

MBA's 97th ANNUAL CONVENTION & EXPO OCTOBER 24-27 ATLANTA

Proactive Customer Contact Strategies for Loss Mitigation



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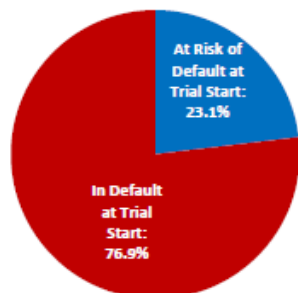
“Loss Mitigation Depends on Ongoing Borrower Contact and Participation”

- Proactive vs. Reactive – the changing landscape of Loan Servicing Customer Contact today
- Customer Contact Channels and Strategies – Call Center, Mail, Web, Email, Physical Outreach – Skip Tracing, Door Knocking
- The Customer Contact Waterfall – How to maximize contact while minimizing cost of contact
- Contact to Resolution – Maintaining contact and not losing the borrower prior to resolution
- Maintaining the Human Touch – How to not make the borrower feel like a statistic – CRM and Agent Training
- Measuring Success – Proactive metrics for a Proactive Contact Strategy, Quality Assurance and Compliance

HAMP Activity: All Servicers

		Total
HAMP Eligibility (As of July 31, 2010)	Eligible Delinquent Loans ¹	3,010,530
	Eligible Delinquent Borrowers ²	1,334,548
Trial Modifications	Trial Plan Offers Extended (Cumulative) ³	1,580,464
	All Trials Started	1,334,117
	Trials Reported Since July 2010 Report ⁴	26,628
	Trial Modifications Canceled (Cumulative)	663,538
	Active Trials	202,521
Permanent Modifications	All Permanent Modifications Started	468,058
	Permanent Modifications Begun Since July 2010 Report	33,342
	Permanent Modifications Canceled (Cumulative) ⁵	19,121
	Active Permanent Modifications	448,937

Loan Status Upon Entering Trial



Note: For all trial modifications started.
 At Risk of Default includes borrowers up to 59 days delinquent at trial entry as well as those in imminent default. *In Default* refers to borrowers 60 or more days late at trial entry.

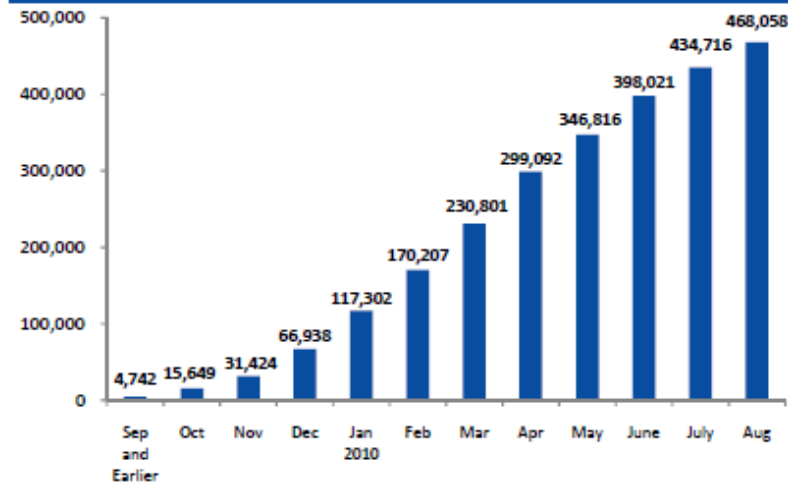
HAMP Trials Started (Cumulative)



Source: HAMP system of record.

Note: Servicers may enter new trial modifications into the HAMP system of record anytime before the loan converts to a permanent modification. For example, 26,628 trials have entered the HAMP system of record since the prior report; of those, 17,878 were trials with a first payment recorded in August.

Permanent Modifications Started (Cumulative)



Source HAMP, August 2010 Report

Kelly O' Bannon

EVP

Residential Credit Solutions

- Welcome Calls
 - Performing Loans
 - Non-Performing Loans
 - Know your borrower before you call
- Current Month Loans
 - Dialer Based Calls Utilizing Behavioral Risk Profile
 - FICO Score
 - Pay Habits
 - Other Loan Characteristics
 - Previous Modification
 - Broken Promise to Pay
 - Recent Acquisition
 - Skip Tracing Begins
 - Collection Comments
 - Inbound Phone Calls Reviewed

• Two Months Loans

- Combination Dialer Calls and Manual Calls
- Letter Campaigns
 - Demand Letter
 - Loss Mitigation Letters

• Loss Mitigation (3+ Months)

- Manual Calls
- Targeted Letter Campaigns
 - HAMP vs. Non-HAMP
 - Lien Type
- Occupancy Data
- Face-to-Face Outreach
 - Is the borrower home?

