendant Mortgage. Prior to joining Trident, she was employed at Credit Suisse as a director within the bank's Fixed Income Division and later as part of its Investment Banking Operations Division. Gayo is a certified

Six Sigma Black Belt and past member of the American Society for Quality. She is also a member of the Diversity Initiative Board of the Mortgage Bankers Association of Greater Philadelphia.



Laurie Goodman
Codirector, Housing Finance Policy Center
Urban Institute

Laurie Goodman is the codirector of the Housing Finance Policy Center at the Urban Institute. Before joining the institute in 2013, she spent 30 years as an analyst and research department manager at a number of Wall Street firms. From 2008 to 2013, she was a senior managing director at Amherst Securities Group, LP, a boutique broker/dealer specializing in securitized products, where her strategy effort became known for its analysis of housing policy issues. From 1993 to 2008, Goodman was head of global fixed income research and manager of U.S. securitized products research at UBS and predecessor firms. Before that, she was a senior fixed income analyst, a mortgage portfolio manager, and a senior economist at the

Federal Reserve Bank of New York. Goodman was inducted into the Fixed Income Analysts Society's Hall of Fame in 2009.

Goodman currently is on the board of directors of MFA Financial, a real estate investment trust. She is an advisor to Amherst Capital Management and is a member of the Bipartisan Policy Center’s Housing Commission, the Federal Reserve Bank of New York’s Financial Advisory Roundtable, and Fannie Mae’s Affordable Housing Advisory Council. She has published more than 200 journal articles and has coauthored and coedited five books. Goodman has a Ph.D. and an M.A. in economics from Stanford University and a B.A. in mathematics from the University of Pennsylvania.



Don Graves
Business Development Manager, Retirement Funding Solutions
HECM Advisors Group
Adjunct Professor, Retirement Income
American College of Financial Services

Don Graves is the business development manager for Retirement Funding Solutions at HECM [home equity conversion mortgages] Advisors Group and has worked with more than 2,500 consumers on these types of mortgages during the past 16 years. He is also an adjunct professor of retirement income at the American College of Financial Services and the president and founder of the HECM Institute for Housing Wealth Studies. He is a Retirement Income Certified Professional and a Certified Home Equity Retirement

Specialist and has worked with bankers, financial planners, attorneys, accountants, and realtors on the prudent use of reverse mortgages. He speaks often on how reverse mortgages can be integrated with comprehensive retirement income plans and created and hosted a Financial Freedom Today radio broadcast. He has an undergraduate degree from Temple University in finance and has done graduate work in economics at Eastern University.



William H. Hall IV
Senior Manager, Housing Programs
Clarifi

William H. Hall IV is the senior manager of Housing Programs at Clarifi. Prior to joining Clarifi, Hall was a consumer litigator focused on foreclosure defense, consumer bankruptcy, and small-business matters. He has a J.D. and an M.B.A. from Temple University.



Laurie Maggiano
Program Manager, Servicing and Secondary Markets
Consumer Financial Protection Bureau

Laurie Maggiano is program manager for Servicing and Secondary Markets at the Consumer Financial Protection Bureau. In this role, she helps to shape and implement federal housing regulations that make mortgage markets safe and accessible for consumers. Prior federal service includes four years as director of Homeownership Policy at the U.S. Department of the Treasury, where she was one of the architects of the Making Home Affordable Program, and nine years as manager of mortgage servicing at the U.S. Department of Housing and Urban Development. Before beginning her government career, Maggiano spent 20 years in the private sector as director of Real Estate Operations at Freddie Mac and in senior

management positions at two West Coast mortgage banks.

Biographies



Greg McDermott
Manager, HECM Department
Trident Mortgage Company

Greg McDermott is the manager of the HECM [home equity conversion mortgage] Department for Trident Mortgage Company, a subsidiary of the Berkshire Hathaway Company. He offers the Federal Housing Administration's HECM program to the Berkshire Hathaway Home Services/Fox and Roach market (Pennsylvania, Delaware, and New Jersey), and has built a team of HECM specialists dedicated to helping homeowners who are 62 years old and older and are looking to use their housing wealth to live a more comfortable retirement. For more than 10 years, McDermott has helped hundreds of seniors live a more comfortable retirement by using federally regulated and insured HECM programs.

McDermott started in the industry in 2005 as a reverse mortgage consultant for Wells Fargo Home Mortgage. In July 2008, he began managing and growing the Wells Fargo Reverse Mortgage Team in Pennsylvania as well as growing his personal client base. The team worked almost exclusively on a unique government-regulated and government-insured program that allows seniors to use the equity from their home to enjoy a more financially stable retirement. McDermott has also led reverse mortgage teams for MetLife Bank, LeaderOne Financial, and Generation Mortgage.



Michael T. McKeever
Attorney
KML Law Group, P.C.

Michael T. McKeever is a founding shareholder of KML Law Group, P.C., which has 21 attorneys and 180 employees located in four offices in New Jersey and Pennsylvania. He has served as a member, board member, and active participant in various default mortgage servicing-related industry groups over his 27-year legal career. McKeever, who has authored articles for industry publications, is a frequent lecturer on creditor's rights. He has been a presenting lecturer for the Pennsylvania Supreme Court and the Court's Judicial Conference and has offered testimony before the United States Senate, the Pennsylvania Legislature, and Philadelphia's City Council.

