



Best Practices in Foreclosure Prevention Counseling Utilizing Foreclosure Specialists in a Statewide Network

About the Series

Best Practices in Foreclosure Prevention Counseling is provided by Freddie Mac as a service to organizations doing this very important work.

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Spotlight Organizations

Iowa Finance Authority and
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Specialization is a trademark of many highly skilled professions. In order to deliver the best service and product possible, professionals with specific skill sets, education, and experience dedicate their time to targeted portions of the delivery process. For example, the lengthy process that takes place when a consumer builds a new home generally involves a team of specialists, such as an architect or designer, estimator, general contractor, electrician, plumber, and house inspector. In terms of the project timeline, as well as quality service and results, it would be unwise and inefficient to expect a single individual to manage and execute the entire process. Many regional and statewide networks have realized that the same strategy works well for foreclosure intervention counseling.

Often, nonprofit counseling agencies have used one counselor throughout the process. In this “jack-of-all-trades” staffing model, the counselor attempts to be an expert in all areas, doing intake, data entry, budgeting, follow up, compliance, and servicer negotiations. It is a rare individual, however, who can be proficient in all of these areas. Furthermore, the time requirements for all these tasks can substantially limit the number of clients who can be assisted by one counselor.

Table of Contents

About the Series	1
Prepared By	1
Spotlight Organizations	1
For More Information	1
Designing a Network That Maximizes Strength and Experience	2
Building Trust Among Specialists	3
Outcomes	3
Figure 1. Iowa Mortgage Help Level 1 Cases Completed, 2008–2009	4
Lessons Learned	4
Agency Background	5
Primary Contacts	5
Spotlight Organizations	5

“After the launch of our statewide foreclosure hotline in 2007, we quickly meshed our collaborators’ skills and experiences into a model that maximized their expertise and strengths,” says Stephanie Preusch, executive director of the Iowa Home Ownership Education Project (IHOEP). “We realized our entire network was more successful when the different organizations were assigned a specific role in the counseling process — a role that matched their traditional services and expertise.”

Designing a Network That Maximizes Strength and Experience

Many counseling networks have discovered the benefits of segmenting the counseling process, and then matching the portions to the particular skills of their member organizations. This design involves clearly defined steps, with specialists assigned to work with the homeowner, and his or her information, at specific points in the counseling process. For example, initial scheduling, information gathering, and triage are completed by a well-trained intake specialist, and completion of the household budget and exploration of resolution options are completed by certified foreclosure counselors. These two teams of staff members work closely and communicate regularly, but members are clear about their role and stay “in their lane” with regard to the counseling delivery. The homeowners interact with each group of foreclosure specialists and, if counseling is delivered professionally, can feel certain that they are receiving quality service from well-trained, experienced staff at every step.

IHOEP and the Iowa Finance Authority have been leading a statewide network of 11 counseling agencies for over two years. These organizations had some experience working together in the prepurchase counseling arena before 2007. However, the network soon realized it needed a more formal design and more effective communication processes to support the thousands of Iowans needing their service after the Iowa attorney general announced the Iowa Mortgage Help Hotline in September 2007 (www.iowamortgagehelp.com).

One of their counseling agencies, Iowa Mediation Service (IMS), has a service niche of mediating and negotiating resolutions for loan holders and lenders. This specialty, rooted in their training and experience assisting farmers facing foreclosure during the 1980s farm crisis, allows IMS staff to skillfully handle servicer negotiations after intake and budget counseling have been completed by other network members.

“It was obvious from the start that the demand for services from the IMS counselors exceeded their capacity. The local housing counseling agencies were a great fit to do the up front counseling — including running credit reports, helping homeowners create a budget, and doing follow up to assure all required documents were completed,” Preusch says. “To maximize IMS’s expertise and skills, we dedicated intake specialists to answer the hotline and counselors from other organizations to do initial counseling. This allowed the IMS counselors to maximize their time and talent in negotiating with the mortgage servicer on behalf of the homeowner.”

One practice that evolved from this specialized approach is routine monthly calls with some of the larger servicers. During these conference calls, all pending cases from Iowa for that servicer are reviewed by the IMS staff and a dedicated contact at the servicer. Because the IMS staff specializes in mediation and resolution efforts, they can request the same dedicated professionalism from the servicer point person assigned to Iowa cases. This has resulted in more efficient use of time and more positive outcomes for homeowners.

