

HomeCorps

Britte McBride, Deputy Chief of Staff
Laurin J. Mottle, HomeCorps Director
Lisa Dyen, Counsel to HomeCorps



HomeCorps



- National Mortgage Settlement Overview
- Loan Modification Initiative
- Borrower Representation Initiative
- Borrower Recovery Initiative
- Partnership Grants



\$25 Billion Settlement

The Players

- Five largest mortgage servicers
 - Bank of America
 - CitiMortgage
 - GMAC Mortgage
 - JPMorgan Chase
 - Wells Fargo
- 49 states and the District of Columbia
- HUD, DOJ



Consumer Relief *\$17Billion*

- Key Features:
 - 60% in form of loan modifications featuring principal forgiveness
 - Second lien modifications similar to 2MP
 - Short sales
 - Anti-blight provisions
 - Enhanced cash for keys



\$25 Billion Settlement *Massachusetts' Share*

Direct Assistance to Borrowers:

- **\$224M** in loan modification
- **\$32M** in refinancing for underwater mortgages
- **\$14.5M** in payments to foreclosed upon borrowers

Other Relief

- **\$44.5M** payment to the Comm.
- Mortgage Servicing Standards



NMS Servicing Standards

- Restricts “dual-tracking”
- Provides specific loss mitigation procedures
 - Customer outreach
 - Single point of contact
 - Timelines for response
 - E-portals



Compliance with NMS Servicing Standards

- Standards are prompting some positive changes in servicer conduct
- However, we continue to document lapses in the servicing standards for all five settling servicers:
 - SPOC violations
 - Inaccurate or incomplete missing items letters
- Homeowners and third party representatives are encouraged to report servicing standard violations to the settlement monitor directly:
<https://www.mortgageoversight.com/>



Loan Modification Initiative



- 23 Loan Modification Specialists
- 7 locations around the state



Loan Modification Initiative

- Average 70 calls per day
- Over 15,000 calls received
- Over 3,600 open cases
- Approx. 343 trial modification plans
- 427 auctions prevented
- Over 1100 permanent modifications
- LMI has achieved \$13.1 million in principal reduction for Massachusetts homeowners.



HomeCorps HUD-Certified Housing Counselor Referrals

HomeCorps recently initiated voluntary referral partnerships with HUD-Certified Housing Counseling Agencies throughout the state.

- Homeowners are referred directly to housing counseling agencies from HomeCorps
- Housing counselors provide feedback through a monthly call on trends and issues to inform the Attorney General's Office
- HomeCorps serves as an escalation center for housing counselors, when needed in individual cases.



HomeCorps HUD-Certified Housing Counselor Referrals

Housing Counselors

- Homeowners who need help with a loan modification application benefit from sitting with a housing counselor one-on-one to complete the package, and housing counselor's knowledge and experience.

HomeCorps Escalations as back-up and to identify trends

- The HomeCorps Loan Modification Specialists are available to escalate situations that require a heightened level of attention at the Bank. However, for many homeowners the housing counselor will work through the application from start to finish.



Challenges Faced

- Program Complexity & Misinformation
- Document Collection
- Income Verification
- Investor Restrictions
- Servicing Industry Reorganization
- Homeowner Fatigue



HomeCorps: Borrower Representation Initiative



- Direct legal representation for distressed borrowers
- Funding legal aid offices across the state to provide services to borrowers at no charge (\$6 million over 2 years)



Borrower Representation Initiative: Structure

- Master Grantees MLAC and NCLC divide the administration of Borrower Representation Initiative Grant as follows:
 - MLAC is the Initiative's fiscal agent, implementing the fiscal controls and managing weekly and monthly reports.
 - NCLC oversees and manages the delivery of legal services.
- Legal Services are provided by 19 HomeCorps attorneys housed in the following six legal services organizations to provide representation throughout the state.
 - Community Legal Aid (sites in Worcester, Springfield, Pittsfield, Holyoke)
 - Greater Boston Legal Services (sites in Boston, Cambridge)
 - Merrimack Valley Legal Services (Lowell)
 - Metrowest Legal Services (Framingham)
 - Neighborhood Legal Services (sites in Lawrence, Lynn)
 - South Coastal Legal Services (sites in Brockton, Fall River, Hyannis).



Borrower Representation Initiative: Legal Services

Main areas of Legal Services Referrals from HomeCorps:

1. Potential claims against the 5 Settling Banks that were released by AGO but preserved as to individual borrowers (Residential Mortgage Origination, Servicing And Foreclosure)
2. Borrowers with legal issues that must be resolved before a loan modification review can go forward (often related to divorce, separation, inheritance or title issues)
3. Eviction representation (Post-Foreclosure homeowners and Tenants)
4. Additional legal issues related to modification process or foreclosure proceedings



Borrower Representation Initiative: Legal Services

- Example referrals:
 - Post-foreclosure borrower homeowner files request for assistance. Had loan modification review pending and was assured by servicer sale would be postponed. Sale carried out, despite pending modification. Homeowner facing eviction.
 - Husband homeowner living in property. He was on the mortgage but not the note. His wife was on the note. However, his wife passed away. Servicer would not modify because debt not owed to borrower.



Legal Referrals to Date

- Borrower Representation Initiative:
 - 398 Total Cases
 - 355 Currently open cases
 - 198 referred from Attorney General's Office
 - 200 originated with Legal Services (mainly eviction representation)



Homeowners at a Disadvantage

- Limited or no access to information technology
- Disabilities affecting communication
- Domestic violence
- Language barriers
- Significant student loan debt or child student loan debt



HomeCorps: Borrower Recovery Initiative



- Support and recovery network for those borrowers who lose their home to foreclosure or will have to move in the near future
 - Goals are to help prevent homelessness, and to stabilize borrowers' housing situation
 - Nonprofit organizations statewide will provide resources (e.g. connecting families to rental housing, available benefits and programs, stabilization assistance, and financial counseling)
 - \$7.4 million over two years



Borrower Recovery Initiative (“soft landing program”)

- Complementing the legal services referral network, is a second grant funded network of 21 caseworkers at local Community Action Programs.
- Caseworkers provide services, including housing search, and transitional assistance, designed to make as smooth a transition from homeownership as possible.
- Focus is on preventing homelessness for post-foreclosure particularly vulnerable homeowners.





HomeCorps Partnership Grants

Crisis Response Innovation Grants

18 grantees received funding to support programs across the state which assist distressed borrowers and prevent foreclosures.

Municipal and Community Restoration Grants

18 grantees received funding to mitigate the Commonwealth's recovery from the foreclosure crisis, and combat its negative impact on our neighborhoods and housing stock.



Questions