

The CMG MI Home Preserver Update for Credit Unions

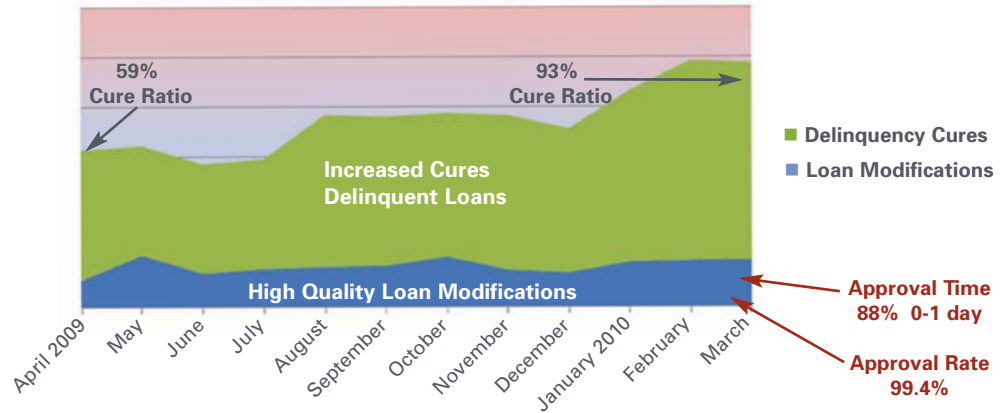


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Welcome to the Home Preserver — your update on loss mitigation and loan workout efforts by CMG Mortgage Insurance Company.

The Home Preserver gives Credit Unions a quick snapshot on CMG MI's progress in helping you prevent foreclosure and manage delinquencies, plus tips on how to work with Members in distress and valuable "true stories" from Credit Unions that have had success in this area.

CMG MI HOMEOWNERSHIP RETENTION WORKOUT APPROVALS



CMG MI's Growing Home Preservation Success

We have mobilized all resources at CMG MI – Operations, Underwriters, Sales Team – to work closely with Credit Unions and find solutions to a growing tide of delinquency over the past 12 months. The major increase in cures of delinquent loans, approval of nearly all loan modification requests and our consistent, quick response times reflect our commitment to home preservation and avoiding loss.

MORE THAN MI: CMG MI's Claims Department Is At Your Service

Meet Nick Bray, CMG MI's Claims Supervisor

Nick has been a dedicated Member of our Claims & Loss Mitigation department for several years. In December 2009, he was promoted to Claims Supervisor, leading a 5-person team to support Credit Unions with their needs on claims and loss mitigation.

Nick understands that Credit Unions want their claims to be paid promptly and accurately. He and his team work hard to help Credit Unions through the process with patience, courtesy and personal

attention. Contact CMG MI's Claims Department at (800) 909-4264 whenever you have questions; you can also visit www.cmgmi.com/claims for our Delinquencies & Claims Manual along with other resources.

Q. How do Credit Unions benefit by working with CMG MI's Claims Department?

A. CMG MI never outsources any customer service functions. We take the utmost care to ensure that our customers receive the most personalized service possible.

(continued on page 2)



Nick Bray

Affinity Plus FCU Shares Its Secrets of Success for Loss Mitigation

Based in Minneapolis, Minnesota, Affinity Plus Federal Credit Union (FCU) has experienced what many Credit Unions are facing: rising delinquencies, Members threatened with foreclosure, complicated government directives and a baffling new world of competing demands.

In 2003-04, John Simonsen, the aptly titled "Solutions Manager" at Affinity Plus, planned and implemented a dramatic overhaul of his Credit Union's approach to managing delinquencies and

handling collections. He believes these changes made the difference when the boom ended and delinquencies really began to mount. He shares his best practices with the Home Preserver:

Q. When did Affinity Plus FCU begin its loss mitigation special effort?

A. Prior to 2004, at Affinity Plus we managed delinquencies by using standard practices that were typical of the collections industry and other

(continued on page 3)



John Simonsen

MORE THAN MI: CMG MI's Claims Department Is At Your Service (cont'd)

The current economic environment has affected many customers, even those who have never before filed a claim for loss. We understand that this represents a tremendous change for many Credit Unions, and that's why we dedicate the time to give one-on-one, personalized attention to walk you through the claims process.

Fundamentally, a mortgage insurer is there to pay claims and we definitely pay every dollar we owe. However, we also go the extra mile to help you understand that there can be better alternatives in some cases that can keep Members in their homes, while at the same time reducing your losses on the loan and strengthening your relationship with the Member.

Q. What can Credit Unions do to ensure that their claims are settled without delay?

A. We take a great deal of care to pay all claims in accordance with the timeframe prescribed by the Master Policy. Unfortunately, due to the unprecedented challenges of the current environment, delays may be necessary at times to ensure that the terms of the Master Policy are met, and all claims are paid accurately.

The Credit Union can help facilitate the review process by providing any additional documentation required by CMG MI in a timely manner.

"My most important responsibility as supervisor is to be available to my staff and support them so that they can provide that same level of support to the Credit Unions. Our goal is to work with Credit Unions to mitigate loss whenever possible, for all parties involved."

Q. What happens when a claim goes to "investigation"?

A. CMG MI periodically reviews the origination files of loans to ensure that they were in compliance with guidelines at the time of origination.

Once a file has been released from the review process, CMG MI will compensate the Credit Union by paying supplemental interest for any delays that have occurred in settling the claim for loss.

Q. If a Credit Union has questions or concerns regarding claims, what's the best process for them to follow?

A. For general information regarding claims, delinquency and loss mitigation, I would refer our customers to our recently updated Claims and Delinquency Manual that is posted on our Website at www.cmgmi.com/claimsmanual.