Another common area for specialization is in working with local and state legal aid offices. Foreclosure intervention counselors are trained on specific legal issues for which they screen, and then refer appropriate homeowners for legal services. This helps prevent foreclosure counselors from feeling pressured to give any legal

advice. Instead, attorneys advise homeowners of their rights and options, especially in cases when a judicial foreclosure process has been initiated. Iowa Legal Aid, with financial support from the Iowa Finance Authority, has trained all counselors to refer specific cases to its offices for review. In many states, new foreclosure protections and required mediation meetings are making the role of legal specialists more critical to the foreclosure intervention process. In Iowa, due to a mediation notice now required to be sent to all homeowners in foreclosure, the number of cases referred to Iowa Legal Aid is up 300 percent since 2008. (Most cases can be handled through a one-hour phone consultation.)

Building Trust Among Specialists

When specialists from a variety of counseling organizations all interact with the same homeowner, a high degree of trust is essential, to achieve not only quality outcomes but also enhanced efficiency. Each specialist needs to focus on proficiently completing their defined tasks before moving the case on to the next specialists, and trusting them to do their part in a timely way. If workloads are to be kept at manageable levels, every specialist must not only complete their tasks, but also “let go” of a homeowner’s case — confident that they are in good hands with the next person in the delivery chain.

To facilitate this trust, face-to-face meetings are essential, even when the network of counselors is spread across the state. Without fostering the development of personal and professional relationships, each agency may not trust “their” homeowner to another provider or specialist. Inevitably, that lack of trust is conveyed to homeowners, who in turn may not fully disengage and move on to be served by the next specialist. IHOEP and IFA have hosted five day-long, face-to-face meetings over the past 24 months, giving over 30 counselors and program managers the opportunity to come together for training and to discuss ways to improve counseling delivery. These meetings have been instrumental in building trust and a working rapport among all members.

Outcomes

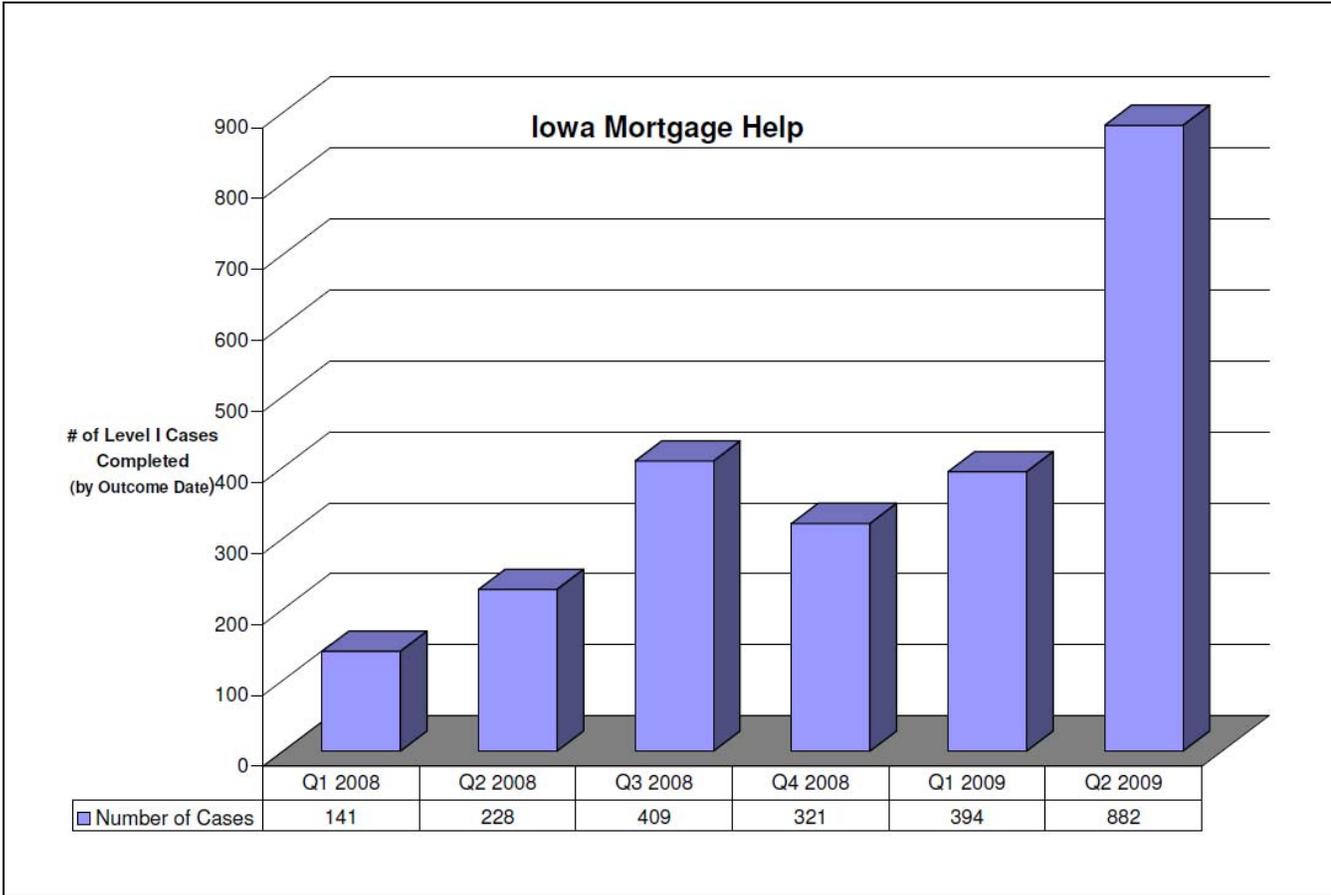
“One of the biggest struggles inexperienced or newly hired counselors face has nothing to do with the homeowner, and everything to do with the servicer. Often, counselors are stressed out and frustrated by the pitfalls and headaches associated with communicating and negotiating with multiple servicers and their varied procedures and requirements,” says Preusch. “We have experienced specialists, with formal training, who focus on resolving conflicts between parties. Although they still face challenges, they possess the skills and tools to navigate the hurdles and find solutions.”