McKeever is a founding member and active supporter of the Philadelphia Mortgage Foreclosure Steering Committee and has offered input, guidance, and support to many of the other 25 counties in Pennsylvania with diversion programs. He was a member of Mayor Michael Nutter's Philadelphia Sheriff's Office advisory board, for which he donated his time to provide guidance, technical input, and constant, gentle pressure to support and drive long overdue technology and operational changes at the Sheriff's Office. Over the last several years, McKeever has worked with housing advocates, municipal and state authorities, and community groups in laying the groundwork for accelerated foreclosure of and possessory legislation related to abandoned properties in the Commonwealth. McKeever has a J.D. from Villanova University School of Law and a B.A. in politics from Fairfield University.



Kate Newton
Director, Homeownership Programs
Pennsylvania Housing Finance Agency

Kate Newton has been the director of Homeownership Programs for the Pennsylvania Housing Finance Agency (PHFA) since September 2005. In this capacity, she oversees the operational and marketing functions of the agency's single-family loan production. This encompasses several homeownership programs, including home purchase, closing cost and down payment assistance, access modification, home repair, and mortgage refinance. During her 15 years of employment with the PHFA, Newton has served as manager of Single Family Operations, Single Family Programs liaison, and loan officer as well as in various positions within the Loan Servicing Division. She began her employment with the PHFA as an intern during

her summer breaks while in college. She also has prior experience in the private sector operating a small business of 50 employees and has worked at a nonprofit organization.

Newton, who is licensed by the Pennsylvania Department of Banking and Securities as a mortgage originator, has developed continuing education curricula and served as a continuing education instructor for the Mortgage Bankers Association of Pennsylvania, Pennsylvania Association of Mortgage Brokers, Pennsylvania Association of Realtors, and Greater Harrisburg Association of Realtors. Newton has an M.B.A from Lebanon Valley College and a B.S. in public policy from Pennsylvania State University.



Joseph Rey
Associate Broker/Partner
RE/MAX Millennium

Joseph Rey is an associate broker and partner with RE/MAX Millennium, with more than 25 years of experience and 1,500 sales transactions. He began his real estate career in 1992 working for a small family-owned neighborhood office in the Olney section of Philadelphia, where he quickly became the top producer by his second year. He joined Coldwell Banker in 1995 and, by 1998, was a team leader and mentor, consistently receiving one of Coldwell Banker's top awards, the 1% International President's Circle, and being named one of the Top 10 Sales Associates in Buyer Controlled Sales in the Northern Region, which included 19 states. In 2002, Rey joined RE/MAX Millennium, where he quickly achieved 100% Club status. In 2006, he became a partner and helped open a second office in the Fox Chase section of Philadelphia, where, besides being a top producer, he is also co-manager.

Rey, who is in the RE/MAX Hall of Fame, is the first vice president of the executive board for the Greater Philadelphia Association of Realtors. He put himself through community college while working at GMAC Mortgage and graduated from Temple University with a bachelor's degree in business administration, majoring in real estate.



Honorable Annette M. Rizzo (Retired)
Judge
First Judicial District, Commonwealth of Pennsylvania
Neutral
JAMS

Honorable Annette M. Rizzo (Retired) served as a judge for 16 years in the First Judicial District, Commonwealth of Pennsylvania. She currently serves as a neutral with JAMS in Philadelphia and as an adjunct professor for the Temple University Beasley School of Law's State Court Clinical Program, which she developed in 2007. She most recently served in the Trial Division, Civil Program for 11 years assigned to Motions Court rotation, and in the Complex Litigation Program with the majority of her time spent in the Civil Major Jury Trial Program, where she oversaw a vast array of complex civil disputes. Prior to her tenure on the bench, Judge Rizzo acquired a wide range of experience tied to the corporate, public, and private sectors, including her work as litigator for a prominent Mid-Atlantic firm that is the oldest continuous law firm in the U.S., as senior counsel at one of the largest global providers of insurance, and as an assistant city solicitor for the City of Philadelphia.

In 2008, Judge Rizzo developed the court's Residential Mortgage Foreclosure Diversion Program, which brings together homeowners, lenders, attorneys, and housing counselors in an effort to keep city residents in their homes. The court-annexed mediation program has been a model for similar programs in Pennsylvania and in other jurisdictions. Judge Rizzo has testified about the program before the Troubled Asset Relief Program, the Senate Judiciary Committee, and the U.S. House of Representatives. She was a panelist at a White House conference, invited by the U.S. Department of Justice and Vice President Joe Biden's Middle Class Task Force.

Prior to taking the bench, Judge Rizzo worked for seven years as senior counsel at CIGNA Companies, where she oversaw coverage litigation involving mass tort, environmental, and long-term exposure claims. She coordinated litigation management of underlying mass tort cases and oversaw multiple initiatives in the Government Affairs Division. Prior to her tenure at CIGNA Companies, Judge Rizzo served with the Philadelphia Office of the City Solicitor and then in the Litigation Department of the law firm of Rawle & Henderson, where she gained experience in litigation in matters involving general casualty, toxic tort, defamation, product liability, medical malpractice, correctional health care, and civil rights.

