

NATIONAL HOUSING RESOURCE CENTER

Mortgage Servicing Survey

What Housing Counselors Are Reporting,
September 2012

10/3/2012

The National Housing Resource Center conducted this survey in September 2012. 285 nonprofit housing counselors responded to the survey.

Special thanks to Graciela Aponte and Cristela Solorio Ruiz from NCLR, Cheryl Cassell from NCRC and Jane Duong, from National CAPACD for their work on this survey.

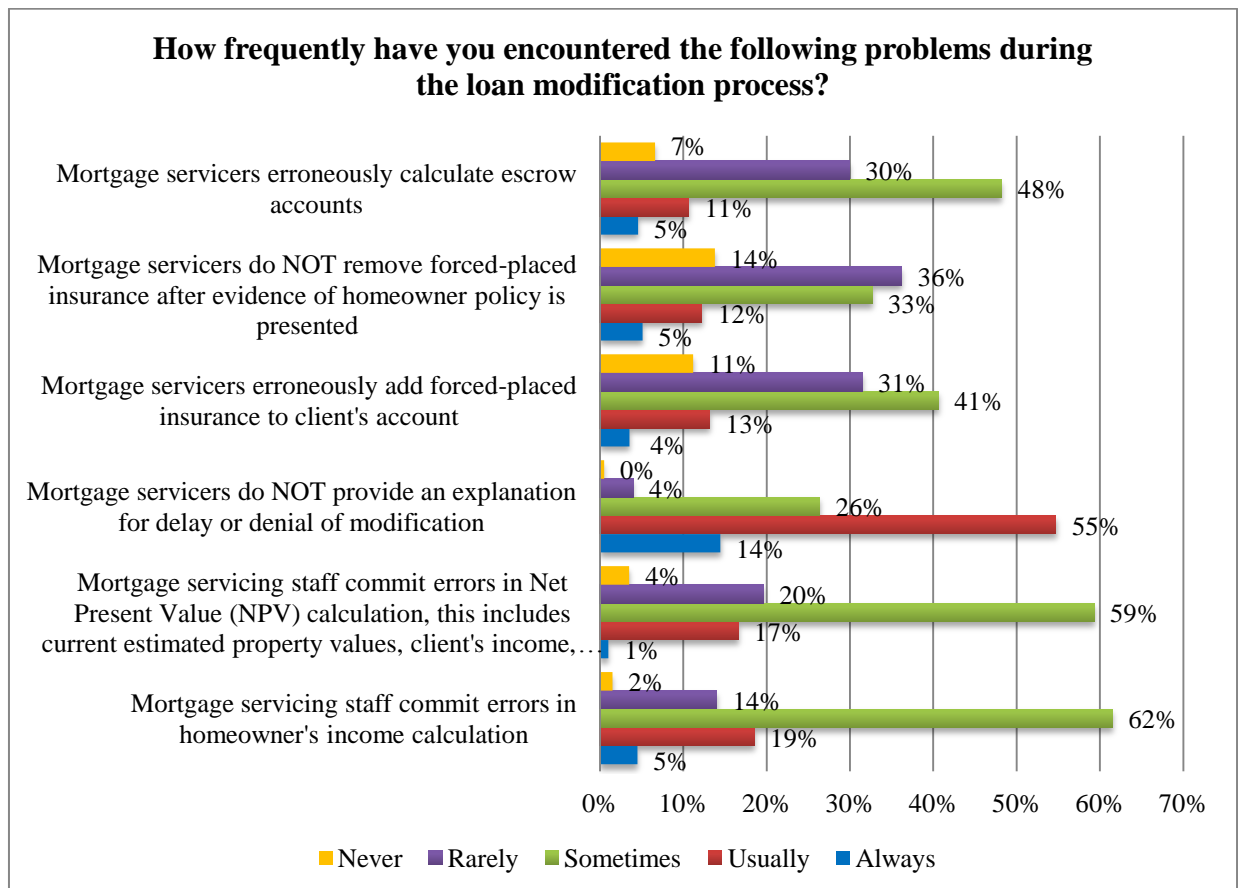
The National Housing Resource Center is a project of Tides Center and can be reached at bdorpalen@hsgcenter.org, 215 765-0048, NHRC, 846 N. Broad St. Philadelphia, PA 19130

Mortgage Servicing Survey: Perspectives from Housing Counselors

This survey was conducted in September 2012 and 285 housing counselors from HUD-approved housing counseling agencies provided responses.

