

# Know Your Options Customer CARE (KYOCC)

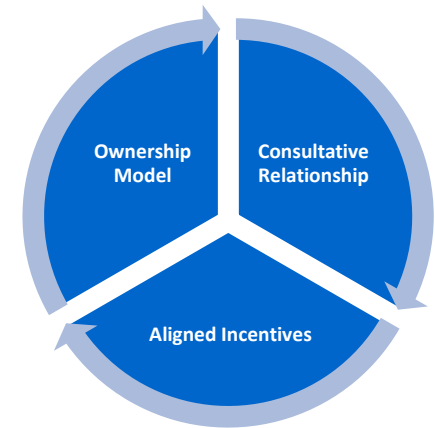
**Payments Best In Class**

# Payments Best in Class Outline

- 1. Know Your Options Customer CARE Mission**
- 2. 10 Payment Collections Best Practices**
- 3. Improving Mod Conversions**
  - Chase “Pre-Approved Mod” Team and Results
- 4. Better Mod Performance**
  - Nationstar “Mod Recidivism” Team Concept and Results

# Connect – Assess – Resolve – Execute

- Know Your Options Customer CARE™ (KYOCC) leverages a servicer's ownership model to establish consultative customer relationships, maximize right party contact, and properly position all available workout solutions.
- Provides servicers with guidance and training about using an ownership model (Single Point of Contact/SPOC) under a consultative relationship approach.
- KYOCC team is responsible for setting standards related to call monitoring and engages directly with servicers to conduct routine training and call calibration.
- KYOCC team conducts quarterly surveys to measure customer satisfaction with their servicers and the effectiveness of their ownership model.



## Fannie Mae Benefits

- ✓ Reduction in credit losses saves tax payer dollars
- ✓ Reduction in foreclosures and SDQ
- ✓ Suite of solutions available to homeowners earlier in the delinquency cycle results in better loan performance and helps increase profitability

## Servicer Benefits

- ✓ Improved response rates and take-up rates
- ✓ Improved STAR performance
- ✓ Minimize reputational risk with homeowners
- ✓ Set standard of customer service excellence in the industry
- ✓ Increased incentives for earlier loss mitigation resolution
- ✓ Reduction in compensatory fees and operational expenses – fewer follow up calls and letters

## Homeowner Benefits

- ✓ All options to avoid foreclosure are discussed early in the delinquency
- ✓ Early engagement promotes relationship building and homeowner advocacy
- ✓ The SPOC increases satisfaction with the loss mitigation experience
- ✓ More options available earlier in the delinquency cycle increases the likelihood of the customer remaining in their home

**The Know Your Options Customer Care methodology is in use by servicers representing 96% of Fannie Mae's total delinquent book.**

## 10 Best Practices For Payment Collections

- ✓ **Payment History:** Review pay history prior to or at beginning of call. Customers use multiple reasons for default (RFD), which agents too often take at face value. Pay history will indicate if paying late is habitual or an isolated incident.
- ✓ **ACH Payments:** Sell ACH benefits such as no phone calls or letters, no risk of DLQ, saving on late fees, and increase likely eligibility for refi programs. Discuss ACH throughout the trial period and include sign up sheet in mod agreement packet.
- ✓ **Strategic Agents Incentives** – Incent agents on ACH, and other best practices. Be cautious of incentive plans that encourage agents to “roll” when scheduling payments.
- ✓ **Analyze Payment Behavior:** Utilize technology that analyzes customer pay history. If customer pays on the 10<sup>th</sup> every month but is not on ACH, possibly wait to reach out to customer on the 11<sup>th</sup>.
- ✓ **Late Fee:** When requesting payment from customers paying past grace period, include the late fee as part of the total amount due (TAD). Customers who are not held accountable to paying the late fee do not tend to see consequences of paying late. Include next month timely payment in the discussion.
- ✓ **HARP & Refi Plus:** Agents should be aware of selling opportunities to assist and promote customer retention. It enhances customer service and gives leverage to encourage on time payments due to eligibility requirements.
- ✓ **Payment On Day 1:** If customer is in trial for mod, encourage payments on 1<sup>st</sup> vs. any time during the month. Sell that this is to help establish habit of paying on time without hardship.
- ✓ **Scheduling Trial Payments:** Try to schedule all 3 trial payments at beginning. During final mod talk-off, encourage customer to send in first payment with agreement.
- ✓ **Post Mod Counseling:** Agents should discuss free financial counseling with customers upon trial start and mod conversion. Results have showed improved mod performance for customers who take up counseling.
- ✓ **Modern Communication Tools:** Leverage consumer apps, web portals, e-mail, and text messaging as ways to send timely payment reminders and communicate with customers.

## Increase Mod Conversions



- ▶▶ Right Party Contact is critical to validate mod offers and set proper expectations for solicited customers.
- ▶▶ Be proactive with mod term details and key next steps. Openly discuss common objections such as:
  - ✓ **Impact to credit**
  - ✓ **40 year term**
  - ✓ **Rate**
  - ✓ **Escrows**
  - ✓ **Forbearance amount and implications**
  - ✓ **PITI possible increase at conversion**
- ▶▶ Scripts and/or job aids are necessary when discussing trial start or mod conversion.
  - ✓ **Nationstar Trial and Final Modification Call Flow job aids**
  - ✓ **KYOCC Final Approval Mod job aid**

