

Servicing Alignment and Loss Mitigation

An Overview for Housing Counselors

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Solutions and Products



Our Focus Today



Where the market
is today



Fannie Mae's
support for the
market and for
borrowers



Additional
Resources

Support for the Market and Borrowers



Servicing Alignment: Why

At the direction of the Federal Housing Finance Agency (FHFA), Freddie Mac and Fannie Mae are aligning certain requirements around mortgage loan servicing and delinquency management in order to:

- Motivate servicers to effectively engage with homeowners and resolve their cases earlier,
- Promote greater transparency and quicker decisions for distressed homeowners,
- Bring greater servicer performance accountability, and
- Introduce consistency and standardization across key default areas.

The alignment will help servicers do a better job of resolving delinquencies in a more consistent and expeditious manner, to keep more people in their homes whenever possible and to minimize losses to the GSEs and taxpayers.

Servicing Alignment: What to expect

After servicers implement the Servicing Alignment Initiative, you can expect to see:

- Improved service to borrowers as well as greater consistency and clarity in borrower communications.
- More efficient processing of loan modifications.
- Consistency, fairness, and efficiency in the foreclosure process.
- Increased servicer accountability, reinforced by new incentives and sanctions.
- The use of one set of documents from borrowers so servicers can more quickly determine modification eligibility and offer foreclosure alternatives to homeowners who are not eligible for a modification.

Help for Struggling Borrowers



Stay in Their Home

Reinstate

Forbearance

Short Sale

Refinance

Modification

Deed-in-Lieu of Foreclosure

Repayment

Deed-for-Lease™

Stay in the home: Repayment plan

- A repayment plan is an arrangement in which a borrower agrees to repay past due amounts while still making regularly scheduled payments. With this option, a borrower spreads out the past due amount—added on to the current mortgage payments—over several months in order to bring the mortgage current.
- A repayment plan may be an option if a borrower is:
 - Ineligible for or doesn't want to refinance
 - Facing a short-term hardship
 - A couple (or several months) behind on mortgage payments
 - Can now afford monthly mortgage payment

Stay in the home: Forbearance

- A forbearance provides a temporary reduction or suspension of payments on a borrower's mortgage loan, followed by an arrangement to cure the delinquency. With this option, a mortgage company agrees to temporarily suspend or reduce a borrower's monthly mortgage payments for a specific period of time. This option lets a borrower deal with short-term financial problems.
- A forbearance may be an option if the borrower is:
 - Ineligible for or does not want to refinance
 - Facing a short-term hardship
 - Several months behind on your mortgage payments

Stay in the home: Modification

- Mortgage modifications are an agreement between a borrower and a mortgage company to change the original terms of a mortgage—such as payment amount, length of loan, interest rate, etc. In most cases, when a mortgage is modified, a borrower can reduce his monthly payment to a more affordable amount.
- A modification may be an option if a borrower is:
 - Ineligible to refinance
 - Facing a long-term hardship
 - Several months behind on mortgage payments or likely to fall behind soon

Stay in the home: Deed-for-Lease

- Fannie Mae's Deed-For-Lease™ program allows a borrower to lease back his/her home after transferring the title to the property to the mortgage company (called a Deed-in-Lieu of Foreclosure). The lease terms are up to 12 months with the possibility to extend longer, and the monthly rent is based on the current rental rates for the area—not on the original mortgage payment.
- Deed-for-Lease is an alternative to foreclosure and may be an option if a borrower:
 - Is ineligible to refinance or modify the mortgage
 - Is facing a long-term hardship
 - Is several months behind on mortgage payments
 - Owes more on the home than it's worth
 - Has not been able to sell the home
 - Wants to remain in the home and neighborhood

Stay in the home: Quick recap

Reinstate		Pay the loan current
Repayment Plan		Pay extra each month
Forbearance		Pay less each month, but extend terms
Modification		Change in loan terms
Deed-for-Lease		Lease back following DIL

More Help for Struggling Borrowers



Foreclosure Alternatives

Short sale

Deed-in-lieu

Deed-for-Lease™

Leave the home: Short sale

- A short sale, also known as a pre-foreclosure sale, is when a borrower sells a home for less than the balance remaining on the mortgage. If the mortgage company agrees to a short sale, a borrower can sell the home and pay off all (or a portion of) the mortgage balance with the proceeds. These borrowers may also be eligible for the government's Home Affordable Foreclosure Alternatives Program (HAFA) which offers short sale and DIL options.
- A short sale is an alternative to foreclosure and may be an option if a borrower:
 - Is ineligible to refinance or modify the mortgage
 - Is facing a long-term hardship
 - Is behind on mortgage payments
 - Owes more on the home than it's worth
 - Has not been able to sell the home at a price that covers what is still owed on the mortgage
 - Can no longer afford the home and is ready or needs to leave