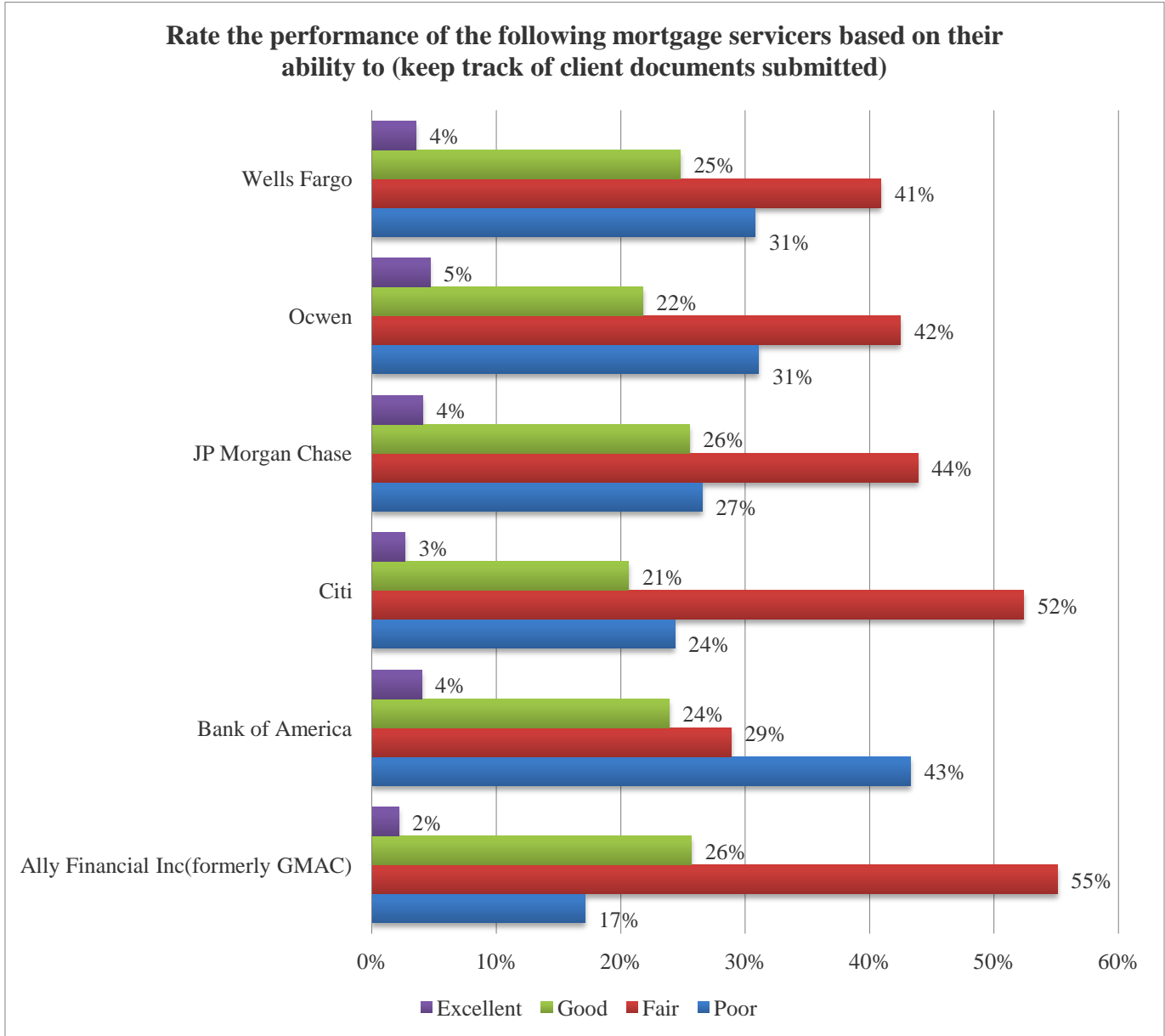
1. How frequently have you encountered the following problems during the loan modification process?

- The majority, **80 percent** of housing counselors surveyed reported that mortgage servicing staff usually or sometimes committed **errors with calculations of a homeowner's income**.
- Approximately **three out of four** counselors stated that mortgage servicing staff usually or sometimes committed **errors with calculations of their Net Present Value (NPV) calculations**.
- When asked how often mortgage servicers **did not provide an explanation for delays or denials**, nearly **15 percent** of counselors reported that this was a problem always.
- More than **50 percent** of counselors reported that mortgage servicing companies usually or sometimes **erroneously added forced-placed insurance** to their accounts.
- More than **53 percent** of counselors reported that mortgage servicers **did not remove forced-placed insurance** even after the homeowner provided evidence of their own insurance policy.
- More than **55 percent** of the counselors reported mortgage servicers usually or sometimes **erroneously calculated escrow accounts** for homeowners in the loan modification process.