Mitchell Oringer

Senior Managing Director, Component Servicing

The National Groups

Traditionally servicers focus almost exclusively on Right Party Contact.

- Letter campaigns
- Peak hour calling
- Skip tracing
- Alternative contact strategies

Focus needs to shift to obtaining productive contact to effectuate loss mitigation results.

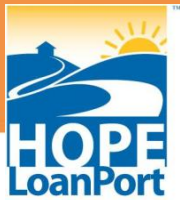
- Commitment from the associates
- Account Ownership
 - » Setting targets across the continuum
- The “talk off”
 - » Determine the goal of the call
 - » Consider a series of conversations to sell the workout versus single sale approach
- Sell the relationship
 - » Borrowers tired of musical chairs

- Develop a series of borrower profiles
 - » Teach to handle the different objection types
- Push the coachable moments
 - » Use talent to lift the performance of others
- Side-by-Sides are critical
 - » Commitment by Supervisors
- Call recording and calibration sessions
- Review of activity on a regular basis

- Finish strong
 - » Assist the homeowner through the entire process.
 - » Get the property evaluated
 - » Selection of the realtor
- Don't give up on slow performers
 - » Borrower and Associate

Larry Gilmore
President and CEO

HOPE LoanPort



HOPE LoanPort™

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Provides a neutral, web-based utility to streamline HAMP & non-HAMP loan modification execution

Collects complete applications that include all required data elements & documentation

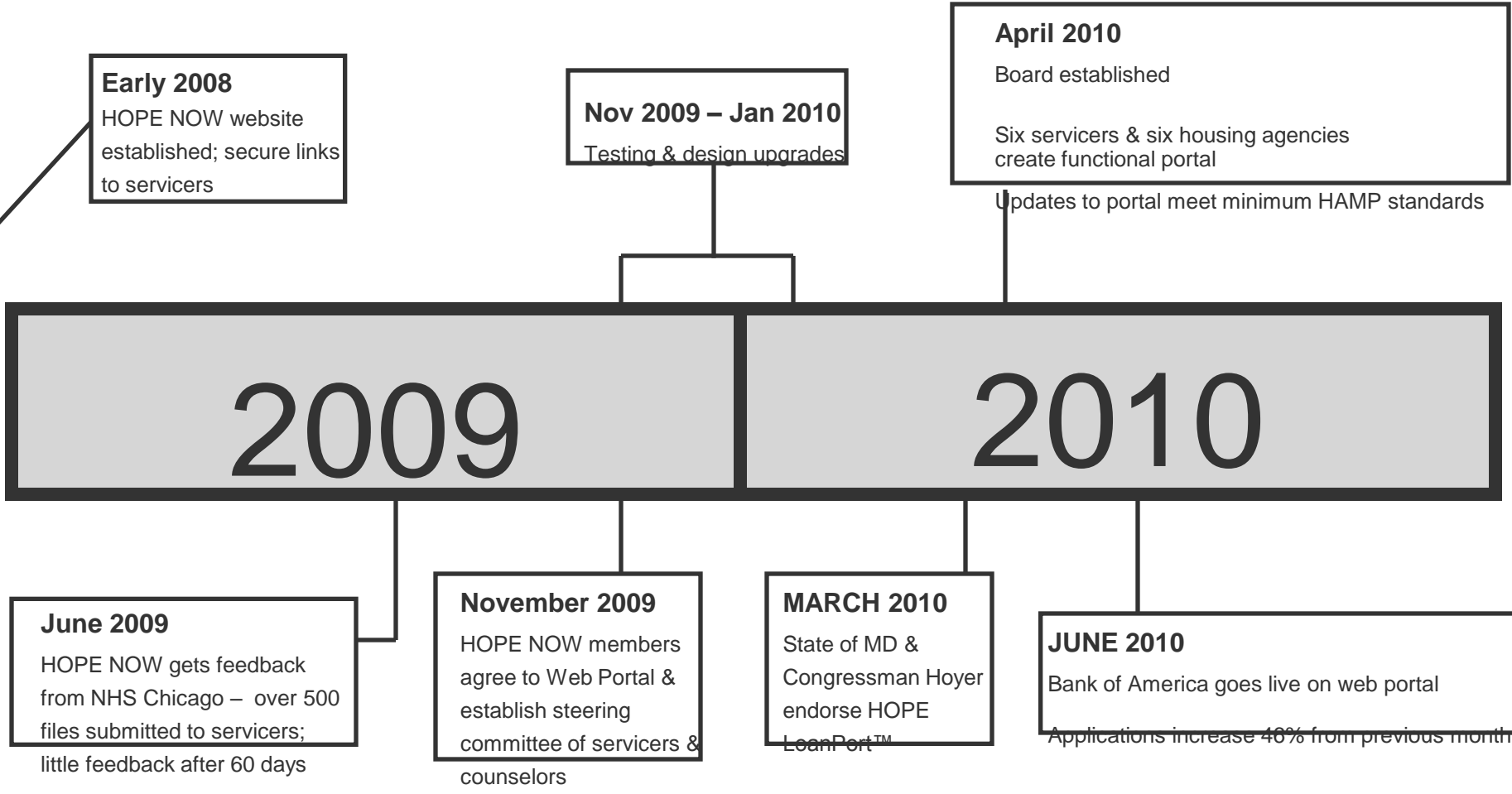
Improves & standardizes counselor to servicer communications

