



Fannie Mae®

Fannie Mae Counseling Initiatives

Creating a Counseling Continuum for the Life of the Loan

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March 13, 2017





Overview

- **Review of Fannie Mae's loss mitigation counseling initiatives**
- **Some thoughts on loss mitigation best practices**
- **New initiatives on pre- and post-purchase counseling**



Post Modification Counseling

- **Target Population:** Borrowers starting a trial modification plan
 - All modification types
- **Design:** Counseling available for up to 12 months
 - Counseling available by phone and Internet
 - Multi-tiered offerings – vendors paid on level of service used during 12 months
- **Delivery:** Fee for service contracts with four providers:
 - Three nonprofit credit counseling agencies
- **Servicer Participation:** 26 servicers participating covering more than 94% of Fannie Mae mod production
 - Send borrowers “primer letter” at trial start
 - Provide contact information to counseling vendor
 - Educate SPOC and line staff on how to address borrower questions, as well as how to “sell” the initiative



Results

- 365,000 referrals – 45% RPC rate; 34% take rate to RPC
- Counseled borrowers are more likely to be current after 12 & 18 months in permanent mod
- Significantly lower SDQ rate (23%) for counseled borrowers nine months after trial start, after using statistical scoring to remove selection bias



Mortgage Help Network Overview

- **Started in 2010 to help borrowers navigate the loss mit decisioning process**
- **Fannie Mae created a network with counselors in 25 of our hardest hit markets; 17 partners still active**
- **Support included foreclosure prevention counseling, doc submission, and review of proposed solution**
- **With change to Streamlined and now Flex Mod, focus is more on foreclosure prevention counseling**
- **Nearly 60,000 borrowers counseled program-to-date**



Reverse Mortgage Tax & Insurance Default Counseling

- Partnership with 7 of our top RM servicers and 2 nonprofit PCLM counselors
- Added partnership with 4 Hardest Hit Fund states to assist with full reinstatement opportunities (5th state coming online in April)
- Nearly 9,000 borrowers completed counseling and 1,326 HHF fundings finalized



Best Practices

Servicers

- Senior management buy-in
- Dedicated project team
- SPOC engagement
 - Regular SPOC education and script testing
 - SPOC warm transfers – >70% of warm transfers result in a counseling session

Counseling Agencies

- “Lite” touch – not all borrowers ready for intensive engagement during trial
- Action plans – borrowers like to focus on actionable items
- Call servicer with borrower for other issues
- Borrower incentives
- Call recording for quality control and feedback



Going Forward

- **Mortgage Help Network**
 - Borrowers access partners through Hope Hotline, Know Your Options, and targeted call campaigns, and focus on most at-risk borrowers
 - Fannie Mae pays standard fee to counselors
- **Post Mod Counseling**
 - Transition administration of program to servicers through directives
 - Fannie Mae will reimburse servicers for counseling costs
- **Reverse Mortgage T&I Counseling**
 - Continue focus, especially in HHF states, until our book of business winds down



Pre- and Post-Purchase Counseling

- Incorporate homeownership education and housing counseling into our affordable lending products
 - HomeReady mortgage requires homeownership education or housing counseling provided by a **HUD- approved nonprofit counseling agency**
- Incentivize lender counselor partnerships by providing \$500 LLPA rebate to lenders when at least one borrower completed housing counseling prior to entering a contract to purchase a home
 - Looking at dual path: Organic and referrals for those declined
- Working with Framework, our education partner, to offer post-purchase messaging and resources
- Framework building out network of advisors across the nation