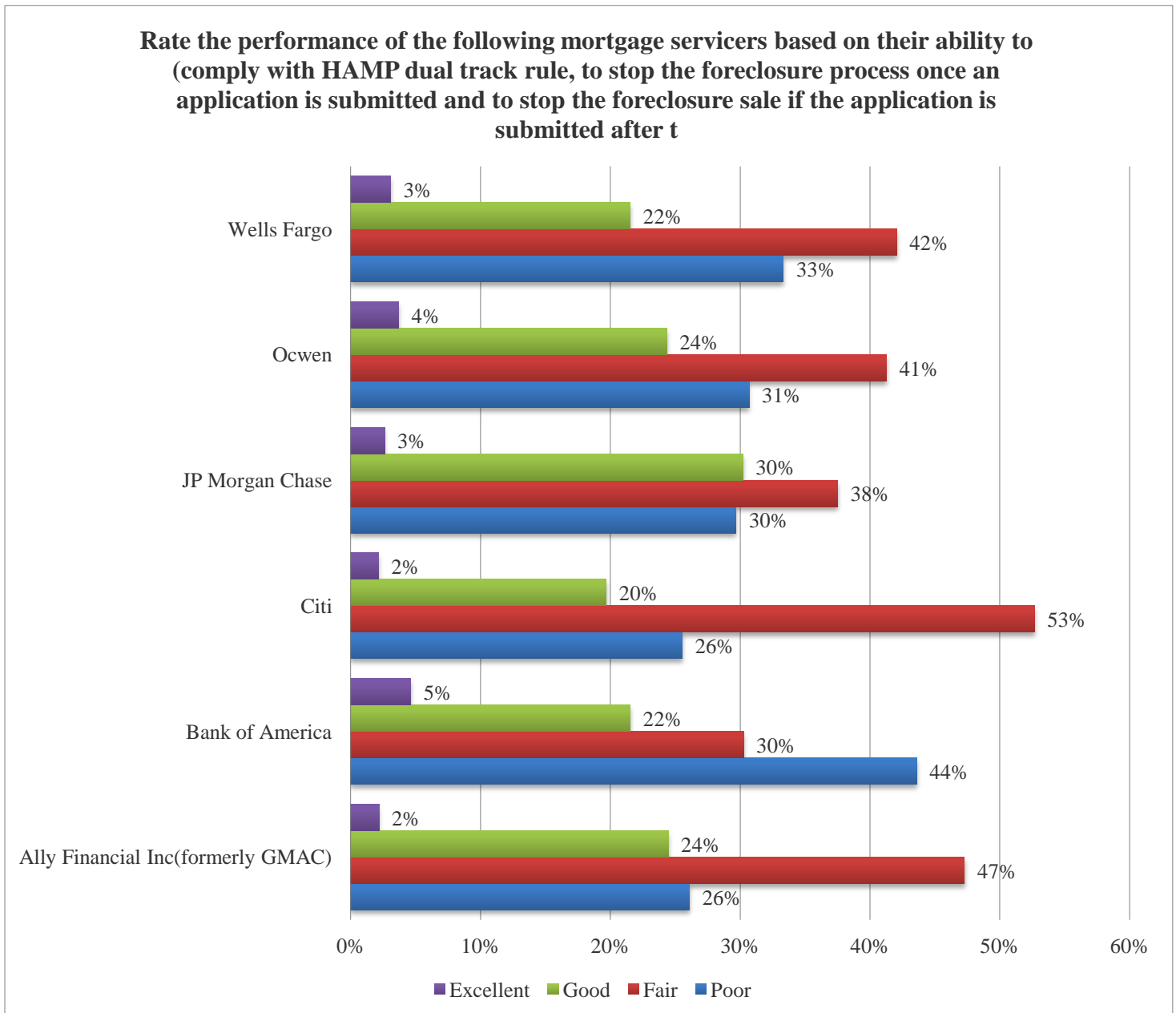
2. Rate the performance of the following mortgage servicers based on their ability to keep track of client documents submitted.

The majority, **73 percent**, of housing counselors rated the performance of mortgage servicers in keeping track of client documents submitted as **fair or poor**. Among the worst performers was Bank of America where nearly 44 percent of the counselors rated their performance as **poor**.



