



Foreclosure Fairness Program Home-Retention Survey

March/April 2014

In the statute establishing the Foreclosure Mediation Program ([RCW 61.24.163\(18\)\(b\)](#)), Department of Commerce (Commerce) is asked to annually report performance and data about the program, including “to the extent practical, the number of borrowers who report a default within a year of restructuring or modification.”

In March/April 2014, Commerce conducted a pilot survey, which resulted in 50 telephone interviews with homeowners who had completed mediation through the Foreclosure Mediation Program.

108 homeowners were initially selected for this survey, based on the following criteria:

- They reached a home-retention agreement with the beneficiary as certified by the mediators (all mediators send Commerce a copy of the certification).
- The agreement had been reached at least one year prior to the date on which they were interviewed (certification dates ranged from September 2012 to April 2013).
- The homeowners had a phone number on record with Commerce.

Each of the 108 homeowners was called up to five times to attempt to interview them for the survey. The target was to complete at least 50 surveys, which was achieved. Of the remaining 58 homeowners:

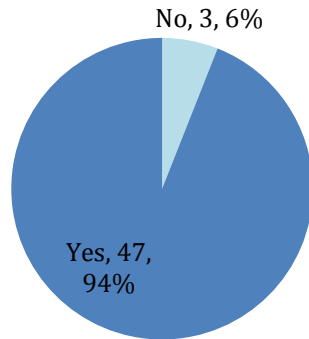
- 33 could not be reached after several attempts (30.5 percent).
- 20 had disconnected numbers or the number was incorrect, indicating it may have been reassigned (18.5 percent of the total).
- 3 declined to take the survey (2.8 percent).
- 2 did not accept incoming calls (1.9 percent).

Out of the 50 homeowners interviewed, three indicated that they did not reach an agreement with their beneficiaries (in contrast with the mediator’s certification). 47 confirmed that they reached a home-retention agreement. 4.3 percent of these 47 had defaulted on their loan within one year of reaching the agreement. This percentage represents just two respondents out of the 47 respondents who indicated that they had reached an agreement as certified by the mediator. Therefore, 95.7 percent indicated that they had **not** defaulted on their loan within a year of the certification agreement being finalized.

The following report details the survey questions and the responses received. Each call began with an introduction, a brief explanation of the survey, and an assurance that the homeowner’s name and address would be kept confidential when reporting the survey results.

Question 1. According to the mediation records, you and your lender reached an agreement to stay in your home on [date according to mediator’s certification]. Is that correct?

The majority (47 respondents) indicated that this was correct. Three respondents indicated that it was not correct.



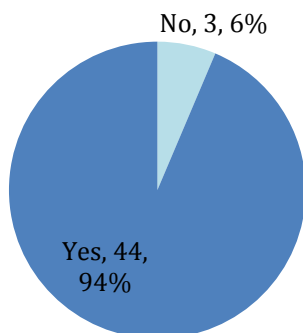
Question 2. If it is not correct, did you and your lender reach an agreement to stay in your home, and if so, when?

The three respondents who indicated they did not reach an agreement provided the following answers:

- “We didn’t reach an agreement until September 2013.”
- “We had mediation, but the bank decided to continue with the foreclosure.”
- “No agreement was reached.”

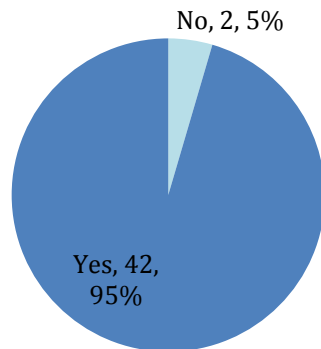
Question 3. Are you still in the home?

The 47 respondents who confirmed reaching a home-retention agreement were next asked if they were still in the home. The majority (94 percent) indicated that they were. Three respondents indicated that they were no longer in the home.



Question 4. Have the terms of the agreement you reached in mediation remained the same?

Of the 44 respondents who were still in their homes, the majority (95 percent) indicated that the terms of the agreement had remained the same. Two respondents indicated that the terms had changed.



Question 5. If the terms have not remained the same, what has changed?

The two respondents, whose agreements had not remained the same, reported the following explanations about what had changed:

- After the mediation, it was agreed that if the homeowner had additional income they would be eligible for a loan modification. After numerous attempts, they still never qualified. The lender started foreclosure and offered the homeowner the option of a short-sale. The property is currently in foreclosure.
- The lender did not adhere to the agreement. The homeowner and the lender are currently in litigation.

Question 6. If you are no longer in the home, may I ask why not?

The three homeowners, who were no longer in the home, were provided the following choices for their responses to this question:

- Sold home
- Defaulted on loan (new foreclosure started)
- Renting out home
- Marital/family issues
- Temporary payment plan did not become permanent
- Other (please specify)

Two respondents indicated that they had defaulted on their loan in the year following their certification agreement. One respondent chose “other,” and indicated: “Filed bankruptcy; we were able to make payments to stay in the home until it sold at a loss.”