**In 2016 Streamlined Mod has accounted for 49.4% of completed loan modifications through the end of March**

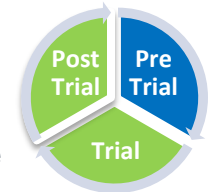


## Chase “Pre-Approved Mod SPOC team

Pre-approved Mod Team Details	Results
Number of SPOC on pre-approved mod team	12 (8 Fannie Mae)
Average SPOC caseload on pre-approved mod team	108
Mod types in process on pre-approved mod team (SLM, CAP&EXTEND etc..)	All solicitations except Repays
RPC % increase on May 2015 vs. Feb 2016 solicitations (33% vs. 62%)	90%
Trial start % increase 6 months pre vs. post implementation (30.61% vs. 35.37%)	15.5%
Mod conversion % increase 6 months pre vs. post implementation (75.61% vs. 82.44%)	9.03%
Customer service results % increase on pre-approved mod team vs. other SPOCs (80.95% vs. 63.32%)	27.8%

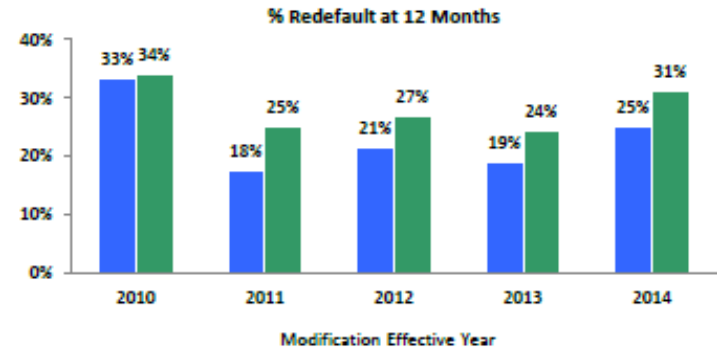
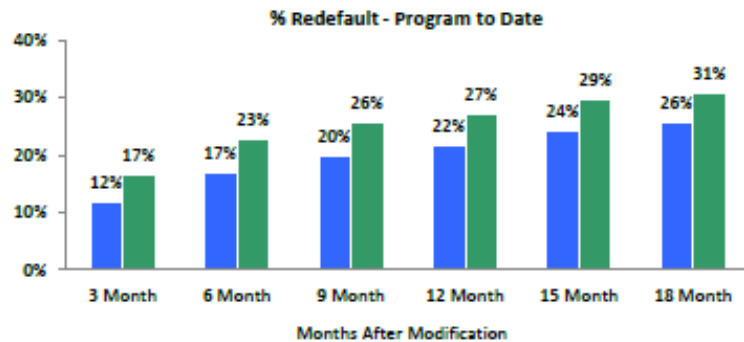
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# Improve Mod Performance



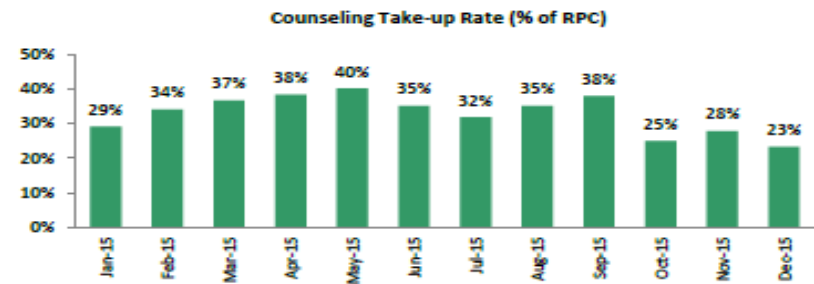
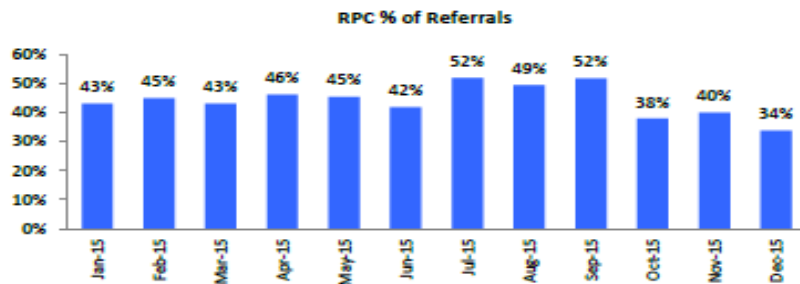
**Post Mod Counseling (PMC)** is a program offered by Fannie Mae that offers free credit counseling to eligible customers who: started a trial, converted a mod within 12 months, and are not under current litigation, Bankruptcy, or on a “Do Not Call/Contact” list. Current counseling vendors are Clearpoint, HPF, and CCCS of San Francisco.

- ✓ **Redefault rate is at least 5 points or 23% better for customers who take up a PMC session**



Source: CPM Strategic Planning & Analytics. Reporting as of November 2015, see Appendix for additional data.

- ✓ **Agents must inform customers of PMC and its benefits to help increase take up rates**



**As of the end of 2015, Fannie Mae had helped facilitate 108,735 counseling sessions with homeowners through the Post Mod Counseling Program**



## Best Practices For Converted Modifications

- ▶▶ Closely monitor the performance of recently converted modifications and keep customers with their assigned SPOC or assign them to a “Special” team for 12 months post conversion.
- ▶▶ The benefit of assigning these loans to a team of experienced SPOC that can have appropriate conversations with “High Risk” customers who may re-default. Conversations to include:
  - ✓ **Adequate probing to determine if another solution is realistic**
  - ✓ **Urgency in keeping loan current**
  - ✓ **Quick transition to selling the property or a Mortgage Release**
- ▶▶ Team to leverage analytics and customer payment patterns for efficient outreach strategy.
- ▶▶ Agents to strongly sell ACH payments, and be incented accordingly. They are benefits for both customers and servicers.



# Questions & Answers