



Best Practices in Foreclosure Intervention Counseling Improving Outcomes Using Emerging Technologies

About the Series

Best Practices in Foreclosure Intervention Counseling is provided by Freddie Mac as a service to organizations everywhere doing this very important work.

Prepared By

Doug Dylla, Doug Dylla Consulting, and Dean Caldwell-Tautges, Dean Caldwell-Tautges Consulting, LLC

Spotlight Organizations

The Unity Council
HomeFree-USA

For More Information

Visit FreddieMac.com for additional titles in this series.

Contact Julio Artiga, Freddie Mac Corporate Relations & Housing Outreach Manager at Julio_Artiga@FreddieMac.com or 703-903-2434.

As a result of record-high mortgage delinquency rates and implementation of the Making Home Affordable Program, servicers and counselors have been inundated with requests from homeowners for loan modifications. The number of requests for loan modifications increased threefold in 2009 from just a year earlier. This overwhelming volume of inquiries, e-mails, and follow-up calls has clogged the communication pipeline between all parties. As a result, counselors report that months can pass before receiving a response from a servicer. Once a response is received, the servicer often requires additional or updated financial information because the initial package is incomplete, and thus the resolution process can bog down severely.

As the foreclosure crisis continues, industry leaders have realized that new tools are needed to collect complete information from the homeowner more efficiently, as well as to develop better systems that both servicers and counseling professionals can use to better serve their common clients—homeowners in financial distress.

Web Portals for Informed Decisions and Efficient Communication

As a result of the high demands currently placed on both the counseling and servicing industries, a variety of Web-based communication tools have emerged. The goals of these tools include saving time and resources, as well as attaining positive outcomes for more homeowners, most often in the form of loan modifications. This summary explores two such tools, **CounselorDirect** and **HOPE LoanPort™**, and the potential they offer.

Table of Contents

About the Series	1
Prepared By	1
Spotlight Organizations.....	1
For More Information	1
Web Portals That Create Informed Decisions and Efficient Communication...	1
CounselorDirect	2
HOPE LoanPort™	3
Benefits of CounselorDirect	4
Lessons Learned	4
Agency Background.....	5
Interviewees.....	5
Spotlight Organizations.....	5

CounselorDirect

In late 2009, The Unity Council of Oakland contracted with software developer Homeowner Toolbox, Inc., to build a Web portal through its agency Website (www.unitycouncilhoc.org) to Homeowner Toolbox's CounselorDirect platform. This customized Web portal provides two fundamental improvements to the agency's foreclosure-counseling program: enhanced outreach and streamlined intake.

Enhanced Outreach

After noticing a decline in attendance at its foreclosure workshops, The Unity Council decided to enhance its Website significantly with more tools and content. Powered by CounselorDirect, the resulting Web pages are highly interactive and engaging. The site includes a strong welcome video and an interactive financial tool that gathers homeowner information and then provides immediate feedback as to whether the homeowner is "loan-modification ready." Due to the high number of loan modification and rescue scams in the area, The Unity Council realized it needed to be more aggressive in its marketing to consumers. The agency increased its public-relations efforts by using more local print and TV media to promote its online tool and counseling services.

Streamlined Online Intake

A second goal of this technology is to create a more streamlined intake process for both homeowners and the counseling staff who use the data. The Website provides tips to assist homeowners, but also helps counseling staff by reducing their workload spent tracking down missing data from incomplete client files. An added benefit is that counselors are now more available to answer questions and provide follow-up support via email and phone. Today, when an intake file is submitted, it is more likely that the file is 100 percent complete and that the homeowner is more motivated and better prepared for counseling. CounselorDirect also helps the homeowner write a hardship letter and provides intake checklists and other resources that assist clients in financial trouble. Since many homeowners are completing their intake package late in the evening or during other nonbusiness hours, offering 24/7 intake capabilities is critical for reaching them and is a key driver of CounselorDirect's higher conversion rates. Nearly 70 percent of homeowners who begin the online process submit a completed package.