Leave the home: Deed-in-Lieu of foreclosure

- A Deed-in-Lieu of Foreclosure (DIL) is where a homeowner voluntarily transfers the ownership of a property (the title and all property associated with it) to the owner of the mortgage in exchange for a release from the mortgage loan and payments.
- A DIL may be an option if a borrower:
 - Is ineligible to refinance or modify the mortgage
 - Is facing a long-term hardship
 - Is behind on mortgage payments
 - Owes more on the home than it's worth
 - Doesn't want to sell the home or hasn't been able to sell the home
 - Can no longer afford the home and is ready to leave

More Help for Struggling Borrowers



Outreach

- Fannie Mae Mortgage Help Centers open in Atlanta, Chicago, Miami, Los Angeles, Phoenix, and Dallas
- Thousands attend foreclosure prevention events
- KnowYourOptions.com™ provides interactive help

[Options to Stay in Your Home](#)

[Options to Leave Your Home](#)

[Resources](#)

[Beware of Scams](#)

[Take Action](#)

You are here: Home



Avoid foreclosure. Get the help you need.

If you are struggling with your mortgage payments or facing foreclosure, you may feel overwhelmed and frustrated. Many homeowners simply don't know what to do or where to go for assistance, and they feel too helpless to take action.

We understand. **Fannie Mae** has created *KnowYourOptions.com*™ to help homeowners just like you. We've made it easy to find the information you need, so you can get help before it's too late.

[Know Your Options Now >](#)

Explore Your Options

Learn about options to help you get back on track and avoid foreclosure.

[Explore >](#)

Be Prepared

Get ready to talk to your mortgage company with our step-by-step instructions to help you prepare.

[Prepare >](#)

Find Helpful Resources

Find Housing Counselors and foreclosure prevention events in your area, access calculators, information and more.

[Learn More >](#)

Hear from Homeowners

You are not alone. Hear from people just like you who have similar stories and have gotten help.

[View >](#)

Options to Stay in Your Home

Refinance
Repayment Plan
Forbearance
Modification
Deed-for-Lease™

Options to Leave Your Home

Short Sale
Deed-in-Lieu

Know Your Options Now

Self-guided Options Finder

Resources

Fannie Mae Resources
Housing Counselors
Contact Your Mortgage Company
Events
Understanding Your Credit Score
Calculators

Beware of Scams

Take Action

Financial Checklist (PDF)
Contact Log (PDF)
Fannie Mae Loan Lookup

About Us

ways Home

Interactive Options to Avoid Foreclosure



Jackie Williams—Struggling to keep up with her mortgage.

Over 370,000 Homes Put Back in Service



Searchable listing
of Fannie Mae homes

Owner-occupant buyers
and public entities get
head start

Properties become
affordable homes through
HUD Neighborhood
Stabilization Program

Fannie Mae's Work with Housing Counselors

- Fannie Mae's priority is servicer accountability and performance, but we are working to create options for borrowers unable to access assistance with their mortgage problems through the mainstream systems.
- We work with Housing Counselors in several ways, most notably through our Mortgage Help Centers and our Mortgage Help Network.
- **Mortgage Help Centers**
 - 12 locations nationwide
 - Staffed by local counselors
 - Single point of contact for Fannie Mae borrowers
- **Mortgage Help Network**
 - 13 additional markets
 - Local counselors under contract with Fannie Mae
 - Counselors assist borrowers with document collection
 - Counselors follow up to help borrowers make informed decisions and hopefully succeed long term

Mortgage Help Centers

Purpose

- Link quality counseling to a managed loss mitigation channel to improve outcomes for borrowers in a brick & mortar setting

Why?

- Local counselors understand the community
- Understand the market
- Trusted advisors enhance borrower engagement

What's the process?

- Counselors help gather documents and submit through a Fannie Mae Channel
- Target decisioning timeframe is ~30 days upon submission

Mortgage Help Network

Purpose

- Partnership with counseling agencies designed to help borrowers succeed in the long term

Why?

- Borrowers are often intimidated by their mortgage servicer and want to engage with a third party
- Being face-to-face with a knowledgeable housing advisor is extremely helpful to borrowers

What's the process?

- While we don't have a physical location in Cleveland, homeowners will have the same access to the same services.



Additional Resources

Single-Family

Multifamily

Training & Education

KnowYourOptions.com

Our new consumer-friendly bilingual Web site and marketing materials are designed to educate distressed homeowners about options that may be available to them – as well as reinforce the efforts of servicers and housing counselors to help homeowners avoid foreclosure.

