

# National Mortgage News

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## **"A Different Approach"**

### **Editorial**

Garth Graham, president of Financial Literacy Solutions, Plantation, Fla., thinks that servicers have had plenty of interaction with housing counselors in the current crisis. But he's not sure they're handling it the right way, or even looking at the most crucial factors.

Instead of calculating debt ratios for originations or potential modifications, lenders and servicers should concentrate more on borrower budgeting. How much income does the borrower have each month? How much can they pay in real-world terms, rather than artificial front-end or back-end ratios?

He also advises servicers to think about an end-to-end automated counseling solution, and to use multimedia assets to educate consumers.

"Counselors can have a big impact on staying in the house or moving out of the house," he said. Having a trusted third party to manage the relationship can be done for a fraction of the cost of an origination.

Graham, a former mortgage banker, started FLS in the fall of 2009 to design and host videos and distribute them on the Internet. The firm has produced more than 150 videos, including some in Spanish. His clients can put their own branding on the videos, which are mainly concerned with foreclosure prevention but also include originations, bankruptcy and other topics.

His firm has had successful implementations with the Homeownership Preservation Foundation, Fannie Mae, the Open Mediation Network and Start Fresh Today, a bankruptcy education provider, among others.

HPF has received more than 4 million phone calls for foreclosure prevention, Graham said.

At Fannie Mae, FLS provides the video hosting and distribution for the agency KnowYourOptions.com, which helps borrowers decide whether it is better for them to stay in the home or leave the home.

The Open Mediation Network solution provides a video to give consumers education on Florida's mediation program.

Start Fresh Today is a provider of the pre-discharge personal finance debtor education course in accordance with the Justice Department's Bankruptcy Reform Act of 2005.

Of course, today's attention is all on the servicing side with defaults and foreclosures. But lenders will do well also to build up counseling on the preclosing side, to help prevent defaults and foreclosures in the first place. Counseling currently is not mandatory, except for reverse mortgage originations. Maybe it ought to be.