

# NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 15, 2016**

Visit [ncsha.org/awards](http://ncsha.org/awards) to view the Annual Awards Call for Entries.

**Instructions:** Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact [awards@ncsha.org](mailto:awards@ncsha.org) or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name:** \_\_\_\_\_

**HFA:** \_\_\_\_\_

**Submission Contact:** (Must be HFA Staff Member) \_\_\_\_\_ **Email:** \_\_\_\_\_

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

\_\_\_\_\_

Use this header on the upper right corner of each page:

**HFA:** \_\_\_\_\_

**Entry Name:** \_\_\_\_\_

\_\_\_\_\_

**Select the appropriate subcategory of your entry and indicate if you are providing visual aids.**

<b>Communications</b>	<b>Homeownership</b>	<b>Legislative Advocacy</b>	<b>Management Innovation</b>
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
<b>Rental Housing</b>	<b>Special Needs Housing</b>	<b>Special Achievement</b>	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			



# **2016 NCSHA**

## **Award Submission**

**ENTRY NAME:**

**Borrower Outreach Program**

**ENTRY CATEGORY:**

**Management Innovation  
Operations**

## Virginia Housing Development Authority Borrower Outreach Program

*“This was a very welcoming, friendly environment. I was worried before I got here, but I’m leaving feeling hopeful.”*

*“Talking to a VHDA employee was very helpful to get a better understanding of what I would need to keep my home.”*

*VHDA Borrower Outreach Participants*

### Background

Following the housing crisis of the late 2000s, Virginia’s housing market has recovered very differently based on geography. To address the housing needs of areas still impacted by the recession, VHDA launched a Borrower Outreach program. The Borrower Outreach program expands the ability of VHDA’s loan servicing department to provide borrower assistance to homeowners struggling to meet their mortgage payments through multi-modal loss mitigation solicitation, in-person seminars, and one-on-one application review and counseling. By applying these strategies on a local level, VHDA has been able to effectively address the specific needs of communities, decrease loan losses to the agency, and most importantly, help homeowners stay in their homes.

To date, the Borrower Outreach program has provided loss mitigation assistance to **70** homeowners seeking to avoid foreclosure and stay in their homes. The program successfully engaged over **16.5%** of targeted borrowers in the Hampton Roads and Richmond areas to submit applications for assistance, helping avoid **over \$10 million** in loan losses to the Authority. VHDA’s ongoing Borrower Outreach program successfully utilizes a combination of market analysis, targeted solicitation, and in-person assistance to serve Virginia’s homeowners and assist homeowners in need.

### Why and When it was Undertaken

VHDA’s Servicing Department works daily with homeowners who are struggling to meet their mortgage payments. In these interactions, the department observed that loan delinquency and the rate of foreclosure was concentrated in particular geographic regions. To determine which regions were most in need, VHDA performed a series of analyses surrounding home prices and loan default.

Initial analysis compared pre-recession housing prices with current prices across geographic regions of the Commonwealth to quantitatively identify areas where borrowers have yet to see housing relief. Further analysis focused more specifically on VHDA’s portfolio within those areas of need and identified greater delinquency and foreclosure rates in the areas of Central Virginia, Hampton Roads, and South Central regions of Virginia.

Given the evidenced regional occurrence of struggling homeowners, VHDA decided to create a geographic-focused program to connect borrowers to Loss Mitigation programs far beyond its typical efforts.

### What VHDA has accomplished

Pilot: VHDA leveraged its physical location in Richmond, Virginia to pilot the Borrower Outreach Program in the Central Virginia area. A series of loan level analyses of VHDA borrowers in the region revealed a total of 351 at-risk homeowners who would potentially qualify for and benefit from loss mitigation.

Of the original 351 targeted at-risk homeowners identified in the pilot, 208 were able to remedy their delinquent status without the aid of the Borrower Outreach program. Of the 143 homeowners who remained at risk of foreclosure at the time of the event, **32 (22%)** received loss mitigation assistance as a direct result of the program.

## **Virginia Housing Development Authority Borrower Outreach Program**

In addition to the benefit of these borrowers potentially avoiding foreclosure, the pilot averted a potential loss of **\$4,895,437** in unpaid principal balance of these loans.

Following the success of the Borrower Outreach pilot, VHDA turned its attention to the Eastern Shore of Virginia where homeowners continue to struggle from low home prices, unemployment, income levels, and high rates of loan delinquency and foreclosure. As such, VHDA conducted further loan level analysis across its portfolio in the region to identify 547 homeowners at risk of foreclosure and in need of financial assistance. Of the homeowners identified, 26% remedied their situation without the assistance of VHDA, leaving 407 available opportunities.