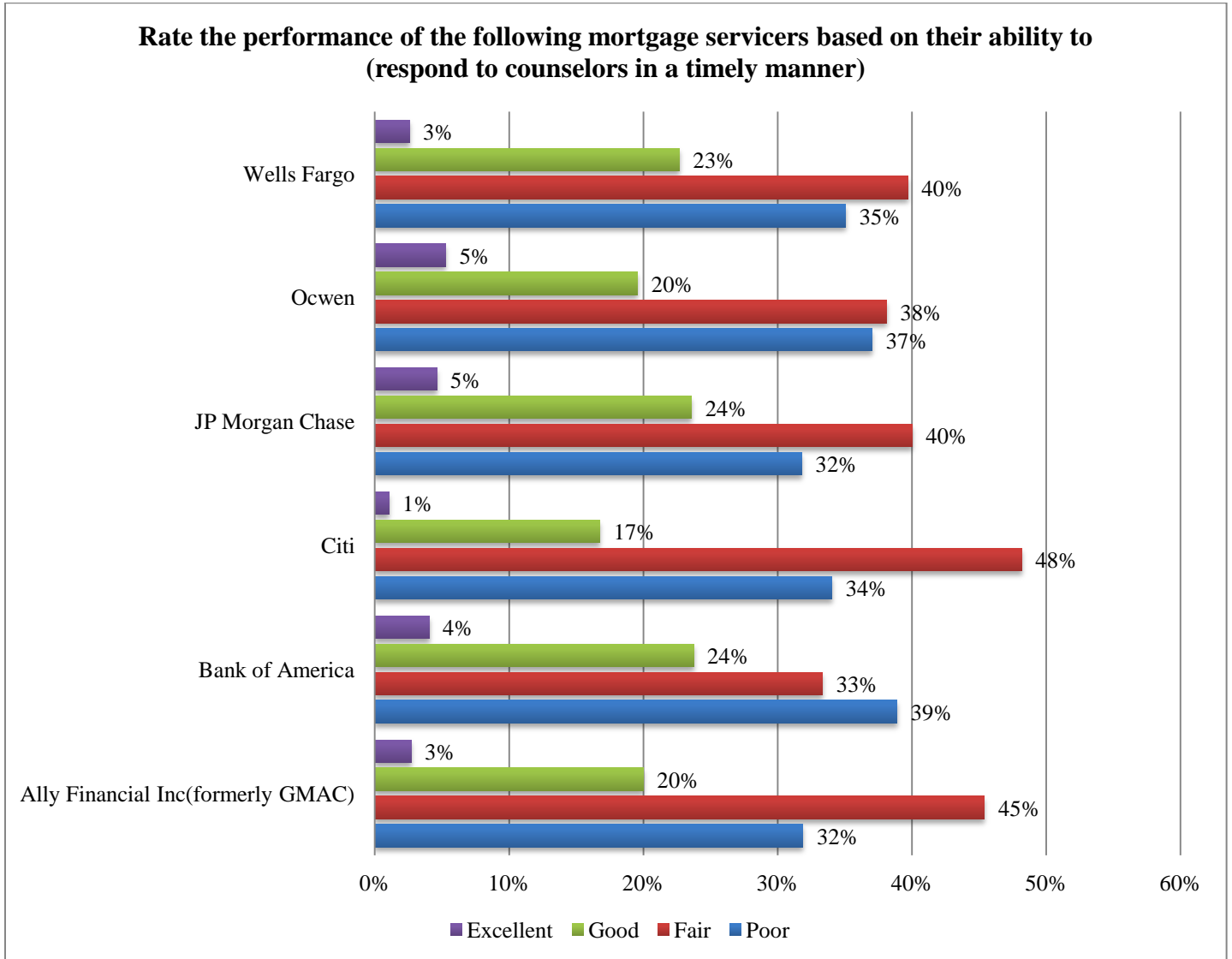
3. Rate the performance of the following mortgage servicers based on their ability to (comply with HAMP dual track rule, to stop foreclosures process once an application is submitted and to stop the foreclosure sale if the application is submitted after the foreclosure process has begun).

The majority, **73 percent** of counselors rated the performance of servicers in complying with “dual-track” rules as **fair or poor**. Among the worst performers was Bank of America where more than **44 percent** of the counselors rated their performance as poor.



