

October 23, 2013



The Honorable Ed Chau
Chair, Assembly Committee on Housing and Community Development
State Capitol, Room 6011
Sacramento, CA 95814

The Honorable Roger Dickinson
Chair, Assembly Committee on Banking and Finance
State Capitol, Room 2013
Sacramento, CA 95814

RE: Written Testimony for the Progress of the Keep Your Home California Joint Oversight Hearing

Dear Assembly Members Chau and Dickinson:

CitiMortgage, Inc. ("CMI") is pleased to submit this written testimony at the request of the California Assembly Committees for Housing and Community Development and Banking and Finance for their joint hearing on the Progress of the Keep Your Home California Program. CMI prides itself on the steps we have taken to keep our borrowers in their homes and appreciates the opportunity to share some details about our actions and results in California.

CMI currently services approximately 419,000 accounts on California residences with an aggregate unpaid principal balance of nearly \$84 billion. Approximately 57% of our portfolio is serviced for the government sponsored entities, Fannie Mae and Freddie Mac.

Since the foreclosure crisis began, we implemented our own innovative measures in addition to participating in government and industry programs designed to assist homeowners. In 2011, in accordance with the National Mortgage Settlement ("NMS") and OCC Consent Order, CMI implemented a single point of contact (SPOC) model for borrowers seeking loss mitigation, changed the routing of phone calls, added controls and enhanced processes for borrowers in foreclosure whose applications for modifications were under review, improved document tracking processes, implemented robust controls around mortgage assignments and foreclosure processes, implemented a formal third party oversight program, and streamlined the oversight and governance of our mortgage servicing operation.

Our SPOC model has proven to be successful and continues to evolve into a competitive advantage for our company. In addition to providing the borrowers with a less burdensome and stressful experience, the SPOC model has proven to be a critical variable in helping our borrowers avoid foreclosure. We have been able to increase the number of our defaulted borrowers with a positive outcome at a 16% improvement rate and to decrease the total number of borrowers that completed foreclosure (as a percentage of borrowers from before SPOC to after SPOC) by 34%. Our SPOC contact rates for borrowers talking to their own SPOC have

continued to improve on a monthly basis and, as of September, are at the highest level they have been.

In compliance with the NMS, we implemented a number of programs that provide relief to borrowers affected by the foreclosure crisis. These include first lien principal forgiveness, first lien forbearance forgiveness, second lien extinguishment forgiveness, rate refinance etc. Beyond NMS, CMI engages in multiple outreach programs designed to ensure that borrowers are aware of CMI's loss mitigation solutions in the earliest stages of delinquency. In addition to our myriad of contact methods, which include phone calls, letters, emails and text messages, we also partner with numerous non-profit organizations that help us to reach borrowers at risk of foreclosure.

Early in the foreclosure crisis, we created the Office of Homeownership Preservation (OHP) to establish national, regional and local relationships with housing counseling agencies working with homeowners at risk of default to facilitate contact and establish lines of communication with the borrower through his or her counsel. The OHP staff works tirelessly to partner with community-based organization to reach out to homeowners at risk, in danger or imminent default, or in default to provide alternatives to foreclosure.

CMI participates in outreach events where we meet with distressed borrowers in person. These events may be sponsored by CMI or by organizations such as the HOPE NOW Alliance, of which Citi is a founding member, or local housing counseling or advocacy groups, including Orange County Housing Opportunities Collaborative, the San Diego Reinvestment Task Force, and CA chapters of NACA and NID. In 2011, CMI began a "Road to Recovery Tour" where we visited cities nationwide that were hard hit by the financial crisis, to connect directly with distressed borrowers. During these events, CMI customers – some of whom we previously were unable to reach – speak face-to-face with foreclosure prevention specialists to learn what kind of relief may be available to them. CMI continues to sponsor Road to Recovery and OHP borrower outreach events, as well as participate in events sponsored by government, non-profit and housing advocacy organizations. In 2013 to date, we have participated in 19 borrower outreach events in California, including three of our proprietary Road to Recovery events in Riverside, LA and Oakland. Approximately 900 borrowers attended these events. Detailed information about these events is attached to this testimony.

CMI actively participates in coordination with multiple states in the Hardest Hit Funds initiative, including the Keep Your Home California Fund. Under these programs we have assisted approximately 1,300 customers with unpaid principal balance of \$318 million since 2011.

CMI was among the first servicers to participate in HAMP and other Making Home Affordable programs including HAMP's principal reduction programs. Under this program, we have granted principal reduction to approximately 509 California homeowners who received over \$42 million in relief. Under the National Mortgage Settlement as reported for the second quarter of 2013, CMI has provided principal reduction relief under various programs to approximately 9,800 California customers with aggregate principal relief of \$900 million at an average of nearly \$91,000 per customer. In addition, CMI has committed to its regulator, the Office of the Comptroller of the Currency, to approximately \$500 million in loss mitigation with an emphasis

on principal reductions. These principal reductions are to commence only upon completion of the NMS commitments so that these are additive and not duplicative.

CMI also participates in the federal government's Homeowner Assistance Refinance (HAR) program, which provides refinance opportunities for underwater homeowners who have been making their loan payments so they can take advantage of today's low interest rates. We have refinanced approximately 53,400 customers with an unpaid principal balance of \$ 11.5 billion since 2011.

For borrowers who face severe hardship, or where homeownership is no longer an option, we have in place short sale and deed in lieu of foreclosure programs, which provide alternatives to foreclosure and allow families to make planned transitions to the next phase in their lives. Every loan is reviewed for eligibility for the modification and assistance programs described above, and any other applicable programs, before any foreclosure is completed.

At any time prior to seven days before a scheduled foreclosure sale, if a customer presents new information about their ability to cure their default, even where the information is a simple statement that the borrower has begun to work with a nonprofit counselor, we will provide the borrower with a reasonable time period during which we can re-evaluate the borrower's particular facts and circumstances.

We continue to work with a multitude of constituents to improve the borrowers' loss mitigation experience. We routinely meet with the state attorneys generals' offices, including California Attorney General Kamala Harris. As a result of those meeting, we and the four largest servicers recently agreed to four additional metrics to measure servicer behavior, three of which specifically speak to adding the borrower in getting to successful loan modifications.

In summary, CMI is actively engaged with our customers and in particular, with offering solutions under either our proprietary or government homeownership preservation programs. We appreciate the opportunity to share our best practices, updates and process enhancements to support our borrowers desire to remain in their home and our commitment to help.

Attachment:

CMI California Borrower Outreach Events 2013

cc: Kathleen O'Malley, Consultant, Assembly Committee on Banking and Finance