Those homeowners who are uncomfortable entering private financial information online are invited to attend bimonthly workshops hosted by The Unity Council. At these one-hour workshops, an orientation to the process is presented, and then homeowners begin completing their intake packets using CounselorDirect on one of 18 laptop computers provided, with advice and support from counselors who float around the room.

Impact and Benefits of CounselorDirect

The CounselorDirect platform is already connecting thousands of homeowners a month nationwide to foreclosure intervention counselors who can assist them. Partly due to CounselorDirect, The Unity Council projects that it will submit 250 percent more fully documented modification proposals to servicers by the end of FY 2010 compared to FY 2009.

CounselorDirect is not a client management system, although the goal is to integrate with reporting systems such as Home Counselor Online and CounselorMax™ (a client management system owned by NeighborWorks® America) to compile homeowner data automatically, thereby eliminating much data entry by counseling staff.

The benefits of CounselorDirect include:

- It enables homeowners to determine their eligibility for a loan modification based on HAMP or their servicer's specific modification guidelines.
- The interactive Website helps homeowners generate a complete modification package with servicer-specific forms and hardship affidavits.
- Since it is homeowner-directed, the automated intake process reduces both agency outreach costs and time spent by staff completing and processing intake documents.

An additional benefit of the CounselorDirect platform is the follow-up tools it provides. Within 24 hours of beginning the process, the client is contacted via email with congratulations for being proactive and encouragement to continue the application process.

Although CounselorDirect is free to the homeowner, an investment by the counseling agency is required. The setup fees vary based on the institution's needs, but many agencies, including The Unity Council, believe that the system has already paid for itself in its first few months. "We really like this technology," says Sheri Powers, Homeownership Center director at The Unity Center. "We saw an immediate interest from homeowners and a subsequent increase in demand for our services. At the same time, it reduced the administrative demands on our staff. CounselorDirect has several time-saving tools which reduce our file management headaches and allow us to focus more on serving homeowners and facilitating outcomes with servicers."

"We have strong interest from several state housing finance authorities and large nonprofit networks. We believe our technology is a great *front-end tool* to effectively connect homeowners to counselors," says Jason Connolly, Vice President of Business Development for CounselorDirect, "and that the HOPE LoanPort™ is an effective *back-end tool* for counselors to efficiently communicate with servicers. Once both systems are integrated with CounselorMax, the three systems combined will provide a seamless end-to-end solution to support the counseling process which should ultimately lead to quicker resolutions and reduced foreclosures."

HOPE LoanPort™

Available since late 2009, HOPE LoanPort™ is a secure, Web-based tool available at no cost to HUD-approved and National Foreclosure Mitigation Counseling (NFMC)-funded housing counseling agencies. The primary goal of the technology is to transmit completed modification packages to servicers. The system provides prompts to the counselor regarding required fields and supporting documents that need to be attached (e.g., pay stubs or unemployment benefit letters). The technology flags the file and notifies the counselor if there are missing documents or data before it can be submitted to the servicer.

Once submitted, the completed package is forwarded to the servicer, where a HOPE LoanPort-dedicated team provides an initial status update within 10 days (i.e., "package received") and a final HAMP determination within 45 days. A counselor can easily track the progress of the application through HOPE LoanPort, which provides clear status changes, such as package received, more information needed, under review, denied, or approved for trial HAMP. The portal provides a common interface, so both parties are on the same page, and a method of verifying what other information is needed or why an application was denied.

Benefits of HOPE LoanPort

HomeFree-USA, a national HUD-approved intermediary providing foreclosure intervention services, has been one of the early adopters of HOPE LoanPort. As a national intermediary, its branch offices counseled a total of 16,000 homeowners in 2009. Although it has been using the tool only since early 2010, HomeFree-USA is already realizing benefits and is quickly training all its branch offices on the use of the tool. Initial reports from counselors indicate the technology is reliable, and that servicers are receiving attached documents consistently.