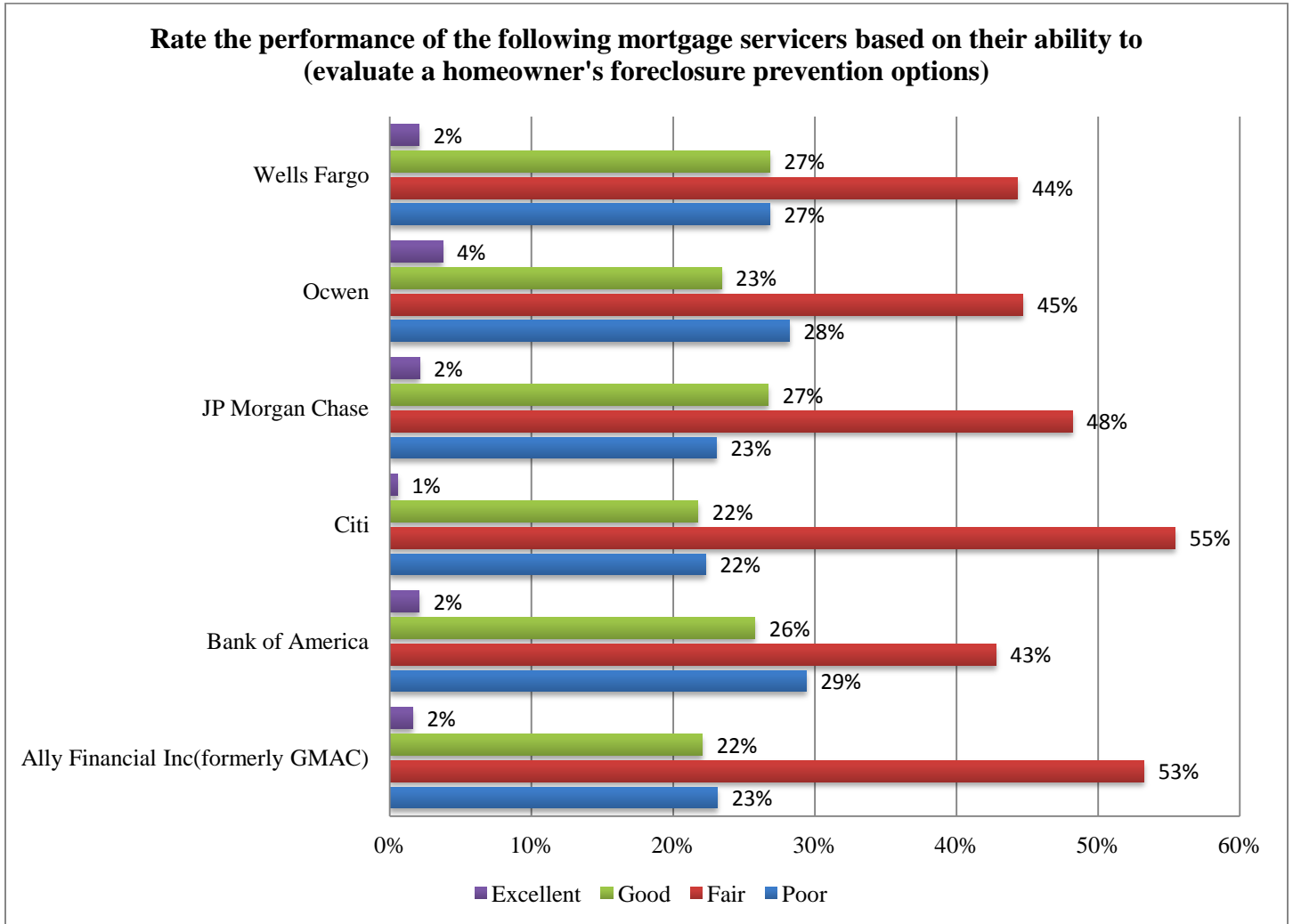
4. Rate the performance of the following mortgage servicers based on their ability to respond to counselors in a timely manner.

The majority, 76 percent of counselors rated the performance of servicers in responding to counselors in a timely manner as **fair or poor**. Among the worst performers was Bank of America where nearly 40 percent of the counselors rated their performance as poor.



5. Rate the performance of the following mortgage servicers based on their ability to evaluate a homeowner’s foreclosure prevention options.

The majority, 74 percent of counselors rated the performance of servicers in their ability to evaluate a homeowner’s foreclosure prevention options as fair or poor. Among the worst performers was Bank of America where nearly 29 percent of the counselors rated their performance as poor.



6. On average how many months does it take to get a (trial) modification?

Counselors responded that it takes an average of 6 months to secure a trial loan modification.

7. On average, how many months does it take to get a (permanent) loan modification for a client?

Counselors reported that it takes an average of 10 months to secure a permanent loan modification.

8. How many times has the foreclosure PROCESS started while the client has a pending application for loan modification? (This would be a violation of HAMP rules)

Housing counselors reported this incidence occurring to nearly 9,000 homeowners, an average of 50 clients per agency.

9. How many families have had their homes FORECLOSED on while their loan modification application was being reviewed? (This would be a violation of HAMP rules)

Housing counselors reported that more nearly 3,300 clients had their homes foreclosed on while they were in the loan modification process, and average of 20 clients per agency.

10. What are the successes vs. challenges to working with a Single Point of Contact (SPOC)?

“It's nice to have a single point of contact, however often their voicemails are full, they don't contact you back, and we are forced to only speak to that person.”

Housing counselor, Topeka, Kansas

“It is somewhat better but the SPOC usually does not answer the phone, we play phone tag, and often they are in different time zones.”

Housing counselor, Hauppauge, New York

“Sometimes they are out of the office or otherwise slow in responding. We rarely can actually talk with them during our time with the homeowner”

Housing counselor, Detroit, Michigan

“Works much better with email contact for SPOC.”

Housing counselor, Fort Collins, Colorado

“The SPOC changes so often that it's an oxymoron to call them a single point of contact. Most all of them have voicemail that says they'll return your call within 24 hours and many NEVER return calls even after repeated messages. Too often the SPOC can't answer detailed questions about reasons for denial by underwriting. I typically ask very detailed questions about what income figures were used, debt payments, etc. Many SPOCs also don't leave detailed messages when they call counselors or homeowners and since they are difficult to get on the phone, it's always a game of phone tag.”

Housing counselor, Longmont, Colorado

“It is nice to have a SPOC so that everything is with one person and they can let me or the client know if anything is missing as opposed to talking to several people and getting stories from different people. However, I have had a couple of instances where the SPOC has changed and it becomes confusing for both me and the client.”

