



## Pathway to Stability: Servicing's Role in Sustainable Homeownership

**VO** [00:00:09] Welcome to The Way Home, a Freddie Mac podcast series that explores the latest in mortgage solutions for today's dynamic housing market. Here, housing industry leaders will share insights and actionable strategies that you can put to work today to help make home possible. Let's get ready to dive in and to explore the complexities of the housing market with Freddie Mac.

**Phil Treadwell** [00:00:32] In this episode, guest host Phil Treadwell, founder of M1 Academy and host of the Mortgage Marketing Expert podcast talks with Donna Spencer, VP of Single Family Servicing Relationship and Performance Management at Freddie Mac about the importance of servicing for sustainable homeownership and creating new homeownership initiatives. All right, Donna Spencer, welcome to the podcast.

**Donna Spencer** [00:00:51] Thank you.

**Phil Treadwell** [00:00:52] Thank you for taking some time here at NBA Annual. How has the event been so far?

**Donna Spencer** [00:00:56] It's been great. Really nice connecting with a lot of clients and adding another lever of support here for the front-end staff.

**Phil Treadwell** [00:01:06] That's awesome. Well, I'm excited to have this conversation. You've been with Freddie Mac for a minute. We don't even have to go into the number of years but you're an OG when it comes to Freddie Mac. Kind of talk about none of us as kids thought we were going to end up in the mortgage industry, and you probably didn't think you'd end up at a GSE. How did you get into the business and what's that journey look like?

**Donna Spencer** [00:01:28] You're right. But you know what, it is funny. I wanted to be a social worker, so I wanted to help people. I did not know that there was an avenue to help people through mortgage, but here I am. And so I started actually at HUD, so I started as a public servant. And through my marriage, it took me to another location, and I did not want to work at HUD in New York City. But when I ultimately relocated, someone told me about Freddie Mac.

**Phil Treadwell** [00:01:56] Love that. Now, let's talk about some history here. There's been obviously a series of the business is cyclical, there's always ups and downs. I



know that in not too many years ago, there was a huge surge of defaults and delinquencies. Where are we at today in terms of delinquencies?

**Donna Spencer** [00:02:15] Yeah, so currently the delinquency rate is the lowest it's been since 2007. And there are many factors that have impacted our portfolio and our SDQ rate. Most of that is because of the tools and programs that we've been able to create and deploy since 2007 that has really helped us manage delinquencies a lot better.

**Phil Treadwell** [00:02:39] Can you give some examples of some of those specific things in terms of really understanding that at any time the market can take a hard right or a hard left or an up or a down. But in terms of some things that Freddie Mac has done since 2007 to really ensure you can get your proverbial arms around it at different times, can you just share a few of those things for us?

**Donna Spencer** [00:03:00] Sure. So we've made substantial changes to our loss mitigation programs, adding in additional tools like the flex modification and the payment deferrals, which allows us to put the payment on the back of the loan. Forbearance has been something that's been in our toolkit for a long time. However, during COVID, that was one of the items that came through the CARES program that everyone thought was a new tool in our toolkit, but it was just more widely available and known to people.

**Phil Treadwell** [00:03:37] Sure. I think it's super important to understand the challenges that borrowers go through at times, there's seasonality events and things of that nature. In our current economic conditions, there's always talk of expected downturns. Where does that leave servicing clients right now?

**Donna Spencer** [00:03:52] So right now, we believe that we have the proper tools, and infrastructure, and programs to really face off any economic changes in the market. We have been anticipating some economic downturn probably for the past 12, 15 months. And there's nothing about our delinquency rates that we have experienced to show us that that is indeed true and coming to fruition.

**Phil Treadwell** [00:04:19] Interesting. With the economic conversation, the rumor mill, if you will, sensationalism and things of that nature. From a servicing perspective, what's kind of the general pulse of servicing clients and things of that nature, just in terms of the preparation? Is it a very proactive, positive types of conversations or is it one of a certain type of expectation, or what's the narrative?

**Donna Spencer** [00:04:44] Yeah. So let me go into a little bit about how we manage those conversations with our servicers. We have several forums that we engage in. We



have a servicing advisory board largely made up of some of our larger lenders. We actually have a servicing agent advisory board that represents quite a large portion of our portfolio for smaller lenders, we call them master servicers, but they don't have the capacity to do their own servicing, so we engage with them in that tool. We also have a monthly small servicer call. There's a team of account management, directors and managers at faced off with some of our larger accounts where we're having monthly meetings, onsite meetings. Really using the servicers to get a pulse of what's happening out on the ground, and to validate that the programs and tools that we have built will enable them to be successful managing delinquencies in the future.

**Phil Treadwell** [00:05:42] Yeah, absolutely. I love the collaboration overall that Freddie Mac has with all of their partners and agents and things of that nature. At the end of the day, we're trying to help create sustainable homeownership. I think so often we focus on the... We want to get people into homes, that we forget once they have a home, there's a sustainability piece. So I'd love to hear some thoughts just of how you guys really focus those efforts in conjunction with everything else.