On October 24, 2015, VHDA held its second Borrower Outreach Event in Newport News. As a result of the outreach campaign, in-person seminar, and one-on-one reviews, **38** homeowners received loss mitigation assistance to prevent the foreclosure of their homes. These 38 loans represent a total of **\$5,520,696** in unpaid principal balance.

### **Why it is Meritorious and Meets NCSHA Award Judging Criteria**

#### **Innovative**

Many foreclosure prevention efforts are held during times of specific economic shocks or crises. However, once the dilemma passes, these programs are often scaled back and do not address the on-going/delayed struggles of homeowners.

VHDA's unique Borrower Outreach Program is strategically designed to reach those homeowners who continue to struggle with the after-effects of the housing crisis and specific regional housing issues. The program is innovative in its approach in several ways:

- Using analytics to identify currently struggling or at-risk homeowners
- Implementing a multi-faceted outreach and solicitation campaign
- Utilizing pre-established business operations in a new, community-based application

#### **Replicable**

Other state Housing Finance Agencies, and loan servicing entities, will find the Borrower Outreach Program easy to replicate. The key to the success of the program is two-fold: a) proper analysis and identification of at-risk loans and b) multi-faceted solicitation campaign. Identification of areas of particular housing assistance need can be accomplished by first comparing peak-historical with current Mortgage Bankers Association housing prices and subsequently identifying portfolio loans with recent histories of missed payments, low credit scores, risk scoring systems, or other indicators of risk. Once at-risk loan locations are identified, positioning the event in proximity to the greatest number of struggling homeowners will likely increase participation. The solicitation campaign's success can be ensured by varying typical loan communications in appearance, mode, frequency, and content. Incentivizing participation in the program through gift cards, breakfast, waiver of account fees, or other means are also likely to improve the program's outcomes.

#### **Achieves Measurable Results**

Over 50 individuals attended the Borrower Outreach events in Richmond and the Hampton Roads area. The program achieved its main goal of soliciting borrowers for loss mitigation assistance, as VHDA received 98 loss mitigation applications from homeowners targeted in the program. Of those, 70 received or are currently receiving loss

## Virginia Housing Development Authority Borrower Outreach Program

mitigation assistance. Those 70 loans prevented from going to foreclosure represent **\$10,416,133** in unpaid principal balance, or over **\$1.5 million** in bottom line losses to the Authority avoided (factoring in costs and claims).

### **Benefits Far Outweigh the Costs**

VHDA's mission of providing quality, affordable housing doesn't end for a homeowner once they close on a loan. The goal of helping struggling homeowners avoid foreclosure and stay in their homes is a pivotal piece to VHDA's DNA. This immeasurable benefit of assisting struggling homeowners as a result of this program goes far beyond quantification.

However, the monetary benefit of the program to the Authority is also significant. Because the Borrower Outreach Program targets homeowners in specific geographic areas instead of a wider campaign, the costs of the program are minimal. The total costs for both events was under \$9,000 (including employee compensation, invitations, catering, space rental, and incentives), resulting in a 1 to 167 cost-benefit ratio.

### **Effective Use of Resources**

The Borrower Outreach Program is an effective use of resources in several ways. For one, the design of the program requires very little deviation from regular loss mitigation processes. The solicitation campaign also uses the existing business operations within VHDA's Servicing Department.

Once the initial efforts of designing the Borrower Outreach Program are completed, the process can easily be repeated at minimal cost and effort. The same methods of determining at-risk loans, solicitation campaigns, information of the seminar, and the majority of event details can be used at any location desired. The internal processes of a servicer's loss mitigation department are simply applied at a larger scale, reducing the need for future resources and allowing further innovation and refinement of the program.

### **Achieves Strategic Objectives**

The Borrower Outreach Program is a major component to accomplishing VHDA's objective of responsibly keeping homeowners in their homes. The program also provides a means of continually evaluating and improving loss mitigation efforts through unique outreach campaigns, analysis driven targeting, and in-person assistance. The program also assists in VHDA's goal of early intervention of at-risk and delinquent homeowners.

### **Conclusion**

The Borrower Outreach Program provides VHDA a highly effective means of assisting struggling homeowners avoid foreclosure and find housing stability. The program gives VHDA a successful means for reaching borrowers as well as decreasing losses to the Authority, with over **\$1.5 million** in bottom line losses avoided. Seventy homeowners have already received loss mitigation assistance through this data-driven, needs-based approach, with many more to come. VHDA is dedicated to not only providing quality, affordable housing, but also to helping homeowners stay in their homes. As economic stability and housing affordability continue to be a challenge for different regions in Virginia, VHDA's Borrower Outreach Program is well equipped to help.