Addresses servicers' challenges in receiving completed applications – NO LOST DOCUMENTATION

Improves borrower experience when applying for a loan workout by using a trusted, third party advisor

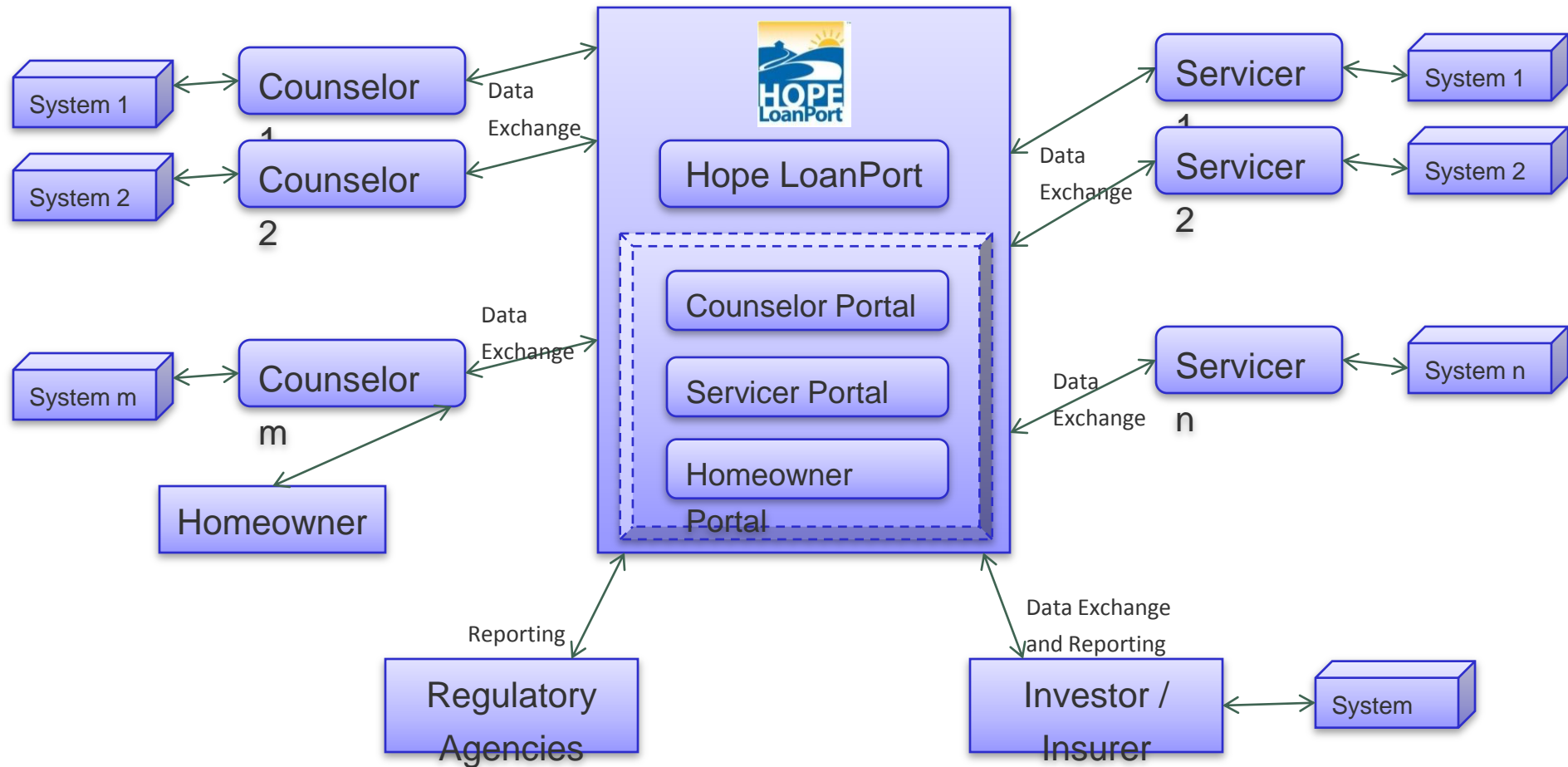


Development Timeline



Expectations: Over 400 different housing counselor agencies will adopt by Dec 2010

Hope LoanPort is full Life-cycle communication to participating Servicers
Communication includes: Cases, Documents, Status Updates, Messages



Bill Longbrake, Chairman HOPE LoanPort, Executive in Residence at the Robert H. Smith School of Business at the University of Maryland

John Dalton, President, Housing Policy Council

Ken Wade, President, NeighborWorks America

Faith Schwartz, Executive Director, HOPE NOW

Camillo Melchiorre, SVP, Radian Guaranty, Inc.

John Courson, President, Mortgage Bankers Association America

Larry Gilmore, President & CEO, HOPE LoanPort

Approximately 320 Counseling organizations live

Over 1700 counselors

In 48 States to date / All HUD Certified / Approved through NFMC

NFMC Scanners provided to counselors

Profile of Counseling Partners

88% of Clients served are Low/Mod

55% of Clients are minority (28% Black / 16% Latino)

66% Bi-Lingual Spanish Speaking

Geographic (37% Urban / 16% Suburban / 16% Rural)

