

ICUL Virtual Roundtable: Helping Iowans Avoid Foreclosure - Community Resources and Best Practices for Credit Unions

December 15, 2020

1:30PM - 2:30PM

Overview

Thank you for attending the ICUL Virtual Roundtable regarding the different resources available to help borrowers avoid foreclosure. This document provides a summary of some of the key concepts discussed during the roundtable, as well as a reminder of the mortgage relief efforts due to COVID-19 and available guidance documents. This is an important time for credit unions to proactively review their loss mitigation practices to help prepare for any potential COVID-19 related foreclosures. Internally, credit unions can work with their compliance team, outside counsel, and collections department, and externally credit unions can work with different community organizations.

Speakers

- Patrick Madigan, Iowa Attorney General's Office
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- Katy Hackett, Family Management Financial Solutions, Inc.
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- John Gianola, Iowa Legal Aid
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- Jaimie Miller, Iowa Credit Union Foundation
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Key Discussion Points

- **Economic and Industry Concerns**
 - One of the main concerns for the industry is that loans who are currently under forbearance may experience repayment problems once the forbearance expires.
 - Additionally, while there is quite a bit of federal COVID relief being provided for federally backed mortgages, there is the concern of foreclosures on non-federally backed mortgages that lenders may be keeping on their books.
- **Foreclosure Practices**
 - While inevitably some loans may end up in foreclosure, proactively looking for ways to help struggling borrowers can result in a win-win for all parties involved.
 - If the Attorney General's Office does pass along a consumer complaint, this does not always mean that the credit union did something wrong but can also be used as an informational tool to help shore up the credit unions loss mitigation process.
 - Process, paperwork, misunderstandings should not be the reason for relief not being provided to a struggling borrower.
 - The main thing that community organizations will look for when working with a struggling borrower is whether or not they can actually afford the home.
 - It is understood that sometimes foreclosure is the only route, but otherwise, her team will look to complete a financial institutions loss mitigation document checklist to submit to the lender.
- **Note:** For a further discussion on Katy and John's talking points, please refer to the slide decks that are attached to the communication.

Pre-Submitted and Open Discussion Questions

- **How can credit unions and their legal counsel collaborate with community organizations to support struggling borrowers?**
 - Credit unions can communicate with their local HUD Counselors or Community Organizations to help build relationships between the parties. From there the credit union can provide the counselors and organizations their contact information and loss mitigation options available to borrowers, and the credit unions can learn about different relief efforts that may be able to help their borrowers.
- **How do we help a member who is struggling financially, but will not communicate with the credit union?**
 - Unfortunately, for a variety of reasons, borrowers may not communicate with the credit union if they are struggling financially. In situations like this, a credit union could potentially reach out to Katy Hackett and her team at Family Management Financial Solutions, Inc. to see if they can help begin the conversation.
- **What programs are available to members? Is there a source that outlines public assistance programs and qualifications?**
 - [Click here](#) to access Iowa Legal Aid Page regarding the 2020 Coronavirus Outbreak.
 - [Click here](#) to access Iowa Mortgage Help (IMH).
 - [Click here](#) to access more information about the 211 Hotline.
 - [Click here](#) to access more information about the Iowa Community Action Association.
 - [Click here](#) to access the Benefits.Gov website.
 - [Click here](#) to access the ICUF Website.

Mortgage Relief Efforts related to the COVID-19 Pandemic

- **State of Iowa**
 - At the state level, there was a foreclosure moratorium that ran from April 27, 2020 through May 27, 2020. Once expired, lenders were recommended to proceed forward with foreclosures with caution on non-federally backed mortgages.
- **CARES Act (March 2020)**
 - The CARES Act provided an initial foreclosure moratorium (60 days) that got extended through December 31, 2020. Loans that were eligible for this moratorium were:
 - Fannie and Freddie
 - FHA Insured
 - VA
 - USDA
 - On December 6th, Fannie and Freddie continued the foreclosure moratorium into 2021, until at least January 31, 2021.
 - The CARES Act also provided relief in the form of mortgage payment forbearance. Borrowers are eligible to defer up to two 6-month periods of loan payments if they were economically impacted by the COVID-19 Pandemic.

Loss Mitigation Resources

- **Iowa Division of Credit Unions**
 - April 2020: [Loss-Mitigation for Real Estate Secured Loans](#)
- **Federal Agencies**
 - March 2020: [Frequently Asked Questions for Federally Insured Credit Unions](#)
 - April 2020: [Federal and State Agencies Encourage Mortgage Servicers to Work With Struggling Homeowners Affected by COVID-19](#)
 - April 2020: [Agencies Issue Revised Interagency Statement on Loan Modifications by Financial Institutions Working with Customers Affected by the Coronavirus](#)

- July 2020: [Treatment of Certain COVID-19-Related Loss Mitigation Options Under the Real Estate Settlement Procedures Act](#)
- August 2020: [Federal Financial Institutions Examination Council Issues Statement on Additional Loan Accommodations Related to COVID-19](#)

Legal Disclaimer

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