



Thinking Beyond the Close: Working Together for Post-Purchase Awareness and Borrower Education

At Freddie Mac, our mission is to help borrowers achieve sustainable homeownership. That requires more than offering innovative, accessible mortgage products: today, we must think beyond the close.

The entire housing finance ecosystem benefits when homeowners remain in their homes. Though that goal can sometimes be challenging, servicers succeed when they provide increased communication and committed outreach throughout the life of a borrower's loan.

Servicers can use Freddie Mac's relief and workout options to help distressed borrowers. These include the payment deferral and Flex Modification®, which are available through Resolve®, our integrated end-to-end default management solution. But these tools are only beneficial if borrowers know they are available when they need them.

Research performed by our customer experience (CX) team has shown that borrowers who are engaged sooner and educated more fully on their workout options have a better experience and achieve more successful outcomes. This is the key to sustainable homeownership.

We believe this type of proactive, educational customer service shouldn't only be used when borrowers become delinquent; rather, it should be a standard part of a healthy homeowner/servicer relationship. This future-state vision is attainable by using technology, data and customized methods to personalize the experience.

Working For a Shared Vision of Homeowner Success

When a borrower faces a hardship, the faster a servicer responds, the more positive the experience will be. Speed is important—no one wants to wait weeks during a stressful time. The sooner the servicer can provide options to address the delinquency—ideally within the first contact—the more likely the borrower will be able to remain in their home. Leveraging data and information on the homeowner's situation and their property leads to more informed decisions.

The most important key to success is effective communication. Borrowers' active participation is crucial to help them keep their homes. The industry must normalize homeowners asking for help when they need it, and consistently follow through so that they receive it.

That can only happen when borrowers have a trusted relationship with their mortgage servicer. We have been working with companies in all parts of the industry to promote stronger borrower outreach to build these relationships, including lenders, servicers and housing counselors.

The Importance of Continuing Education and Outreach

Realizing this vision requires all stakeholders to engage actively with those we serve, early and often. Providing ongoing, proactive education and support for borrowers will further the goal of sustainable homeownership.

The first step is asking borrowers their preferred method of communication: phone, mail, email, portal, website, or text. Once servicers have this information, they must use it to build the relationship, adding value through continued education.

Today's homeowners typically do not have all the information they need. There is no class in public school on homeownership. This is an opportunity for our industry.

Too often, the only time a borrower communicates with their lender or servicer is when they are delinquent. That's necessary, of course, but when we make early contact, we need to be ready with potential solutions.

But there are so many other ways to add value, many of which can be provided by technology. Self-service portals, for example, can be used to create and post videos that explain different aspects of the process that many homeowners find confusing, such as escrow analysis or transfers of servicing.

With natural disasters seeming to occur more frequently, servicers also have the opportunity to help borrowers by providing information to explain what to do when their homes are damaged. They can even use text messaging to warn borrowers ahead of severe weather.

How Freddie Mac Stands Ready to Support this Mission

Freddie Mac stands ready to lead this effort and support all who believe in a homeownership ecosystem that serves every home buyer. We will continue to work with the industry to normalize the work of building stronger servicer/borrower relationships. Download Freddie Mac's new eBook for mortgage servicers, which offers practical information about post-purchase awareness and education, whether or not homeowners are facing financial hardships.

About the authors:

Donna R. Spencer is Vice-President, Servicing Relationship and Performance Management Single-Family Portfolio and Servicing Division.

Cecelia Raine is Vice-President, Servicing Innovation & Engagement Single-Family Portfolio and Servicing Division.

<https://www.nationalmortgagenews.com/thinking-beyond-the-close-working-together-for-post-purchase-awareness-and-borrower-education>

PARTNER INSIGHTS FROM