In addition to the information on our Website at www.cmgmi.com/claims and www.cmgmi.com/lossmit&claims, our customers can sign up for a free Webinar on Loss Mitigation best practices, which is conducted by Chris Eckenroad, our Manager of Claims and Loss Mitigation.

The Loss Mitigation Webinar is typically offered twice a month and customers can register online.

For information regarding a Claim that has already been filed and is pending, customers can access their status on our servicing Website: www.e-cmgmi.com.

Of course, our customers are also encouraged to contact us here at the Home Office with any questions or concerns that arise; that number is (800) 909-4264.

Customers have taken notice of Nick's professionalism and dedication to helping them get what they need. Here's a testimonial that highlights the value he and CMG MI bring to Credit Unions:

David Kelsay, Senior Vice President, Sierra Central Credit Union, Yuba City, CA:

"I wanted to share with you how glad we at Sierra Central Credit Union are to be working with Nick Bray in your San Francisco claims office. We have processed several claims over the past year or so with CMG MI, and the service level

we've received from Nick and his staff has been superb ... Nick has been patient and professional throughout the process. His responses are prompt and thoughtful. The fact that we never get pushback from Nick and CMG MI speaks volumes about CMG MI's commitment to its clients.

"I want to thank you for the continued support we receive from CMG MI. We've always only partnered with your firm, to the exclusion of all others, because of the quality of your service and your unwavering integrity."

CMG MI appreciates that claims are a critical concern for Credit Unions. As a private mortgage insurer, we are in the business of paying claims and take our responsibility very seriously. We're eager to help the Credit Unions we work with to achieve a satisfactory conclusion to their claims requests. Call us today with your questions and concerns about claims – we're ready and waiting!

Affinity Plus FCU Shares Its Secrets of Success for Loss Mitigation (cont'd)

financial service providers. Essentially, our efforts were focused on collecting payments from delinquent Members by “dialing for dollars.” We followed the conventional wisdom of experts in credit collection.

We realized this was not really addressing the problem. In 2003-04, we turned our Collections practices inside-out, moving from collecting payments to building relationships with our Members facing delinquency issues.

We began providing solutions that fixed their situations for both the short and long terms, as opposed to just collecting a payment and not helping them to break the cycle of delinquency. We were told “they” couldn’t be trusted, that we would be seen as “soft” and easily taken advantage of, and that our delinquency portfolio would “explode” because we were being “too nice.”

Is it possible to trust someone who owes you money but is having trouble paying you back? **Yes** – if you embrace the idea that bad things can happen to good people and show that belief by reaching out to them in a trusting way, they will reach back so we can partner together on a solution.

Q. What were the key problems that needed to be addressed?

A. We needed to change our approach. The following are some examples of changes we made during this time.

- Believing in our Members even though they were late with their payments. We believe they want to pay us back.
- Changing our business model from a “collector of payments” to a “provider of solutions.”
- Changing the name from Collections Department to **Solutions Department**.
- Recruiting people who were experts in providing solutions and who cared about helping people in a tough situation.

- Allowing our staff the necessary time to build relationships with our Members, understand their situations, provide a solution and partner with them for long-term success.

Q. Were there any issues unique to your region?

A. Nothing extraordinary jumps out here. We did see a larger stress from the decline in the number of new constructions of homes. This resulted in fewer homes being built, which put a stress on the timber industry where several of our northern Members live and work.

Q. Are there other changes that your Credit Union has made subsequently to its departments, processes or teams in order to manage delinquencies successfully?

A. We launched the “Fresh Start Mortgage” in 2007 for Members who were past due with their first mortgage. The purpose of this program is to help Members at risk of losing their home to foreclosure keep their home and regain their financial footing.

In 2009, we launched the MAP program (Mortgage Assistant Program), which is aimed at assisting Members who have determined they cannot afford their home but who want to retain their good standing with the Credit Union and their credit rating. We work with these Members to help sell their homes.

Q. What do you think was key to the success of your effort?

A. Belief in people – it really made the difference.

Q. How many Members were you able to help?

A. Thousands of Members have benefited from the Solutions model.

Q. How did your Credit Union measure success?

A. In a number of clear, observable ways:

- Hundreds of foreclosures were prevented.
- Hundreds of loan modifications were approved.
- Hundreds of Members were able to stay in their homes.
- Members will pick up the phone when we call and often offer favorable feedback:
 - ❖ “Thank you for helping me out. I really appreciate everything you guys do for me. I will forever be a Member of Affinity Plus!!”
 - ❖ “I do have to say that I can’t express how much I appreciate the Affinity staff because everyone has always stood by us and treated us as a Member and not a number even through times when we couldn’t be the best customers.”
- Relatively flat delinquencies for 2009 – we call that success, given the economic challenges faced.
- Auditors have had compliments for our Fresh Start program.

Q. What are your plans for this effort going forward?

A. We’re committed to making our outreach effort even stronger, by recognizing the changing economic environment and maintaining our belief in our Members. A Credit Union’s strongest asset is its Members – by showing our confidence in their desire to fulfill their obligations, we strengthen their confidence in us.

Send your feedback to John at jsimonsen@affinityplus.org.

Do you have a success story on loss mitigation to share with other Credit Unions through the Home Preserver? Send an e-mail to Marisa Rawling, Marketing Communications Manager of CMG MI, at marisa.rawling@cmgmi.com.

Do you have Members confused about their options when it comes to loan modification? Encourage them to watch our video, “Navigating the Home Affordable Modification Program” at www.cmgmi.com/lossmitvideo, for a good introduction to the process, eligibility, and the types of modifications available.



CMG Mortgage Insurance Company

A Joint Venture between PMI Mortgage Insurance Co. and CUNA Mutual Insurance Society

CMG MI. More Than MI.