**Donna Spencer** [00:06:07] Yeah. And you're right, my initial entree into Freddie Mac was in loss mitigation. So I am most passionate about sustainable homeownership, not only getting in, but staying in until the borrower decides they don't want to be a homeowner anymore. So through that lens, we created a equitable or mission focus servicing oversight team. So we actually have a partnership with one of our specialty servicers, and I call them specialty because they have the ability to flex the way they execute on some of their servicing oversight for us to pilot with some of our programs that we've built through the equitable, sustainable homeownership plan. And that will really, it's a learning on both sides as they go through that oversight framework with us to really make sure that they're deploying all of the resources possible. So one of the other things that we're layering on is Freddie Mac makes a lot of investment in pre-purchase education. So one of the things that we're trying to do with this specialty partner is what would it look like if we pull through more post-purchase education opportunities to enable borrowers to better position themselves for success on that mortgage?

And not only just the mortgage, certainly that's a priority, but all of their credit behaviors and decisions, even it may include in the future. Some things around even hazard insurance, right? That's a big topic nowadays, the cost of it is increasing. But how do we make sure that they're informed to make good decisions? Because ultimately, the more money they spend, it puts a tighter squeeze on their mortgage payment. And that's something that we want to continue to prioritize.

**Phil Treadwell** [00:07:58] Which is super important. Sustainability is also creating some financial education. The awareness of how do you use a home as the foundation of your financial security, your financial stability. And yes, we do want to help people



achieve the American dream, the dream of homeownership. But it can also be a curse. It can also be something that that's very, very difficult. So I love that. So I'd love to know in terms of ESH. First, talk about what ESH is and then how servicing supports that initiative within Freddie Mac.

**Donna Spencer** [00:08:29] Yeah. So equitable and sustainable homeownership really is about targeting the underserved community and working with those at are first generation homeowners, making sure that they understand that homeownership can be a path for them and creating niche products for those potential homeowners that they can step into. But then also, like I said, through the specialty servicers, really creating that framework where they can do some specialized servicing to ensure those borrowers are successful. And it's a test and learn, so we'll make some adjustments along the way. But it's really an opportunity to expand out into some additional areas.

**Phil Treadwell** [00:09:17] No, I definitely love that. So what are some tools that you guys use within servicing that you use within your servicing agents? And some of the things that, from an innovation standpoint, or again, this affordability, sustainability conversation, what are some of those tools that we want to highlight and make sure people that are listening are aware of?

**Donna Spencer** [00:09:36] Sure. So probably about four or five years ago, we determined that we need to make some investments in this servicing space. And so we started on this journey, we're going to reimagine servicing. And servicing has been done the same way for many, many years. And so we started on that journey making investments, really starting by talking to servicers. Getting some ideas from them about what's working, what's not working, and what ideas that they have around change. When we started building this technology, one of the first ones that we released was PAID, which is a new way to reimburse servicers for expenses that they incurred as they were managing Freddie Mac loans. And then the next one that I was most excited about was Resolve. So Resolve is a decisioning tool that we put into the hands of servicers that Freddie Mac actually makes a loss mitigation decision on. And that enables them to, in some cases, through their portal, allow borrowers to log in, make a loss mitigation, understand what the options are, execute on option, settle with the modification, and they don't even have to speak to anyone at the servicing shop. So we've make great inroads on that. We're partner with one of the other officers, Cecelia Raine, that's leading that strategic vision for us. And I'm most excited about all the things that we're doing in that space, the loss mitigation part. We'll have charge offs, we'll have third-party sales that'll be rolling through there. And then some exciting things are next year that are on the roadmap around EDR reporting and foreclosure. So just really excited about that.



**Phil Treadwell** [00:11:23] Sure. So probably about four or five years ago, we determined that we need to make some investments in this servicing space. And so we started on this journey, we're going to reimagine servicing. And servicing has been done the same way for many, many years. And so we started on that journey making investments, really starting by talking to servicers. Getting some ideas from them about what's working, what's not working, and what ideas that they have around change. When we started building this technology, one of the first ones that we released was PAID, which is a new way to reimburse servicers for expenses that they incurred as they were managing Freddie Mac loans. And then the next one that I was most excited about was Resolve. So Resolve is a decisioning tool that we put into the hands of servicers that Freddie Mac actually makes a loss mitigation decision on. And that enables them to, in some cases, through their portal, allow borrowers to log in, make a loss mitigation, understand what the options are, execute on option, settle with the modification, and they don't even have to speak to anyone at the servicing shop. So we've made great inroads on that. We're partner with one of the other officers, Cecelia Raine, that's leading that strategic vision for us. And I'm most excited about all the things that we're doing in that space, the loss mitigation part. We'll have charge offs, we'll have third-party sales that'll be rolling through there. And then some exciting things are next year that are on the roadmap around EDR reporting and foreclosure. So just really excited about that.