[Learn more](#)



Other Current Topics for Lenders and Servicers

[Uniform Mortgage Data Program \(UMDP\)](#)
[Loan Quality Initiative \(LQI\)](#)

[Making Home Affordable Program](#)
[Servicing Resources](#)

Login

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Password

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[Need Help With Your User ID or Password?](#)

Launch

Frequently Searched Pages

- [Foreclosure Prevention for Homeowners](#)
- [Asset Management Network](#)
- [2010 Lender Announcements and Letters](#)
- [Selling and Servicing Guides](#)
- [Form 1003](#)
- [Single-Family Forms](#)
- [Area Median Incomes \(AMIs\)](#)
- [Condo, Co-Op, PUD Eligibility](#)
- [Manufactured Housing](#)
- [Fannie Mae Loan Limits](#)

Industry Specialists

Not a lender or servicer? Get quick access to the information you need.

- [Appraisers](#)
- [Attorneys](#)
- [Brokers & Correspondents](#)
- [Document Custodians](#)
- [Housing Counselors](#)
- [Housing Finance Agencies & Public Entities](#)
- [LOS Vendors](#)
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- [Settlement Agents](#)

Highlights

- [Live Web Seminars Calendar](#)
View this consolidated listing of a variety of live Web seminars.
- [DO/DU Updates](#)
View new and updated DU Release Notes and FAQs.
- [Single-Family Pricing Info](#)
Access the latest LLPA matrix and other pricing information.
- [Industry Events](#)
Visit Fannie Mae at these upcoming events.
- [Disaster Assistance](#)
Review guidance and policies.

Sell Loans Directly to Fannie Mae



Benefits:

- Innovative loan products and options
 - State-of-the-art technology solutions
 - Training opportunities
- [How to Apply Online](#)

Resources

- [What's New Matrix](#)
- [Preventing Mortgage Fraud](#)
- [HomePath.com – Fannie Mae-owned homes for sale](#)

[Single-Family](#)[Multifamily](#)[Training & Education](#)[Home](#) > [Training & Education](#)

Training & Education

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NEW Are You a New Customer?

Your first step is to view the Getting Started: Doing Business with Fannie Mae recorded tutorial that was described in your Lender Approval Letter.

[View recorded presentation](#)

Loss Mitigation Tutorial

Learn about the range of loss mitigation options you can use to help financially distressed homeowners avoid foreclosure. This interactive tutorial walks you through the steps you'll take when determining which option best fits the borrower's situation and the subsequent Fannie Mae reporting requirements.

[View recorded presentation](#)

Helping You Do Business

Welcome to our Training & Education section, which provides one-stop access to a wide range of training opportunities and educational materials designed to help new and experienced customers do business with Fannie Mae. In addition to our highly regarded Housing Finance Institute™ (HFI), we offer free instructor-led and recorded Web seminars and publications on a wide range of topics. Use the link on the right for quick access to the Training Resources Catalog.

For Newly Approved or Reactivated Fannie Mae Customers

In your Lender Approval Letter, we ask you to view the *Getting Started: Doing Business with Fannie Mae* recorded tutorial as the first step in the onboarding process. This short presentation gives an overview of the documentation that you need to complete before you begin selling loans to Fannie Mae. Once you view the tutorial, you'll be ready to work with our Customer Sales Support Managers to complete the requirements.

[View recorded presentation](#)

Quick Links

- [2010 Housing Finance Institute™ \(HFI\)](#)
- [Training Resources Catalog](#)
- [Multifamily Training](#)



Print Page



Six Sessions, Five Courses,
Four Tracks –Your Choice.
[Learn more & register today](#)

Training Resources Catalog

Find the training resources you need with just a few easy clicks.

[View Training Resources Catalog](#)

Live Web Seminars

Interactive web seminars to help provide you with insights and information about topics that are most relevant to doing business with Fannie Mae.

[Learn more](#)

For Multifamily Lenders

Check out the growing list of educational resources available for Fannie Mae Multifamily customers.

[View Multifamily Training](#)

Sustaining Homeownership

Nearly 35,000 take advantage of "First Look" homebuyer initiative.

- ▶ [Read the Press Release](#)
- ▶ [Visit the HomePath Buyer's Guide](#)
- ▶ [Learn about New Incentives for HomePath Properties](#)



[Who We Are](#) [Helping the Homeless](#) [Helping Borrowers](#) [Serving the Market](#)

Protecting Homeownership



"Five Step" Guides to Responsible Homeownership

Fannie Mae is providing new information to current homeowners and people interested in obtaining a mortgage to purchase a home. [Learn more](#)

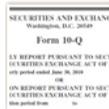


Are you eligible? Refinance Loan Modification

Gulf Coast Rebuilding



In the News



Fannie Mae Reports Third-Quarter 2010 Results



Listings of Fannie Mae homes for sale

Additional Resources

- Foreclosure Prevention and Outreach Division
 - Jack Maloney**
Foreclosure Prevention Specialist for your area
716-912-4237
Jack_Maloney@fanniemae.com
- Outreach Events
- Assist with Intake
- Case escalation and routing