**Please see three attachments below.**

## Invitation for the pilot at the Virginia Housing Center

# You are Invited

VHDA is excited to host a free event about potential options to help save your home through our loss mitigation programs. If you are having financial difficulties, come meet our Loss Mitigation Staff, learn about potential solutions to assist during your hardship and submit a Borrower's Financial Package on site. You will receive a **\$20 gas gift card** just for attending (*limit one gift card per household with a valid ID*).

**Our Homeowner Outreach event will take place:**

**Saturday, May 2, 2015, at the**

**VHDA Virginia Housing Center, 4224 Cox Road, Glen Allen, VA 23060**

**There will be three general sessions: 8:45 a.m., 9:45 a.m. and 10:45 a.m.**

**Free parking & refreshments will be provided**

**Please RSVP by April 16, 2015**, by emailing the following information to us at [LossMitOutreach@VHDA.com](mailto:LossMitOutreach@VHDA.com):

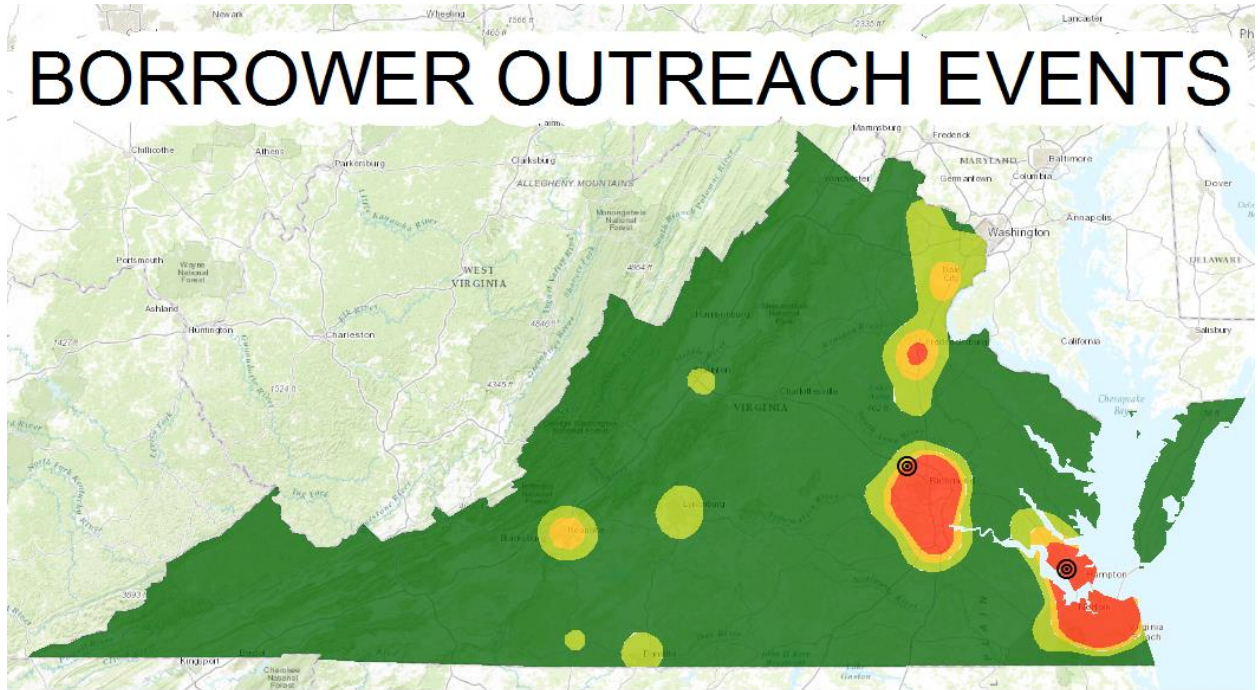
- Your name
- General session time preference (8:45 a.m., 9:45 a.m., 10:45 a.m.)
- Number of guests (limit 2)
- Property address
- Phone number (with area code)
- If you would like a paper copy of the Borrower's Financial Package (Yes or No)

Bring a completed VHDA Borrower's Financial Package and all required documentation for review by our staff. VHDA cannot determine eligibility for loss mitigation solutions without a completed Borrower's Financial Package. The Borrower's Financial Package can be accessed via [www.vhda.com/homeowners](http://www.vhda.com/homeowners).

If you have any additional questions regarding the event or simply need to speak to us, please call us at 800-235-6938 between the hours of 9 a.m. and 4:30 p.m.



## Heat Map of VHDA Delinquencies and Event Locations





One of the three seminar sessions at the Hampton Roads Event