“It’s doing what it was designed to do. Once you submit a package you know for certain the servicer has received everything and then they provide status updates. This eliminates the need to resubmit missing documents, make follow-up calls, and allows us to give clear updates to the homeowner when they ask,” says Christine Gould, chief communications and development officer at HomeFree-USA.

“HOPE LoanPort is easy to use. It saves me the time by reducing phone communications with servicers. I know the status of the application and if it is complete or not — basically, I’m better informed,” says Darren Hamm, a foreclosure intervention counselor with Neighborhood Housing Services of Greater Cleveland. “The key to success will be if more servicers adopt the interface and respond in a timely fashion, even if that means a denial. At least then the counselor and the homeowner know where they stand and can consider other options.”

According to Larry Gilmore, deputy director of the HOPE NOW Alliance, counselors may soon be getting their wish. “We’re hopeful that by April 2010 we will have several more large mortgage servicers using HOPE LoanPort, at which time 65 percent of the servicing market will be onboard. The mortgage servicers initially participating in the HOPE LoanPort include American Home Mortgage Servicing, Inc., JP Morgan Chase, GMAC Financial Services, SunTrust, PNC Mortgage, and Saxon Mortgage.”

HOPE LoanPort was designed with an open architecture so it can be easily mapped to accept data from existing client management systems such as CounselorMax or Home Counselor Online. But even if data needs to be entered manually by counseling staff, it is already proving to be a substantial timesaver for counselors by improving communications with servicers.

“We are pleased with the response and feedback we have received from both servicers and counselors. HOPE LoanPort is delivering what has been needed for some time — an effective, easy-to-use communication tool that bridges the gap between two parties who are both trying to resolve homeowners’ mortgage challenges,” says Gilmore.

Lessons Learned

Web-based data portals can be easy to learn and to integrate.

Whether intended for homeowners or counselors, emerging technologies should be user-friendly and easy to navigate. Additionally, they should be Web-based to permit easy integration into existing work processes without large investments of time or specialized technology talent.

The impact on workloads can be immediate.

Agencies of all sizes are reporting positive and rapid impact on their day-to-day operations using these systems. Secure, Web-based data portals reduce administrative time and allow foreclosure intervention team members to

focus more on customer service, outreach, and counseling. As a result, more homeowners can be seen per day without burdening existing staff or hiring more help.

New technologies can be cost effective.

Even if the technology is not free, the cost of many technology tools is modest and may be quickly recovered in reduced labor costs and higher production levels. Assuming that all staff use the technology systematically, it could lead to more consumers being served, which can have a direct impact on revenues as most available funding is outcome-based.

Agency Background

Established in 1964, **The Unity Council** is a nationally recognized nonprofit corporation known for its innovative and successful approaches to community development. Located in the Fruitvale district of Oakland, California, the Unity Council employs a comprehensive strategy for building community assets by focusing on economic, social, and neighborhood needs. Each year, it serves 12,000 people by providing them with the tools needed to transform their lives, build wealth, and ultimately achieve long-term educational, entrepreneurial, and homeownership goals.

Established in 1995, **HomeFree-USA** is a minority-founded, nonprofit organization specializing in homeownership counseling and foreclosure intervention. HomeFree-USA is a HUD-approved organization currently receiving federal funds to act as an intermediary between homeowners and loan servicers to prevent foreclosure. With offices in the Washington metropolitan area, Atlanta, Kansas City, and West Palm Beach, HomeFree-USA provides services across the country through its network of over 60 faith- and community-based nonprofit partners.

Interviewees

Sheri Powers, JD, Homeownership Center Director, The Unity Council
Christine W. Gould, Chief Communications and Development Officer, HomeFree-USA
Larry Gilmore, Deputy Director, HOPE NOW Alliance & HOPE LoanPort™
Jason Connolly, VP, Business Development, CounselorDirect

Spotlight Organizations

The Unity Council
3301 East 12th Street, Suite 101
Oakland, CA 94606
Phone: 510-535-7181
www.unitycouncilhoc.org

HomeFree-USA
3401A East West Highway
Hyattsville, MD 20782
Phone: 301-891-8403
www.homefreeusa.org