Housing counselor, Corpus Christi, Texas

“Single Point of Contact adds consistency to the process. We don't have to keep explaining things, we don't have to worry as much about whether or not the person we are talking to is looking at the complete file or giving correct information.”

Housing counselor, Tulsa, Oklahoma

“I really appreciate having point of contact, most of the time, the initial contact is very helpful. The challenges are being able to contact them after the initial contact, and having them follow through on discussed steps of action. They ask that the client and/or counselor contact them on a weekly bases for updates, most cases they are not available and you are forced to leave a voicemail, and they do not return the call.”

Housing counselor, Youngstown, Ohio

11. What else should we know about your success or challenges working with mortgage servicers?

“It would help if a **third party authorization** went into effect sooner, sometimes after faxing it in they say to wait 5 days so it gets in the system. More servicers should get on **HOPE Loanport** to centralize modification or short sale packages.”

Housing counselor, Los Angeles, California

“It would be very helpful to clear **reasons for denial** and next steps”

Housing counselor, Denton, Texas

“**HOPE LoanPort** has helped manage and process applications, however, many of the servicer representatives are not aware that it exists. Also, the **time to review** the application can be longer than expected.”

Housing counselor, Hauppauge, New York

“**Length of time** for review often causes us to have to resubmit documents again. **Lost documents** are a problem.”

Housing counselor, Philadelphia, Pennsylvania

“While some mortgage services have come a long way in establishing a system to expedite the modification process, others are very far behind specially the smaller servicers, very difficult to deal with.”

Housing counselor, Manassas, Virginia

“The amount of **documents that must be resubmitted** is incredibly alarming. This adds to the frustration and stress of the process and results in counselors and servicers having to repeat work.”

Housing counselor, Wilmington, Delaware

“The people answering the phones all give generic answers and never know anything more definitive. I believe that most of the **servicing staff need to be trained** better in their jobs so they understand what they are doing - it is often difficult to get answers because the representatives don't know what they are talking about.”

Housing counselor, Farmington Hills, Michigan

“Further challenges include **the lack of uniformity, transparency** within each shop. The way these companies reconcile the factors of borrowers' application via-in-house, HAMP, or investor underwriting parameters differs from servicer to servicer, and underwriting appears arbitrary. **Escalation** should mean keeping the process moving **not starting all over** with submitting documents and forms again.”

Housing counselor, Brooklyn, New York

“After original **documentation is sent, then pending, it expires** because it takes so long, then we have to send updated information, which causes another delay, and then sometimes they ask for additional information months down the road that was not asked for originally, causing another delay. Often after the servicer request updated information from the expired documentation, they give only two days to submit the information or the loan goes into foreclosure.”

Housing counselor, Topeka, Kansas

“The **servicers are not complying with HAMP** they say it is because their **investor guidelines** prevent them from doing so. When you ask for information pertaining to the investor they says they are not at liberty to give out this information.”

Housing counselor, Belle Glade, Florida

“They **lose authorization forms** giving counselors authorization to speak on behalf of our clients and you find yourself faxing it to them on several occasions.”

Housing counselor, Columbus, Ohio

“The **length of time** it takes for an initial review and assignment is still taking too long and the **underwriters often make mistakes** and then we wind up challenging decisions which adds even more time to the process.”

Housing counselor, Hauppauge, New York

“No ability to negotiate workout options - it is only approved or denied after months of paperwork submitted over and over. Usually, when denied, we get no helpful information (e.g., a **reason for the denial**). When a consumer has been denied for HAMP and we discover the servicer had **the income calculated incorrectly**, they will usually not review for HAMP again because of the previous denial (even though it was a miscalculation). Borrowers are frustrated with **constant calls from collections departments**, even while in review for hardship assistance. I have many borrowers who have servicer reps showing up at their houses, taking pictures, and putting notes on doors, while not providing them with any information or help. I get constant **misinformation** from servicer representatives and I am rarely able to actually speak to the SPOC if there is one assigned.”

Housing counselor, York, Pennsylvania

“In my view they should give greater consideration to the **depreciated value of the home**. We still see houses foreclosed in situations where the lender will sell the home for far less than the loan balance, rather than make a modest reduction in interest and payment that would have enabled the homeowner to remain in the house and successfully pay on the full balance. In many areas, foreclosed, vacant homes quickly become vandalized, bringing down the property values for the entire neighborhood.”

Housing counselor, Detroit, Michigan

“Many have a **failed tracking system for Third Party Authorization** and it's either not found until faxed several times, or they struggle to find the authorizations in their system. The servicers often ask for information that they already have. For example, if I submit a profit and loss document for April, May and June, then send in July and August, they will tell me to send 3 full months. That means I have simply re-write the paperwork to show June, July and August even though they have that in their files. Seems to be they don't want to dig through a file, so they instead make us **repeat documentation** just so it's easier for them to find.”