No one selected “sold home,” “renting out home,” “marital/family issues,” and “temporary payment plan did not become permanent.”

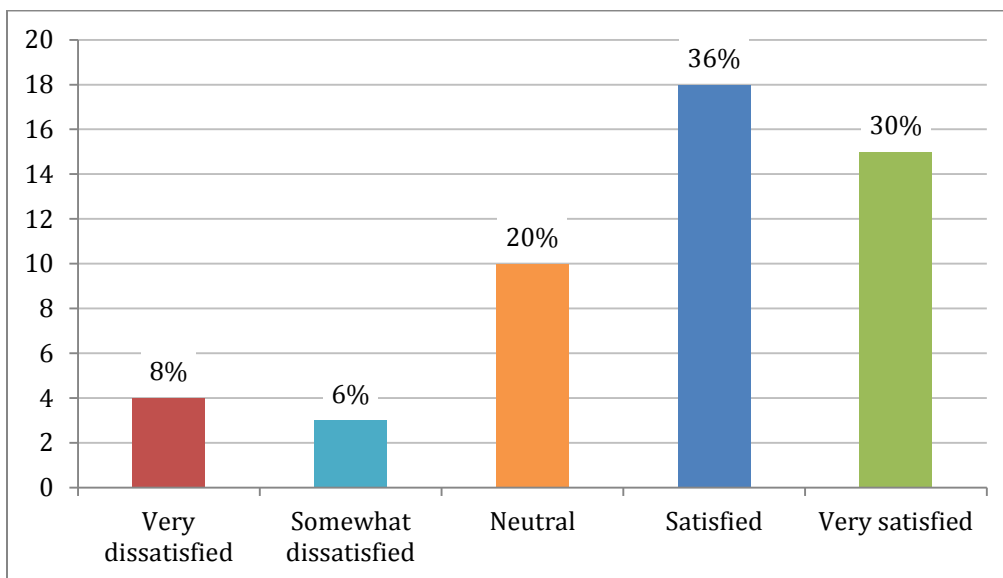
Question 7. If you defaulted on your loan after reaching an agreement with your lender, can you tell me when the default took place?

The two homeowners, who had defaulted on their loans, provided the following responses about when the defaults took place:

- “May of 2013.”
- “The default took place shortly after the agreement, approximately May 2013.”

Both defaults took place less than six months after the agreement was reached and certified by the mediator.

Question 8. The primary goal of the Foreclosure Mediation Program is to help homeowners avoid foreclosure. On a scale of one to five, how do you rate your overall experience with the program? One is very dissatisfied, two is somewhat dissatisfied, three is neutral, four is satisfied, and five is very satisfied.



All survey respondents were asked about their experience with the mediation program. Two-thirds (66 percent) reported that they were “satisfied” or “very satisfied” with the program. 20 percent indicated a neutral level of satisfaction with the program. 14 percent indicated that they were “somewhat dissatisfied” or “very dissatisfied.”

There was only a slight correlation between a homeowner’s outcome (staying in their home, agreement terms remaining the same, etc.) and their satisfaction level with the program. Of the two homeowners who reported that they had defaulted on their loan within a year of reaching the agreement, one reported being satisfied with the program and the other indicated a neutral level of satisfaction.

However, among the set of homeowners who were still in their homes and whose agreement terms had remained the same, there was a slightly higher level of satisfaction with the program. 69 percent indicated being satisfied or very satisfied, while three (9.5 percent) reported being dissatisfied or very dissatisfied.

Question 9. Do you have any additional comments about your experience with the program?

The majority of homeowners (74 percent) did choose to share additional comments. If the homeowner voiced concerns with their current loan agreement they were offered the toll-free phone number for the Homeownership Resource Hotline, and were encouraged to solicit the services of a free counselor.

The comments shared by respondents are as follows (in no particular order):

- “I tried to contact the lender directly before using the program and were told no. It felt like an impossible task and we almost gave up. And then we heard about the mediation program, and [the mediator] was awesome. She held the lender’s feet to the fire. I wish everyone knew about this opportunity.”
- “They were great, very nice people.”
- Two weeks ago the homeowner initiated a new round of negotiation, working with his lawyer. He has contacted the mediator again to get their assistance. The terms of the initial agreement are not feasible for him.
- “Grateful that I had the opportunity to use the program and keep my home.” The agreement may have been reached earlier, in late 2012, instead of what the records indicate, which is Feb. 13, 2013.
- “I’m glad the program was there.”
- “It was pretty awful in highlighting the fact that there’s a real push to sell you on dreams and only treat you as a number. I didn’t feel like any of my hardships were looked at all. The mediator did their job effectively.”
- “I had gone through other attempts to work out an agreement with the bank before, and I think the process now has definitely put the homeowner on a more even footing with the bank, and in some cases protected homeowners.”
- “I didn’t appreciate that our lender did not have a voice in the room, they were just a voice on the speaker phone, and I resented that.”
- “Well handled, they were nice and considerate.”
- “The housing counselor was very nice and helpful. It took about three years altogether, and the ball got dropped so many times by the lender. I got the Attorney General’s Office involved three times over those years.”
- “The process was excellent. The mediator explained what the bank was expecting. Without the program I would be lost. I felt overwhelmed.”
- “The mediator seemed to be more on the bank’s side than my side. Frustrating and disheartening.”
- “No one seemed to have bad intentions.”

