

*“What a great DVD! We all have past due borrowers that won’t return calls or answer letters from our Servicing department, so I was thrilled to see VHDA’s DVD. They did a great job of building trust and finishing it up with a call to action. I’m going to pass it along to our Servicing department.”*

*Margaret Sutherland, Assistant Vice President, BB&T Mortgage*

### **Brief Description of VHDA’s Loss Mitigation DVD**

The Virginia Housing Development Authority (VHDA) has a new way to reach out to borrowers whose VHDA mortgages are more than 60 days past due. If we’ve been unable to reach a customer by phone or mail, a six-minute video on DVD will now be sent to them. We want to encourage customers who have been afraid to call us to play the video, see that there may still be a way to help them stay in their homes, and call us.

In the video, VHDA used in-house talent to explain, in a compassionate and non-threatening way, the seriousness of the situation, what the customer can expect when they call, and gives examples of ways we may be able to help them — such as lowering the interest rate, deferring payments, or authorizing a short sale. The customer is cautioned that the options available to them will depend on their specific situation, including how far behind they are on their payments.

The video stresses the importance of calling VHDA immediately, because the sooner a borrower calls, the more options we may have to help them save their home. The video has also been posted on YouTube, and the YouTube address is printed on the DVD label for customers who prefer to view it online. You can see the video at [YouTube.com/MayWeHelp](http://YouTube.com/MayWeHelp).

### **Why/When it was undertaken**

Like most mortgage servicers around the country, VHDA is experiencing a significant rise in foreclosures. As a result, we were looking for ways to get these borrowers to call us as part of our commitment to helping our homeowners who are experiencing financial difficulties beyond their control. Our goal is to help these borrowers remain in their homes. Mailing a DVD to customers’ homes is a unique way to engage borrowers in default and explain their options to them.

Borrowers who are experiencing trouble making their payments may be embarrassed and ashamed. This DVD explains, in the privacy of their own home, options they may have and it permits them to understand these options before calling a loss mitigation counselor.

### **What VHDA has accomplished**

VHDA has mailed 1,100 Loss Mitigation DVDs and the response has exceeded our expectations. We received 21 calls during the first week after we sent out the July mailing, as well as hundreds of views from our YouTube posting. We’ve also gotten the word out about our Loss Mitigation DVD through articles in external e-newsletters and through presentations for lenders and Realtors® attending VHDA Single Family Advisory Board meetings.

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

### **Innovative**

*"We've been looking for ways to reach our borrowers who are experiencing financial difficulty and haven't returned our calls or correspondence. Sending them a DVD in the mail, that they could play and have time to understand, seemed like a good way to reach out—directly into the borrower's home. Our mission is to keep Virginians in their homes. This is just another tool to help us achieve that goal."*

*Thomas A. Dolce, VHDA Managing Director of Servicing & Compliance*

VHDA is the *only* HFA to produce a DVD to encourage borrowers who are more than 60 days past due to contact us, so we can determine if a workout solution is possible to keep them in their homes. Because the DVD is brief—just under six minutes—and doesn't contain any bank jargon, it is easy to understand as well as non-threatening.

In addition, we incorporated YouTube into the mix. Our reasoning? Oftentimes, when printing 5,000 DVDs, one or two will not work, or the recipient's DVD player will be on the fritz. We wanted to prevent those chance occurrences from being a reason NOT to view the DVD, so we uploaded the video to YouTube and printed this message on the label:  
*"If you can't play this DVD, please visit [YouTube.com/MayWeHelp](https://www.youtube.com/MayWeHelp)."*

### **Replicable**

This DVD is easily replicable by other HFAs. It was produced by our in-house Creative Team, shot in VHDA offices, used VHDA associates as talent and included a few inexpensive video clips licensed from stock footage libraries. We printed 5,000 DVDs. The average cost per DVD is \$5.66.

### **Reaches targeted audiences**

This DVD is mailed directly to homeowners. The packaging is simple yet businesslike, and since we know that lots of borrowers are not sure who their mortgage is with, the label says "Important information from your mortgage company." No VHDA email address is provided, just a toll-free phone number to ensure that they call us.

### **Achieves measurable results**

VHDA's *Loss Mitigation DVD* effectively accomplishes our objective of keeping our homeowners in their homes by providing an easy opportunity for borrowers who are 60 days late or more on their payments to contact us. Our use of in-house talent enabled us to present just the right tone of both compassion and seriousness to help encourage customers to take the first step and call us. And as of August 5, 188 views had been registered on the YouTube site. **Of those people who call us, approximately 25% receive the help they need to stay in their homes.**

### **Benefits that outweigh the costs**

The average loss of a conventional foreclosure is estimated at more than \$50,000. The expense of producing this DVD is small when compared to the risk of having a loan go from 60 days past due to foreclosure. Preventing just one foreclosure with this DVD more than paid for the cost of producing and mailing all 5,000 DVDs.

**Demonstrates effective use of resources**

We were able to keep costs down by doing much of the work in-house. This included writing the script and storyboarding, as well as contracting directly with the videographer instead of using an agency. We also used in-house talent as our on-screen narrator, and worked with royalty-free video footage when possible to reduce costs. Using our own building for the location eliminated any travel or rental expenses.

The DVDs are only being sent to a very targeted audience (borrowers who are 60 days or more delinquent), so there is not as much waste as is typical with other direct mail campaigns. We leveraged YouTube, which is free. Finally, at \$5.66 per unit, it cost less to produce and mail this DVD than it does to pay an associate to make call after call to a delinquent borrower, or to send one or two registered letters.

**Achieves strategic objectives**

The *Loss Mitigation DVD* is a key tactic to achieving one of VHDA's most important strategic organizational objectives: sustaining organizational capacity. By working to reduce the number of loan defaults, VHDA is in a much better financial position to continue serving Virginians. Also, keeping people in their homes is part of VHDA's mission. Finally, fewer foreclosures will help stabilize neighborhoods and communities as well.

**Conclusion**

In many cases, especially in today's extremely tough economy, borrowers face hardships beyond their control that put them at risk of losing their homes. Based on guidelines for the insurers/guarantors of the loan, VHDA has a variety of tools and techniques that can help customers avoid foreclosure. Our *Loss Mitigation DVD* is all about sustaining homeownership by making homeowners aware that there *are* alternatives to losing their home. In addition, it reassures them that if they are having financial difficulty, we are here to help. **In fact, of those people who call us, approximately 25% receive the help they desperately need to stay in their homes.** This DVD, first and foremost, assists us in helping our borrowers keep their home and stems losses so that we can use those resources better serve others.

**Attachments: Loss Mitigation DVD and screen grab of VHDA's Loss Mitigation YouTube page.**