

MBA'S NATIONAL MORTGAGE SERVICING

**BUILDING
TOGETHER**
for **TOMORROW**

CONFERENCE & EXPO 2008

Emerging State and Local Issues Affecting Mortgage Servicing

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Countrywide®

- Momentum Shift
- Perspective of Policy Makers
- Industry Resources
- Specific State Legislative Issues
- Local Issues
- Outlook for 2008 and Beyond
- What Servicers Can Do

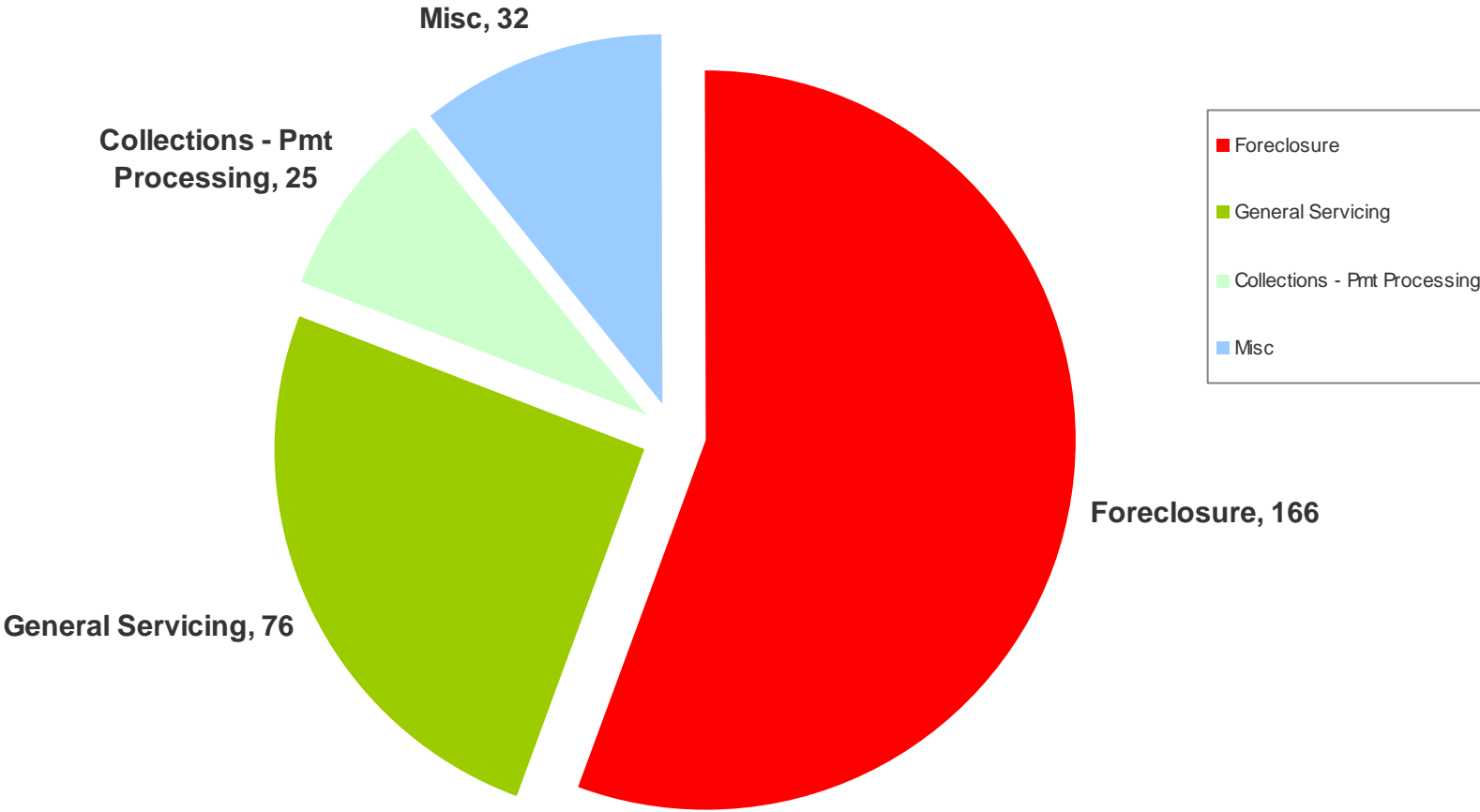
- Momentum shift
 - Legislators listen to advocates but react to media
 - Servicing Issues have flown below the radar of state legislators.
 - Election year politics
 - Result is increasing number of servicing bill, particularly those relating to foreclosures.
- Perspective of Policy Makers
 - Many legislatures have been out of session since topic began to gain attention last summer
 - Anxious to engage
 - Most have very little understanding of the servicing side of the business
 - Most policy makers do not really understand the servicing side of the industry
 - Not something we historically focused much attention on when explaining business to policy makers and even when we did, they didn't pay much attention
 - Playing catch up in trying to help them understand how the business functions, the role servicers play, and the limitations we face

