

Purpose Statement

As mortgage servicers, housing counseling and advocacy organizations, mortgage investors, and individual consumers, we recognize the importance of homeownership in sustaining our communities, fostering a high quality of life, and building financial security. We also understand that consumers can become delinquent for reasons beyond their control, and that many can be helped through the availability of workout options to help them keep their homes. To that end, we support working cooperatively and constructively to promote and maintain homeownership. We support working together to improve communications between us, resolving our differences in an equitable and constructive manner, and where we cannot agree, to respect each other's opinions and decisions. Each of us supports the best practices outlined below as ideals that will help us to achieve our stated purpose – to promote and maintain homeownership.

Best Practices for All Parties:

1. Treat each other with respect, courtesy, and honesty.
2. Provide information in a timely manner.
3. Whenever possible, write or speak using terminology that is understandable to the average person.
4. Be open to suggestions, no matter what the source.
5. Share knowledge and promote education between ourselves to improve our opportunities to help others.
6. Be even-handed and fair when dealing with disagreement, always keeping an eye on the ultimate goal – resolution of an issue.
7. Listen.

Best Practices: Servicer

1. Promote a “work it out” environment among servicing staff by rewarding behaviors and results that support homeownership retention.
2. Base workout decisions leading to a long term resolution of the consumer's delinquency on factual information, the availability of different options, and borrower qualifications
3. Provide superior consumer accessibility to information and assistance by using multiple methods of communication and by promoting financial literacy through partnerships with consumer groups, housing counseling agencies, government agencies and regulators.
4. Be clear, open and realistic about time frames for approvals, fees and costs that may be incurred, credit bureau reporting, and other factors that may be of concern to the consumer.
5. Attempt to resolve workout requests within a reasonable amount of time, making sure that the consumer knows decisions are dependent on them providing the information requested in a timely manner and the servicer obtaining approval from the investor who owns the loan.
6. Be clear whether or not a workout option request will delay a foreclosure sale while it is under review.
7. Work cooperatively with all parties to resolve the consumer's delinquency. These parties include counseling agencies, advocacy groups, and other resources the consumer may use to help themselves.

8. Do not threaten violence, abuse or harass consumers or use obscene or profane language. But make consumers aware that not paying outstanding debt may result in foreclosure and/or eviction.
9. Have an open dialogue with consumers to explain that they have been engaged by the investor to handle communications and transactions. If the consumer wishes to know the name of the investor, it should be disclosed.
10. Provide requested documents, including payoff statements and itemization of amounts claimed to be owed, in a timely manner.
11. Research issues and correct errors in a timely manner.
12. Form partnerships with others to promote homeownership retention.
13. Work with counseling agencies on behalf of consumers who have given appropriate authorization for that contact.
14. Provide a toll-free number, manned by loss mitigation specialists, for all counseling agency calls.
15. Promote the establishment of escrows for taxes and insurance.

Consumers:

1. Be honest about personal circumstances and finances. This will help lead to the right workout option.
2. Stay in contact with your lender/servicer and counselor.
3. Provide all requested information quickly so as not to delay a decision.
4. Notify servicer of a change in circumstances. This includes letting them know if a payment cannot be made in the amount or by the date promised.
5. Keep your promises but make sure that they are promises you can keep. Don't commit to a repayment plan or other option that you know you can't keep.
6. Be willing to change spending habits by properly prioritizing debts.
7. Be willing to seek and stick with financial counseling.
8. Be realistic about your own financial condition. If you cannot afford to keep your property, consider selling it to get your equity out of it or talk to your servicer about other options to give up your property. Consider seeking the advice of counseling agencies to make sure that you have explored all possible options that may be available to you
9. Be responsible for your obligations. You remain the owner of the property until such time as you sell the property or you lose your home through foreclosure. Stay in the home and maintain it until the final outcome.

Counseling/Advocacy Agencies:

1. Provide required authorization.
2. Use contacts provided by servicer to communicate.
3. Follow chain of command before escalating.
4. Understand that investors determine the timing and type of options that are available to borrowers, and that their rules will govern most transactions.
5. Educate yourself into the types of workout options that servicers provide, and what kind of rules they follow to approve requests for help.
6. Refrain from charging consumers excessive fees and costs, providing services whenever possible at no charge.

Investors:

1. Respond timely to requests
2. Consider exceptions to standard policies in light of information that is borrower specific. Consumers should take note that there may be limitations placed on investors that restrict them from creating exceptions regardless of the consumer's particular circumstance.
3. Continually review loss mitigation policies and programs to respond to changing needs of consumers.
4. Be supportive of community efforts to reduce foreclosures, and lend a voice whenever possible.
5. Continue to update and provide workout program options to servicers on a regular basis.