



Working with Foreclosure Attorneys to Help Borrowers Avoid Foreclosure – Best Practices

Following is a list of best practices that will help you and foreclosure attorneys work together effectively to reduce the number of loans going to foreclosure sale and increase the number of delinquencies that are resolved through alternatives to foreclosure.

Remember that you must follow FHA, VA, RHS, and MI requirements as appropriate.

- Designate a contact within your loss mitigation department for alternative to foreclosure referrals received from foreclosure attorneys.
- To help ensure that borrowers are aware that there are options other than foreclosure, many foreclosure attorneys, at the time of referral, send borrowers an outreach letter that highlights the various alternatives to foreclosure that may be available. Foreclosure attorneys have found the following to be effective:
 - Ensure that the content of the letter is easy to understand.
 - Alternate the color of the envelope or paper to differentiate the correspondence from a standard company envelope that the borrower may discard.
 - In some judicial states, sending the letter after summons or when service is complete receives a higher response rate.
- Make foreclosure attorneys aware of Freddie Mac's alternatives to foreclosure. Require that foreclosure attorneys immediately forward borrower requests for reinstatements and workouts to your loss mitigation department. Foreclosure attorneys should make the borrower aware that the Servicer and Freddie Mac will make the final decision about a workout, and that contact with the Servicer is required.
- Develop an internal tracking system to record and share information between your foreclosure and loss mitigation departments. Monitor key dates such as contact date, date request forwarded, and date review complete. Give access to foreclosure attorneys so that they can monitor cases they are working.
- We suggest that foreclosure attorneys forward to you any contact information they receive, even if it is only a valid cell phone number or other telephone number. Verify the contact information, update your system, and continue loss mitigation efforts.
- To facilitate timely and efficient communication with borrowers, some foreclosure firms have established a dedicated telephone number and fax number specifically for borrowers.
- When appropriate, foreclosure attorneys may perform activities related to completing the alternative to foreclosure such as preparing and recording the loan modification or preparing the repayment plan agreement.