

# Foreclosure Prevention Leading Practices = Top STAR Performance

The efforts of our mortgage servicers are critical to keeping people in their homes, preventing foreclosures and supporting the housing recovery. Servicers, who perform at the top of their peer group in key performance metrics such as 90+ to Better, Retention Efficiency and Liquidation Efficiency, demonstrate their commitment to improve outcomes for homeowners, Fannie Mae and the servicer through a number of leading practices.

The STAR Program has identified the following leading practices as key drivers to demonstrate the effective and timely execution of retention and liquidation solutions in relation to the volume of delinquent loans resulting in successful foreclosure prevention efforts

## 90+ to Better

- To improve roll rate performance and repayment plan success rates, well-trained Single Point of Contact (SPOC) agents are assigned early in the delinquency cycle. Agents are incented monthly based on performance and quality of work performed. Goals are established based on prior results and are regularly communicated to staff.
- Key performance metrics such as daily abandonment rate, average speed of answer, agent handle time, outbound efficiency and right party contact are analyzed to identify trends and adjustments are made to call campaign strategies, as needed. In addition, outbound call metrics and call handling efficiency are managed by delinquency status to enable servicers to further develop specialized call campaigns.
- Borrower response data is utilized to improve outreach efforts by augmenting or complementing current strategies with alternate methods such as text, email, and property visits. To gauge effectiveness of the strategies, champion/challenger campaigns are tested.

## Retention Efficiency

### Outreach and Communication

- Multi-pronged outreach approach that leverages specialized mail, email and call campaigns when used in conjunction with one another optimize contact with homeowners. Partnerships with credit counseling services and state housing finance agencies are leveraged to offer financial education and assistance to the homeowner.

Top Performing Servicers

Peer Group 1 – Seterus, Inc.

Peer Group 2 – Regions Bank

Peer Group 3 – Branch Banking & Trust Company

The 90+ to Better metric measures the 90+ delinquent loans that transition to an equal or less delinquent status in a month. Servicers who perform favorably in this metric report higher Right Party Contact rates and Repayment Plan Success rates.

Top Performing Servicers

Peer Group 1 – Seterus, Inc.

Peer Group 2 – One West Bank

Peer Group 3 – Colonial Savings, F.A.

The Retention Efficiency metric measures the rate servicers are providing retention solutions to delinquent homeowners. It is measured as the number of trial modifications and completed repayment plans over the number of seriously delinquent accounts being serviced. Servicers who perform favorably in this metric engage homeowners with a solution in early stages of delinquency.

- Websites are easy to navigate, provide informational links for struggling homeowners, allow homeowners to easily provide financial information and communicate with the servicer through a secure channel.
- When workload is efficiently balanced, assignment of a SPOC early in the delinquency cycle also improves solution timing and conversion rates. The utilization of SPOCs allows servicers to establish consultative relationships, maintain right party contact, and properly position all available workout solutions.

### Effective Evaluation

- Integration of Fannie Mae's Servicer Management Default Utility (SMDU) with the servicer's internal decisioning tools provides immediate decisioning and approval from Fannie Mae for all available loss mitigation solutions including new programs such as the Streamlined Modification.
- Servicers perform "second looks" on all denied retention solutions to ensure all applicable retention solutions have been exhausted.
- Extensive loss mitigation training is offered to the servicers' agents including negotiation training and the use of [Fannie Mae's Know Your Options](#). These efforts provide loss mitigation agents with the knowledge and skills needed to understand the homeowner's needs and effectively educate the homeowner on foreclosure prevention options. A well-trained staff understands the key underwriting requirements to determine a homeowner's eligibility for streamlined programs.

### Pipeline management

- Prioritized workflows accelerate the process of offering foreclosure prevention solutions based on the borrower response package status, resulting in the ability to offer solutions in the early stages of delinquency.
- During the first 90 days of delinquency, servicers proactively identify homeowners who are eligible for a streamlined modification and promptly initiate an offer in an effort to resolve the homeowner's hardship efficiently with reduced documentation requirements.
- Trial modifications are monitored for payment activity to ensure timely conversion to a permanent modification.

# Liquidation Efficiency



Top Performing Servicers

Peer Group 1 – GreenTree Servicing, LLC

Peer Group 2 – Fifth Third Bank

Peer Group 3 – Navy Federal Credit Union

## Effective Evaluation and Homeowner Consideration

- Technology (such as SMDU) allows automatic and concurrent review of accounts for retention and liquidation solutions resulting in effective solution timing.
- Efficient evaluation of the reason for delinquency, intent to stay in the home, and qualifications based on financial review allow loss mitigation agents to quickly transition from retention to liquidation options when applicable.
- When homeowner’s intent is not to stay in the home, servicers use the three Mortgage Release™ options that are available to assist the homeowner and promptly move forward with an offer using the streamlined eligibility requirements and decrease the added effort to compile documentation.
- Training programs focus heavily on developing negotiation skills allowing agents to convey the best outcome for the homeowner. Consistent use of Fannie Mae’s Know Your Options Customer Care (KYOCC) material allows agents to provide consumer-friendly information on the Short Sale and Mortgage Release options for avoiding foreclosure.



The Liquidation Efficiency metric measures the rate at which servicers are executing Short Sales and Mortgage Release™ solutions for homeowners. It is measured as the number of solutions provided over the number of seriously delinquent accounts being serviced. Servicers who perform favorably in this metric quickly transition to counsel homeowners on a liquidation option when retention options are not viable.

## Pipeline Management

- Detailed reporting includes specific production targets and timelines for completing Short Sale and Mortgage Release™ transactions, and tracks the reasons for delays to facilitate timely communication and completion of each transaction.
- Proactive pipeline review and management includes the identification of homeowners that are eligible for Streamlined Documentation programs to avoid delays by unnecessary documentation requests.
- When a Short Sale is the most appropriate foreclosure alternative, servicers obtain valuation and list price guidance parameters from the Fannie Mae Real Estate Asset Management (REAM) team prior to receiving an offer on the property. This proactive approach sets realistic expectations for receiving the best and highest offer and ultimately an approval on the Short Sale from Fannie Mae.
- Servicers conduct regular and frequent contact with the listing agent to ensure the marketing of the property is managed effectively. The meetings include a review of the list price guidance, validate the marketing plans include appropriate methods for property marketing, offer feedback on price, and property condition, showings, and other geographical information that may impact the sale.