- “Very glad it was there. If it wasn’t there, I wouldn’t be in my home. There’s no way I could have reached an agreement with my lender on my own.”
- The Seattle Urban League helped connect the homeowner with the mediator.
- The homeowners only recently found out that they are being billed for the mortgage company attorney’s fees. They have paid for the mediation, and feel like it was not documented or disclosed to them that they would have to pay attorney fees. The attorney for the lender did not have leeway to negotiate.
- The homeowner was not sure who played what part in the mediation between her attorney and the mediator. The lender did not have their paperwork ready for the first mediation, so nothing could be accomplished. There wasn’t another mediation, but there was a satisfactory outcome that her attorney (and possibly the mediator) was able to broker with the lender.
- The terms of the agreement were not workable for the homeowner. The terms were not what the homeowner expected and did not result in much of a reduction. They had trouble finding out who owned the loan, and thus the servicing agency participated in the mediation but not the actual loan holder.
- “There were back taxes I owed, and I did not know that was going to be an issue until I paid my attorney and went forward. I sat through two mediation sessions.”
- The homeowners had strong reservations about the terms of the agreement. “It didn’t seem like there was a lot of negotiation on my behalf. There could have been a better job done at negotiating terms with the lender.”
- “The mediator was very helpful, they helped things go much more smoothly, and it would not have gone as well without them there.”
- “The lender did not comply with the laws, and sent a lawyer who did not have discretionary power, so he was on the phone with the lender. The lender did not negotiate. However the mediator did everything he could, although he was very limited in what he could do. The mediation took 6.5 hours with no break. It was a rigorous negotiation, but the bank was on a conference call and not in the room.”
- “The mediators did the job, but I had to drive to a different city and take time off work, and I waited a long time for the meeting. During the meeting one of the participants was yelling at the other participants.”
- “The mediator did an awesome job. However, after the agreement was reached the loan was sold. The new lender has been trying to collect on a line of credit on the loan that was resolved in the mediation. I ended up having to file for bankruptcy. They don’t fully understand the terms of the agreement.”
- “It doesn’t work the way it says. Our mediator of two years got sick and we got a new one. The person was not as informed as they should have been.”
- “There were acronyms and things that we did not understand at first, so it would be helpful to have more meetings with the mediator before we sat down to the actual mediation.”
- “The lender was not easy to work with. The modification was successful - our payment is now half of what it was.”

- “The lender could have done more.” The lender did an automatic add-on of escrow charges, but the agreement remained the same. There was discrepancy with tax forms and the homeowner’s anticipation of what should be listed.
- No negotiation with the lender.
- “Lender was not at all forthcoming. We had two mediation sessions, at the first one they had no one present who could negotiate. Lender would not negotiate, and the homeowner did not have input into the agreement. Bank negotiated in very bad faith. They have not done anything on time. The mediator had limited ability to do much, limited authority, don’t know if she brought much to the table.”
- “Program did its job.”
- “The lender (Bank of America) presented the modification and gave the homeowner no opportunity to craft the terms.”
- The homeowner was expecting there to be some negotiation. The bank did not show up to the mediation discussions. The bank provided the mediator with new agreement terms outside of the mediation process, and the homeowner had no option but to accept.
- “The program did what it was designed to do. I could not have stayed in the home without the program.”
- “We experienced some problems in the first round of mediation, but when the HAMP program came out, the second round of mediation went smoothly.”
- The lender would not adhere to the agreement, based on the homeowner’s understanding. She kept encountering additional hoops to jump through. The mediator and attorney assisted her as best they could “under the circumstances.”
- “It should not have been necessary to have a lawyer get involved if the lender was following the rules. There should be more government oversight of the lender. Banks are stalling and making it as difficult as possible for homeowners to deal directly with them.”

A Note about the Practibility of Surveying Borrowers One Year After Mediation Certification

This pilot survey required a substantial amount of resources. It took approximately 25 hours to reach the homeowners and complete 50 surveys, due to the multiple tries required to reach many of them. This does **not** include the time and effort to research and compile mediators’ certification data, prepare the survey questions and format, and analyze and report the results of the survey. Given that there is not a way to reach homeowners without phone numbers, or whose numbers changed, it may not be possible to adjust the methodology to compensate for this factor without expending considerable resources, should Commerce consider future surveying of borrowers.