- Industry Resources
 - Industry consolidation = fewer bodies at the capitols
 - State trades not well equipped
 - Historically focused more on loan production and a few high level servicing issues
 - MBA has the resources, but stretched very thin
 - Other financial services trades are focusing on other issues
 - Credibility
 - Grassroots resources
 - Hard to argue against keeping people in their homes
- Industry is beginning to respond to the challenge
 - Engaging public officials in dialogue
 - Help them understand perspective of industry and challenges we face
 - Identify workable solutions
 - Demonstrate willingness to partner

- What is driving state policy makers
 - Focus of policy makers has been on keeping people in their homes
 - Owner occupied 1-4 family residences
 - Not as concerned about investor properties or second homes
- Specific State Legislative Issues
 - Traditional issues
 - Escrow requirements
 - General servicing notice requirements
 - Tax liens
 - Settlements, Recording, and Satisfaction
 - Payment Processing and Servicing Call Centers

State Bills by Subject Matter	Total
Foreclosure Cnslnt & Equity Purchasers	28
Foreclosure Overhaul or Moratorium	35
Condo Foreclosures	5
Govt Foreclosure Assistance	18
REO Dispos or Nuisance	32
Delq or F/C Notice Reqts	22
Consumer Protection	7
Military	6
Resolution to Congress	12
Reporting	1
Escrow	9
Gen'l notice reqts	5
Tax Lien	35
Settlements, Recording and Satisfaction	27
Payment Processing	5
Collections & Call Ctrs	20
Misc	32

- Specific State Legislative Issues (cont.)
 - Emerging state issues
 - Foreclosure consultants and equity purchasers
 - Foreclosure overhaul or reform, including moratoria
 - Government foreclosure avoidance assistance
 - REO disposition and public nuisance issues
 - Special rules for loans to members of the military
 - State resolutions urging Congressional action
 - Mandated reporting of foreclosure and loss mitigation data



- Local issues
 - Foreclosure moratoria
 - Abandoned property
 - Maintenance
 - Property acquisition
 - Borrower outreach events and counseling
- Outlook for 2008 and Beyond
 - Prepare for consequences of adverse legislation
 - Momentum can be slow to build and difficult to stop
 - Tendency among state officials to deal with yesterday's issues well beyond the time the need has passed
 - As long as this receives media attention it will hold the attention of policy makers

- What Servicers Can Do
 - Get subject matter experts before policy makers
 - Educate state legislators about mortgage servicing
 - Explain consequences of legislation and identify solutions
 - Consider different strategies
 - Working with media relations and seek opportunities to education the media
 - Promote industry coalitions, borrower outreach events, and PSAs
 - Convert traditional opponents
 - Engage community partners in dialogue and seek support for loss mitigation programs
 - Use them to make outreach to borrowers and distribute information