Housing counselor, Longmont, Colorado

“Utilizing of the **Hope Loan Portal** for request for modifications has been successful for Bank of America and Chase, but Wells Fargo still presents complications with documentation.”

Housing counselor, Philadelphia, Pennsylvania

“Clients are having a constant problem with their lenders **keeping track of all paperwork** we housing counselors fax them. The lenders give us excuses that they have not received the documents. We always get confirmations they have received all documents. This puts our clients into a situation that have to continually pay money to fax the documents again.”

Housing counselor, Youngstown, Ohio

“Getting servicers to explain **why a modification has been denied**. Responses are too general. Not enough specificity. It would help if we could get a **clearer explanation** so that we can explain mod denials to the homeowner. Explanations should be specific to the case particulars, and/or available for explanations after the fact.”

Housing counselor, Fayetteville, Arkansas

“**Dual tracking** is happening with all servicers. They will have two different departments with two different workouts going on with the same property.”

Housing counselor, Stockton, California

“Some services, namely Bank of America, have made it a policy to try getting a final decision within a month. That has helped the success rate and has lessened our frustration because we don't feel like we aren't getting answers. Some servicers, namely Wells Fargo, if you submit for a modification through the portal system it takes a **long time for the SPOC to get the documents**. In the meantime, they are contacting the client demanding the same documents that were just submitted. Their SPOC is horrible about getting back to you with in 48-72 hours, if you leave a message on their voicemail.”

Housing counselor, Seattle, Washington

“The **HOPE loan port** has helped expedite the process.”

Sheboygan, Wisconsin

“There are less successes than challenges. **No accountability regarding process**, no responses, calls not returned, written correspondence as required by US Treasury guidelines not followed.”

Housing counselor, Hyannis, Massachusetts

“Servicers (BofA and Wells certainly) take the position that the **dual track rule** only applies to mortgages that are both owned and serviced by the same company and do not apply to them for Fannie/Freddie/FHA or investor-owned mortgages.”

Housing counselor, Duluth, MN

“You get a **different answer from different person** each time you talk to anyone in the lending field. No one knows what the other is saying and they have different rules for different situations depending on the different loans for different people. Their "blanket answer" for pushing the situation away is **investor guidelines**. That is the answer for everything when you ask why can't this work out for this consumer. That is nothing specific and tells the consumer NOTHING. It is their way to push away the consumer and force foreclosure on the consumer.

Housing counselor, Omaha, Nebraska

“I feel like the mortgage lenders/servicers have the upper hand. They feel like they are above the law and that they are doing the homeowners a favor by simply allowing them to complete an application. In most cases they seem to have an attitude that they are just going through the motions and that everyone is a number and not a human being with a family. The servicers seem to place a higher value on their time than that of the homeowner. It should not take **120 days to get a review**, to get a simple yes or no. It should not take **reams of paper faxed or submitted electronically**. It should not take **14 calls to get one return call**. A homeowner should never, ever have to make **13 trial payments** and languish in the trial status forever.”

Housing counselor, Chattanooga, Tennessee

“More and more it seems like after lenders are providing or offering a loan modification, or at least the 3-month trial, they are telling clients to apply for **Hardest Hit Funds**. This creates a problem for counselors because now we have to explain to clients that typically only one solution is necessary to bring their account current. Also, there is the added burden of having the client complete another application and go through another application process. It seems like it's just a money-grab for these lenders and they are providing inaccurate information to their clients. As a housing counselor I've already reviewed the client's situation and made a determination as to whether or not the client would qualify for Hardest Hits Funds monies or if it would be a better option for the client. **Document handling and turn-around times** are still major obstacles for clients to have to deal with.”

Housing counselor, Columbus, Ohio

“I have learned from Wells Fargo that their underwriters are required to show movement on a file/application after say, 60 days. If no movement on the file, the underwriter can get into serious trouble and even be fired if a pattern exists. There is **no penalty to the underwriter if a file is denied for lack of documents**. In fact, allowing the file to be denied can place it back into rotation as a fresh file. In other words there is every incentive to delay a file claiming lack of documents.

Housing counselor, Washington, DC

“**Hope Loan Portal** is very successful at shortening the review process. Some servicers are not following their process.

Housing counselor, Oshkosh, Wisconsin

“It is still a large problem of the **loss of documents** and servicers stating they never received them even when we state we have the actual confirmation of receipt.

Housing counselor, Detroit, Michigan

“Have all their employees know about the **HOPE LOAN PORT** that is required by some lenders

Housing counselor, Seabrook, New Hampshire

“The majority of mortgage services will never tell you ALL of the additional documentation that is needed for a workout option. It is usually done in bits and pieces after a complete package is submitted resulting in **decay of other important documents**. Feels like going in circles.”