23% of Agencies / more than 25% of Clients are Unbanked

66% of Agencies provide Credit Counseling / 94% Homebuyer
Counseling

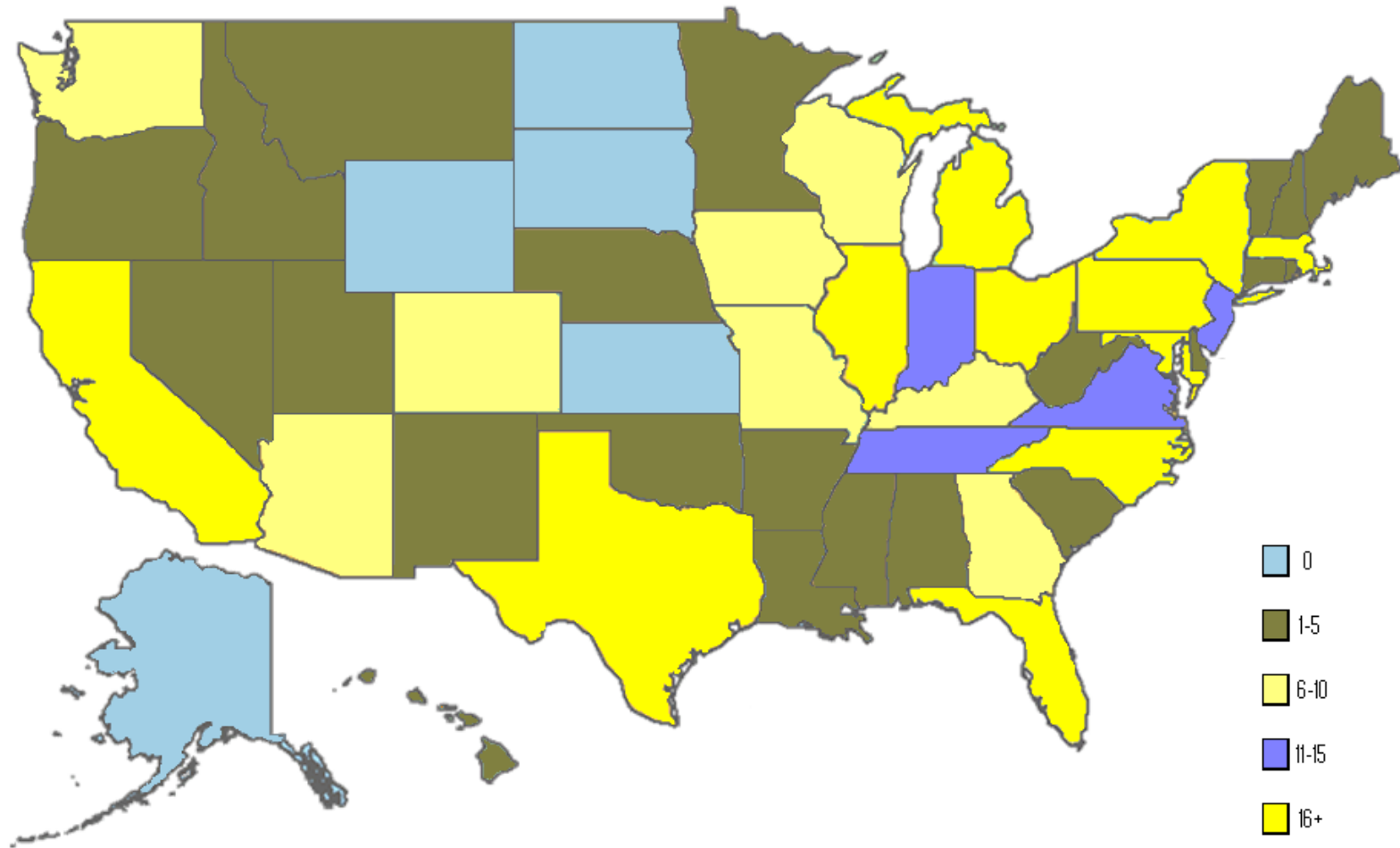
22% of Organizations Originate

68% involved in Deed in Lieu / Short Sales

84% provide Phone Counseling

Where is HOPE LoanPort?

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14 Servicers committed to using HLP
Reflects 75-80% of mortgage serviced loans
7 of the Top 10 Servicers are participants

GOALS for 2010

20 Servicers all live by end of year
9 of the Top 10 Servicers participating
Gain Efficiency and Impact Bottom-Line

- » Increase Case Volume
- » Technology Integration to Servicer system/s to automate statusing

Pilot Participants

Chase

GMAC

Saxon

SunTrust

PNC

American Home Mortgage

New Members

Bayview Loan Servicing

Ocwen Loan Servicing

OneWestBank

Bank of America

Citi

Wells Fargo Home Mortgage

Metlife

NationStar

Opportunity #1 / Counselor Portal - Have all NFMC counselors use HLP as submission tool for all mod applications (HAMP and Non-HAMP) providing state full reporting tool to view all activity

Opportunity #2 / Borrower Portal - Deploy HLP's direct to consumer borrower portal on states website (co-branded) allowing consumers in need the ability to directly submit an application

- » Can be used strictly as referral tool to NFMC counselor or another 3rd party Quality Control agent
- » Potentially allow borrower full submission of mod application

Benefits:

Improve foreclosure prevention assistance for residents

Best track case activity involving counselors

Track servicer ability to status and decision cases

Identify pipeline bottlenecks

Customize HLP's borrower and counselor portal with state specific modification guidelines

4 State HFA's committed to using HLP

3 Hardest Hit State Participants / 1 Other HFAs

Arizona, Nevada, Ohio, & North Carolina

GOALS for 2010

6 HFAs all live by end of year

Maximize use of Counselor and Direct to
Consumer Portal

Q&A

- What are the best practices for increasing inbound contact – for the borrower to contact the servicer when they are anticipating trouble making their payments?
- What are the challenges when dealing with an intermediary – law firm, loan modification company negotiating on behalf of the borrower?
- How do you negotiate/ deal with a borrower that seems to be a strategic defaulter?
- How do you measure/ manage physical outreach efforts by third parties?
- What kind of modeling tools are being used to predict borrower default? What external data are you using for this model?
- How are you reaching out to borrowers that have failed the Loss Mitigation/ Retention waterfall for Deed in Lieu, Cash for Keys, Lease for Deed and other creative programs?

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THANK YOU

