

# Best Practices in Foreclosure Intervention Counseling

## Delivering Service Based on a Specialty Staffing Model

### About the Series

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

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### Spotlight Organization

Community HousingWorks of San Diego

### For More Information

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Local nonprofit housing agencies traditionally have used a *generalist* staffing model, in which each counselor, attempting to wear many hats, is expected to be an expert in multiple program areas. Often, a counselor is asked to complete many, if not all, of the steps in the foreclosure services delivery process, including additional support. Due to the complexities of foreclosure issues, however, it is a rare individual who can be proficient in all skill areas. In addition, the time and expertise required to complete each step can substantially limit the number of homeowners who can be served by a single counselor.

As demand has grown, many community-based organizations have redesigned their program delivery process around a *specialist* staffing model. This model resembles the standard structure of a health care clinic, which establishes distinct roles in a variety of job functions, such as receptionists, clerks, nurses, and doctors, in order to serve a single patient.

Utilizing a specialist staffing approach in foreclosure intervention has increased positive outcomes, reduced stress for all parties, and has been proven to be financially sustainable for nonprofit organizations.

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## **Building a Specialized Team That Maximizes Strength and Experience**

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“A focused, specialized staffing model is important. When one counselor does everything in the process, such as scheduling, data entry, counseling, and loss mitigation...it’s too much. That’s too many tasks for one person,” notes Gabe del Rio, senior vice president at Community HousingWorks (CHW) in San Diego. “Splitting up the work and assigning the right people to the right tasks — that’s a specialized approach and it works!”

CHW began to offer foreclosure intervention counseling in 2006, when their prepurchase counselors began to see referrals from social service providers. The following year, 100 homeowners facing foreclosure were counseled; that number rapidly grew in 2008. Like many other organizations working in a new service area with limited funding, CHW struggled to meet the need in their community, and quickly realized that its traditional staffing model was severely limited.

As additional funding became available through the National Foreclosure Mitigation Counseling Program (NFMCP), CHW hired more staff, arranged for them to obtain training and certification through NeighborWorks® America, expanded its office space, and opened a Foreclosure Intervention Center (FIC). The FIC is now staffed by 13 professionals working in four different and distinct positions, as highlighted in the table below.

**Table 1: CHW Foreclosure Intervention Center Staffing Model**

<b>Job Title</b>	<b>Positions</b>	<b>Primary Duties</b>	<b>Salary Range</b>
Coordinators	3	Case management, scheduling, documentation	Mid-\$30,000s
Counselors	5	In-person counseling ( <i>not</i> case management)	\$40,000–\$48,000
Loss Mitigation Specialists	3	Facilitating, negotiating, follow-up with servicers	\$45,000–\$50,000
Data Entry Specialists	2	Data entry for all programs and funding sources	Upper \$20,000s

The bulk of a counselor’s work is done in person, but phone counseling is offered to those who live further away or who have mobility barriers. Coordinators meet with homeowners briefly at the beginning of an appointment, but by and large most of their communication is conducted via phone and e-mail. This is also the case for the loss mitigation specialists, who communicate most frequently with servicers.

Once a week, the counselors take a day off from scheduled appointments to meet as a group and discuss emergency or complex cases and catch up on other administrative tasks and duties. Some staff is cross-trained to assist in other areas, but most work in their area of expertise and training.

### **Like a Trip to the Doctor’s Office**

“We built our program delivery and staffing model around what you might experience when you see your doctor,” says del Rio. “Working with housing counselors should always mean working with a professional, such as a doctor, but in our case our ‘patients’ come to us with housing rather than health issues. The only way we could meet the enormous demand in our area was to find the most efficient process while not relinquishing our high standards of service to our clients.”

## **Foreclosure Intervention Center: Service Delivered in 10 Steps**

Here is a list of the key service delivery steps that CHW uses in its foreclosure intervention program. Note that steps one through five are done by the coordinators, *without* counselor involvement.