Housing counselor, Dalton, Georgia

“Too many servicers want too much different information. A **standardized packet** that every servicer must follow, without the ability to add additional documents, would be very helpful. Also, if servicers have a complete updated workout at any time they should not be allowed to ask for more documents even if they go stale because the **servicer took too long to complete the review**. The documents should always be considered up to date and reviewed as such.”

Housing counselor, Philadelphia, Pennsylvania

“**Hope Loan Port** has worked with being able to contact processors and underwriters. In spite of improved technology and various processes implemented by different servicers in accordance with HAMP, etc. the best results continue to occur when counselors have reached out to "higher level" servicer contacts for assistance. The problem with this fact is that not every counselor has a higher level contact. While technology is important for improving the speed of processing requests we must maintain the human element for situations that on occasion require compromise with the human element consisting of someone in authority assigning a subordinate to thoroughly investigate/review situations that have no clear typical resolution.

Housing counselor, Baltimore, Maryland

“There is an unusual amount of time between the submission of a loan modification package, and a resolution of a package. As trained housing counselors, we do not frivolously send out packages; however, the servicers have a tendency to **delay the review of packages**, which means that the counselors have to **constantly update information** provided to the servicer.” *Housing counselor, Buffalo, New York*

“My best experience has been with Bank of America. They have a very good team committed to working with the counselors. Some of the servicers don't have a team to just work with the counseling agencies, which makes it hard for us because we have so many people to help and not enough help from the servicers.”

Housing counselor, Danbury, Connecticut

“All the changes in guidelines and programs still mean nothing because the **servicers are still not complying**.”

Housing counselor, Springfield, Massachusetts

“Mortgage servicers, Chase and Wells Fargo in particular, continue to drag their feet. We appreciate the changes that BofA has made but still feel it is not enough. **Counseling agencies have continually adapted to the crisis, from employing more staff, learning new rules/programs to tailoring our tasks to specific servicer requirements**. How is it possible that huge corporations with large staff and budgets have not yet done so? I do have to give credit to my contact with Ocwen, I have no issues with them any longer. They would've been on my worst list a short while ago! Over the 7 years I have been providing this type of counseling I do see positive changes with the servicers but they come at a glacial pace.”

Housing counselor, New City, New York

“**Hope Loan Port** has been a highly beneficial tool in communicating with mortgage servicers. Without it, I would have given each servicer a much lower rating.”

Housing counselor, Columbus, Ohio

“The servicers tend to treat the process with little regard in the **absence of judicial oversight or complaints** to Department of Financial Services (DFS) or escalation via a like channel. It would be greatly beneficial to the process if every servicer were required to introduce an **email-based submission process**.”

Housing counselor, Brooklyn, New York

“Some of these firms are **notorious for their ability to lose or not receive documentation**, no matter what medium it is sent through, whether it be sent by fax, mail, or e-mail.”

Housing counselor, Staten Island, New York

“Underwriters are not doing the review correctly and will **deny loans for invalid reasons** which cause you to have to escalate and upon escalating you get an approval. If the underwriting was done correctly to begin with then we would not need to be escalating all the files which would reduce the work loan on us and everyone else we need to get involved to get a true review of these files. The servicers need to **ensure their agents are trained correctly** and all files when denied should have a second team review prior to declining. They should do it in conjunction with the counselor that is assisting the client because **many times the error is that the underwriter is not understanding the income calculation**. If they would just ask us they could get the issue clarified before issuing a denial.”

Housing counselor, Visalia, California

“Despite having **third party authorizations** signed by borrowers that recognize counseling agencies, servicers rarely reach out to counseling agencies for information or to give updates on borrowers' applications.”

Housing counselor, Jamaica, New York

“Lenders are granting loan modification where they are not reducing the interest rate and mortgage payment to 31% of client’s monthly gross income. This has happened numerous times with different lenders, but more often with Chase. If lenders **do not reduce the mortgage payment to 31% of gross monthly income**, clients become delinquent with mortgage payments again. Sometimes clients feel force to accept those agreements because they need to save their home from foreclosure or a judgment will be entered against them!”

Housing counselor, Chicago, Illinois

“Deadlines are always a challenge because the servicer’s deadline starts from when the underwriters put in a note for **additional documents** not from when the borrowers are informed.”

Housing counselor, Los Angeles, California

“Many give **inaccurate information** and clients, as well as counselors have difficult time reaching someone by phone in a timely manner. Servicers seldom reply to our request for information, even though the client signs an **authorization form** and it is faxed and we have confirmation that it was received.”

Housing counselor, Tulsa, Oklahoma

“**Electronic submissions** work best. A challenge is understaffed mortgage servicers.”

Housing counselor, Fort Worth, TX

“Some mortgage companies and banks will not stop the foreclosure process while they are in the loan modification process. Success is when you do get a loan modification approved it's worth it.

Housing counselor, Cleveland, Ohio