Biographies



Margaret Robinson
Attorney and Supervisor
Save Your Home Philly Hotline
Philadelphia Legal Assistance

Margaret Robinson is an attorney and supervisor of the Save Your Home Philly Hotline at Philadelphia Legal Assistance. The Save Your Home Philly Hotline responds to approximately 3,000 calls per year from Philadelphians seeking assistance with homeownership issues. Guided by the goal of a legal system in which all participants are informed and empowered throughout the process, Robinson has represented low-income consumers in mortgage foreclosure, bankruptcy, and consumer protection cases since 2007. Each Thursday, Robinson attends the Conciliation Conference as part of the Philadelphia Residential

Mortgage Foreclosure Diversion Program and provides advice to housing counselors, volunteer attorneys, and homeowners seeking to save their homes from foreclosure. Robinson graduated cum laude from Northwestern University School of Law and has a B.A. from Columbia University.



Keith L. Rolland
Community Development Advisor
Federal Reserve Bank of Philadelphia

Keith L. Rolland is a community development advisor with the Federal Reserve Bank of Philadelphia and managing editor of *Cascade*, a quarterly online journal produced by the Philadelphia Fed that provides analysis and insight on community development issues for banks, nonprofits, and government agencies in the Bank's district in eastern Pennsylvania, southern New Jersey, and Delaware. Rolland also coordinates activities on workforce development challenges and opportunities affecting young people between the ages of 16 and 24; organizes conferences, other events, and webinars; and has developed community profiles and regional councils focused on lending needs and opportunities in the Lehigh Valley and

Williamsport regions of Pennsylvania, southern New Jersey, and Delaware.

Before joining the Philadelphia Fed, Rolland was the director of a clearinghouse on alternative and community development investments at the Interfaith Center on Corporate Responsibility. In this capacity, he organized meetings and publications that informed church investors about investment opportunities that had a social and financial return. Earlier, Rolland was a newspaper reporter for six years. He covered the Community Reinvestment Act and edited supplements for *American Banker*; was a general assignment reporter in Canada; and had a reporting fellowship in Colombia, South America, during which he evaluated two adult education initiatives and reported for newspapers in the U.S. and Canada. Rolland has a master's degree in journalism from the Columbia University Graduate School of Journalism and a bachelor's degree in finance from Fordham University.



James D. Scott
Vice President and Default Manager
Cenlar FSB

James D. Scott is vice president and default manager at Cenlar FSB. With an extensive background in mortgage banking that spans more than 20 years, Scott is responsible for leading Cenlar's overall default operations. Prior to joining Cenlar, he was employed as the director of Default Administration at PHH Mortgage. He is a member of the Mortgage Bankers Association, U.S. Foreclosure Network, American Legal and Financial Network, and Federal Home Loan Mortgage Corporation (Freddie Mac) Default Advisory Group. Scott has a B.A. in political science from the University of Louisville.



Elizabeth P. Shay
Homeowners Assistance Program Coordinator
SeniorLAW Center

Elizabeth P. Shay is the Homeowners Assistance program coordinator for the SeniorLAW Center. She has been practicing law since 1984, starting in private practice in New York City, moving into the General Counsel's office at Wayne State University in Detroit, and then becoming a public interest attorney in Illinois. Beginning in August 2014, the SeniorLAW Center has been funded to staff a triage desk in the Philadelphia Residential Mortgage Foreclosure Diversion Program. Here, Shay and her staff offer legal advice and counseling to both senior homeowners facing foreclosure of forward and reverse mortgages and their housing counselors. Shay also handles probate matters, deed transfers, fraudulent conveyances,

home repair contractor fraud, and property damage, and is responsible for systemic advocacy on legislative initiatives in Philadelphia and Washington, D.C. Shay also conducts community education on topics such as how to safely provide for the passing of a title upon death, how to protect seniors from deed theft and contractor fraud, and how to avoid property tax delinquencies.



Theresa Y. Singleton
Vice President and Community Affairs Officer
Federal Reserve Bank of Philadelphia

Theresa Y. Singleton is vice president of the Community Development Studies & Education Department at the Federal Reserve Bank of Philadelphia and the Bank's community affairs officer. Singleton is responsible for overseeing research and outreach initiatives that promote community development and fair and impartial access to credit. She also oversees economic education and personal financial efforts for the Bank.

Before joining the Bank, Singleton served as the director of research and information at the Housing Assistance Council in Washington, D.C. In that role, she was responsible for the organization's research and information activities, including oversight of the communications and public relations functions. She also developed and managed the council's research agenda. In addition, she directed and contributed to research and information products that examined demographic trends, assessed policy impacts, and developed recommendations for rural communities.

Prior to her work on rural housing issues, Singleton taught undergraduate courses on the American political system at Temple University and Widener University. She has Ph.D., M.A., and B.A. degrees in political science from Temple University.

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Community Development Studies & Education
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