**Donna Spencer** [00:11:47] I look at my own community and even my own family. And I know how valuable homeownership is, and I really want to level the playing field for more people. And that looks like more education, that looks like enabling people to understand on their level what it looks like to be a homeowner, what it looks like to be a successful homeowner. I don't want the younger generation to be afraid of homeownership because what happened during the crisis is still the best way to build wealth in this country. And I just look for more and more opportunities to make that happen.

**Phil Treadwell** [00:12:34] I love that. It's interesting because so many people, especially the younger generation, we have one of the largest home buying populations in history. We obviously know the supply conversation. But there was a time period where people were not wanting to become homeowners because of what they saw firsthand or saw with their parents. And so when you're talking about the education piece, I love that Freddie Mac has so many initiatives throughout so many departments because there's a lot of information out there, but there's also a lot of misinformation or disinformation. And I love that Freddie Mac makes that conscious effort to put things out there, to educate people, as you said, in a way that they understand it. Freddie Mac has so much data, but there's also the context. You're having conversations with your servicing agents and they're having conversations with



the borrowers, and I just think that that's super important. Again, you've been with Freddie Mac for a little while. What's something that you've been consistent with over the years?

**Donna Spencer** [00:13:33] I would say, me, just like so many other folks that are there, we're really passionate about the mission. And as new people have come into the organization, that's something that always stands out for folks, that is consistent. Our passion around the mission of homeownership, more importantly, affordable, decent, and now, sustainable homeownership is really something that really bleeds through. And I mean, it's kept me here for almost 32 years.

**Phil Treadwell** [00:14:06] That's so awesome. And that in and of itself is admirable. A lot of people don't stay in an industry for almost 32 years, let alone with one company. So that's a testament to you. The last question I have is we've got this new generation that is coming not only into homeownership, but into the mortgage space. And as I have kids that are getting into adulthood and I look at the things that they're passionate about and things that they like, I am also very passionate about the mortgage industry, not just for our borrowers and for our partners, but for the people that are in this community, that are in this industry. You can take any passion, any interests and apply it somewhere. There's a vendor, there's a company, there's something, a professional organization that you can go and really thrive in. What piece of advice would you have to either someone that's looking to get in the mortgage industry as a whole or is maybe new in their career and isn't really sure where could this potentially take me?

**Donna Spencer** [00:14:59] Yeah, that's exciting. And as I said, I've been here 32 years. Retirement is something that I'd like to do one day. I want the younger generation to come in with innovative ideas. That's one thing that I've noticed about this generation coming into the workforce, they're challenging the status quo. And I think in many spaces we need that. So don't be bound by what you see today. Look for the gaps of opportunities to move us forward, challenge some of those things that have been in place for years and years, but understand why they're in place and just really leapfrog into the next generation. Because we're going to need some different looks and different views.

**Phil Treadwell** [00:15:45] I love that so much. Have you heard the pot roast story?

**Donna Spencer** [00:15:48] Yes, yes I am.

**Phil Treadwell** [00:15:50] So for those that haven't heard that, in short, my version is Thanksgiving. The daughter asked the mom, why do you cut the ends off the pot roast before you put it in the pot and put it in the oven? And she's like, "You know, I don't know. That's the way my mom did it. So let me ask my mom." And when asked her mom





and maybe kept going up to grandma or great grandma, and whoever did it was said, just laughed and said, "Well, I cut the ends off the pot roast because that's what I needed to do to fit it into the pot that I had." And the moral of that story is exactly what you just said. Just because something's been done one way forever doesn't make it the right way to do it. And so be inquisitive, ask questions, ask why, or what's significant about that in terms of there may be an innovative way to do what we do better. And so I think that that's a great piece of advice. You've been an incredible guest. I want to be a good steward of your time, if you would. If people want to know more about participating with Freddie Mac and servicing or getting in contact with you, where should they go?

**Donna Spencer** [00:16:49] So they can email me at [donna\\_spencer@freddiemac.com](mailto:donna_spencer@freddiemac.com) or they can go to [myhome.freddiemac.com](http://myhome.freddiemac.com). Have some great information about home buying, sustainable homeownership, a little bit about education and what to do in terms of a disaster. So it's a great way to lean in and self-educate, but I'd be more than happy to take any calls or emails.

**Phil Treadwell** [00:17:16] Awesome. Well, thank you so much for your time. I look forward to catching up again soon.

**Donna Spencer** [00:17:19] Thank you.

**VO** [00:17:22] The Way Home is brought to you by Freddie Mac, where we make home possible. For more thought-provoking discussions and expert insights, join us for upcoming episodes by following The Way Home on your favorite podcast platform. Connect with us on LinkedIn [@freddiemacsf](https://www.linkedin.com/company/freddiemac). You can also sign up for our newsletters by navigating to our subscription center at [sf.freddiemac.com](http://sf.freddiemac.com).