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Freddie Reports on Best Practices in Foreclosure Intervention Counseling

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With delinquency rates at sky-high levels, servicers and counselors continue to be inundated with requests from



homeowners for loan modifications. As a result of these high demands, industry leaders have realized that new tools are needed to collect complete information from homeowners more efficiently and to develop better communication between servicers and counseling professionals.

Freddie Mac recently released a report highlighting two Web-based communication tools that are doing just that. The goals of these new tools include saving time and resources, as well as attaining positive outcomes for troubled borrowers, most often in the form of loan modifications, Freddie Mac said.

The first tool, CounselorDirect, is being used by the Unity Council of Oakland and has had marked success. In late 2009, the Unity Council contracted with software developer Homeowner Toolbox, Inc., to build a Web portal through its agency Web site to Homeowner Toolbox's CounselorDirect platform. This customized Web portal has provided two fundamental improvements to the agency's foreclosure counseling program — enhanced outreach and streamlined intake.

According to Freddie Mac, there are numerous benefits of CounselorDirect. On an outreach basis, this platform enables homeowners to determine their eligibility for a loan modification based on the Home Affordable Modification Program (HAMP) or their servicer's specific modification guidelines, and it also helps homeowners generate a complete modification package with servicer-specific forms and hardship affidavits.

In addition, CounselorDirect creates a more streamlined intake process for both homeowners and counseling staff who use the data. Freddie Mac said this homeowner-directed automated intake process reduces both agency

outreach costs and time spent by staff completing and processing intake documents. As a result, counselors are more available to answer questions and provide follow-up support via email and phone.

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

Freddie Mac said another Web-based tool being used by industry participants is HOPE LoanPort. Available since late 2009, the primary goal of this secure Web portal is to transmit completed modification packages to servicers.

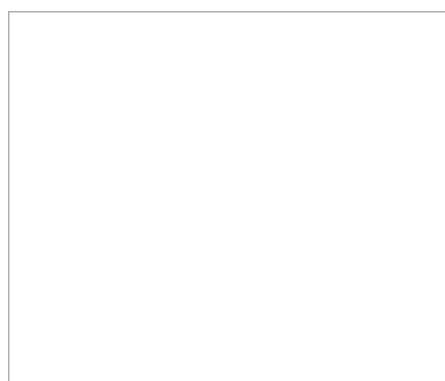
The system provides prompts to the counselor regarding required fields and supporting documents that need to be attached, and the technology flags the file and notifies the counselor if there are missing documents or data. Once submitted, the completed package is forwarded to the servicer. A HOPE LoanPort-dedicated team then provides an initial status update within 10 days, and a final HAMP determination is made within 45 days. A counselor can easily track the progress of the application through the HOPE LoanPort, which provides a common interface so both parties are on the same page.

HomeFree-USA, a national HUD-approved intermediary providing foreclosure intervention services, was one of the early adopters of HOPE LoanPort. Although it has only been using the tool since early 2010, HomeFree-USA is already realizing the benefits of this tool, Freddie Mac said in its report.

"It's doing what it was designed to do," said Christine Gould, chief communications and development officer at HomeFree-USA. "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."

All in all, Freddie Mac found that agencies of all sizes are reporting positive and rapid impact on their day-to-day operations using these systems. Secure, Web-based portals reduce administrative time and allow foreclosure intervention team members to focus more on customer service, outreach, and counseling, Freddie Mac said. As a result, more homeowners can be seen per day without burdening existing staff or hiring more help.

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