IHOEP and IFA report that the number of homeowners counseled each quarter is up by more than 250 percent in the last year (see Figure 1 below), and yet the provision of services was achieved with the addition of only four new staff at the housing counselor level.

In terms of outcomes for homeowners who work with a mediation specialist:

- 19% have already secured a loan modification, forbearance, or other retention solution
- 33% have plans submitted and are awaiting servicer approval
- 13% of homeowners have withdrawn from service
- 2% have been foreclosed

Figure 1. Iowa Mortgage Help Level 1 Cases Completed, 2008–2009



Iowa ranked 26th best in the nation for the rate of new foreclosure starts in the first quarter of 2007, but by the second quarter of 2009, Iowa’s rate improved to 6th best in the nation

Lessons Learned

“One of the challenges of a statewide network is getting member agencies to work together and trust one another. Each counseling agency brings its own procedures, processes, and personalities into the mix, which in some cases makes it harder to create rules and guidelines at the highest level and then ensure their uniform use throughout the process,” says Julie Noland of Iowa Finance Authority.

1. **Make sure all network members are committed to the process and to being part of the collaborative.** Only fully engaged organizations should participate in the service delivery and decision-making processes.
2. **React carefully.** Mull things over before making major or even minor changes in procedures, since even small things can have a big impact on the practices of network and staff specialists. Before making changes, seek input and test strategies with small-scale pilots. When a change is clearly needed,

however, some agencies may resist and need to be pushed. For example, there was a need to require all member agencies to use BestFitSM software to report data to IFA. Initially there was resistance but once this change was made, everyone saved time in reporting.

- 3. Stress, burnout, and staff turnover can be lessened once staff specialize in areas where they feel comfortable, and have strong skills and experience.** When an employee is in the “right” position and has full support from other specialists, he or she often feels more empowered and successful.

Agency Background

The Iowa Legislature created The Iowa Finance Authority, the state’s housing finance agency, in 1975 to undertake programs to assist in the attainment of housing for low- and moderate-income Iowans. IFA’s mission is to finance, administer, advance, and preserve affordable housing and to promote community and economic development for Iowans.

The Iowa Home Ownership Education Project (IHOEP), a statewide nonprofit, was established in 1999. IHOEP supports homeowner education in Iowa through collaboration of organizations and individuals. IHOEP represents the 10 local housing counseling agencies that participate in the Iowa Mortgage Help Initiative.

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Spotlight Organizations

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