1. A homeowner calls the Foreclosure Intervention Center's dedicated phone line.
2. Triage questions are asked; if the situation is urgent, they are seen within 48 hours.
3. An appointment is scheduled and forms are e-mailed or mailed to the homeowner.
4. The homeowner brings completed forms to the appointment.
5. The homeowner is scheduled to come in 15 minutes before their appointment to work with the coordinator. The coordinator reviews the packet, explains disclosures, and makes sure all forms are filled out.
6. The homeowner meets with the counselor for 90 minutes. The counselor completes NFMCP-required documents with the homeowner, including a budget, an action plan, and a servicer package.
7. The file then goes back to the coordinator, who enters data and submits information to the servicer.
8. The coordinator calls the servicer several times a month to ensure that all required documentation has been received. If the coordinator hits a road block or the package is denied, the case is sent to one of CHW's loss mitigation specialists.
9. The loss mitigation specialist works directly with the servicer to negotiate and advocate for the homeowner. Basically, his or her role is to ensure that the process actually happens. If a loan workout is not possible, the specialist can work with all parties to facilitate a short sale.
10. The data entry specialist completes entry into CounselorMax, ensuring that all files are in compliance.

Using this model, up to 65 homeowners a week can receive in-depth services from the FIC.

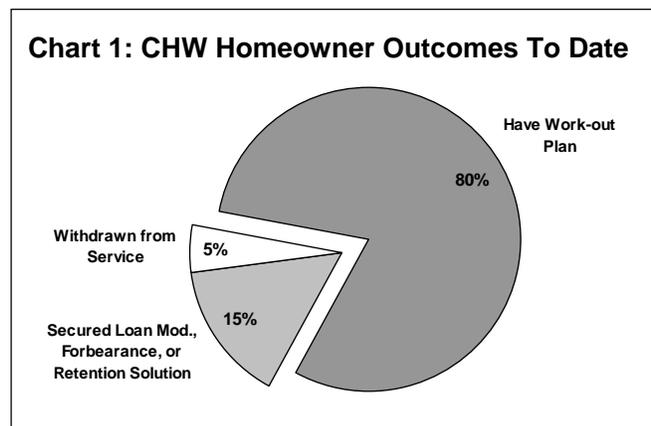
## **Outcomes**

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In 2009 CHW counseled more than 2,200 households facing possible foreclosure, of which 78% received Level 3 National Foreclosure Mitigation Counseling. To date, the outcomes of these cases are encouraging, as 95% have avoided foreclosure.

Homeowner outcomes include:

- 15% have already secured a loan modification, forbearance, or other retention solution;
- 80% have workout plans submitted and are awaiting servicer approval;
- 5% have withdrawn from service or completed a short sale.



## **Creating a Sustainable Business Model**

The Foreclosure Intervention Center has its own separate operating budget and office space within CHW. The FIC 2009 budget totaled over \$1.2 million in income from government grants and contracts, including support from NFMCP and the California Housing Finance Authority. The FIC's actual expenses totaled just over \$1 million, including about 50% for payroll and 10% for occupancy.

## **Lessons Learned**

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"When you use a specialized approach, your foreclosure staff do not get overworked or overwhelmed. They don't get overstressed, and this helps them help their clients," Gabe del Rio says about the primary benefits of a specialist staffing approach. "If a staff person is stressed, then the clients will feel stressed. If the staff are happy, then they are better able to help their clients."

### **Timely Training**

Staff must be trained both adequately and quickly for FIC positions. It is worth the investment of time and money to train staff to be able to meet with clients as soon as possible. The National Industry Standards require certification within 18 months, but CHW finds it is especially helpful during the first six months. An in-house job coach and program "guide book" are also helpful. CHW has generally provided training and certification for its staff within 90 days of hire, and regards this investment of time and money as crucial to its success.

### **Hire the Right People**

It is easier to hire qualified applicants in the specialized services model because it is possible to focus search efforts toward people with specific expertise, such as people with mortgage, real estate, or banking experience. Dealing with foreclosures is a complex task, so hiring individuals with lending or loan servicing experience is very helpful. CHW's counselors and loss mitigation specialists come from various aspects of the mortgage banking industry, and some have over 20 years of experience in underwriting.

### **Budget by Business Line**

Creating a standalone budget for a foreclosure intervention program allows an organization to better monitor the program's financial health. The hard reality is that foreclosure work is labor-intensive and can easily become a financial drain on limited agency resources. CHW runs all its business lines in a closely monitored fashion, which has led to a history of strong financial and internal controls.

## **Agency Background**

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Community HousingWorks is a San Diego nonprofit that helps people and neighborhoods move up in the world by providing a full range of housing options. CHW focuses its time and talent in three primary areas: building and managing affordable apartments, providing support to families as they build a more prosperous future through homeownership, and strengthening communities.

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