

Citi's Homeownership Preservation Efforts At-A-Glance

Background, Principles, and Approach

Citi has long supported efforts to keep willing borrowers in their homes and avoid foreclosure. We have a high degree of success in keeping borrowers in their homes when we are able to make contact with them, they want to remain in their homes and they have a stable source of income to make a monthly payment.

- **Specially-trained servicing unit.** Citi's specially-trained servicing unit works aggressively with homeowners to find solutions short of foreclosure and tries to ensure that, wherever possible, no borrower loses his or her home.
- **Foreclosure moratorium practice.** We do not go to foreclosure if we are in ongoing discussions with the borrower and if they demonstrate a desire to stay in their home and have a source of income to support the modified payment. Only when we run out of all viable options would we move to foreclose.
- **Streamlined loan modification.** Our primary loss mitigation tool is loan modification. Citi recently streamlined its existing program, which is similar to the FDIC/IndyMac model, to aggressively rework delinquent loans. This program uses a simplified formula to determine an affordable payment as a percentage of the borrower's gross income and then reduces the monthly payment to that amount by one or more of the following: interest rate reduction, extension of term or forgiveness of principal.
- **Portfolio.** Citi's owned loan portfolio is substantially different from other lenders. On balance, Citi mortgage originations did not follow the market in aggressively introducing non-traditional products and more aggressive underwriting practices.
- **Community relationships.** Citi has a number of outstanding and productive relationships with national and regional/local nonprofit organizations to help deliver its homeownership preservation services. In addition, Citi has worked with a variety of stakeholders, including industry participants, federal and state officials, regulators and others to develop solutions to keep people in their homes.
- **Industry-leading reporting.** Citi is alone in the industry in providing an extensive, quarterly data report detailing its loss mitigation efforts.

Our Newest Initiative: Citi Homeowner Assistance

Building on the success of existing programs, Citi is making a concerted effort to engage at-risk customers who are showing signs of financial distress even before they enter delinquency.

- Launched in November 2008, Citi Homeowner Assistance methodically and aggressively addresses CitiMortgage's held portfolio, with a focus on keeping valued customers in their homes and reducing potential losses embedded in the portfolio.
- Beginning now, and over the next six months, this program will preemptively reach out to a select group of 500,000 homeowners whose mortgages Citi holds; these homeowners are not currently behind on their mortgage payments, but some may require help to remain current on their mortgages. This effort is expected to result in workouts of approximately \$20 billion in underlying mortgage balances.
- Key elements of the program include Borrower Relief Centers with a dedicated team of trained counselors; proactive outreach through a variety of mediums including calls, written correspondence, email, toll-free assistance lines, online social networks, external counselors; and a range of new solutions offering affordable payment options.
- Citi will reach out to borrowers who may be facing hardships, as well as those who may be eligible for assistance in areas that are likely to face extreme economic distress.

A Legacy of Significant, Comprehensive Efforts to Help People Stay in Their Homes

Since early 2007, Citi has helped approximately 370,000 families avoid foreclosure on their homes – representing over \$35 billion in total underlying value in loans – through loss mitigation actions and proactive modifications. Citi's comprehensive loss mitigation efforts have kept approximately four distressed borrowers in their homes for every one foreclosure completed in 2008. These efforts include:

- **Office of Homeownership Preservation (OHP):** OHP was established in 2007 for distressed borrowers with a reasonable income and a desire to stay in their home who are in communication with Citi.
 - Home retention work out strategies include: deferment and extension; forbearance and repayment; modification or modification and extension.
 - Loan modifications: Citi may lower interest rates or reduce payments or otherwise modify loans to help borrowers keep their homes. Citi attempts to create a new affordable and sustainable solution for the borrower.
 - Acting solely as a servicer: Citi believes that where a loan is in default or where default is reasonably foreseeable, it can provide loan modifications that benefit both borrowers and investors. Keeping borrowers in their homes also makes sense for investors.
 - When it is not possible for the borrower to maintain their home, Citi works with the borrower to minimize further harm. Foreclosure prevention strategies include: short payoff; deed-in-lieu of foreclosure.

- **Counseling Workshops in 25 Cities:** In 2008, Citi completed a tour of co-hosted events in 25 U.S. cities featuring counseling workshops, market-specific partnerships, programs and grants.
 - To effectively reach delinquent borrowers, Citi co-hosted each event with a community-based housing counseling organization in each city. Citi loss mitigation staff train and work with the community-based housing counselors to help them help our borrowers.
 - The OHP 25 city tour also offered a funding opportunity of \$50,000, in each city, to one non-profit with the most aggressive and innovative foreclosure prevention outreach, counseling, and education program.
 - This effort will cumulatively provide \$1.25 MM dollars of investment into communities for homeownership preservation by year's end.
 - To date, counselors reached close to 3,000 clients and have opened more than 13,000 cases through these events.

- **Financial Education:** Citi supports and partners with community organizations across the country engaged in financial education, pre and post purchase homeownership education and counseling as well as foreclosure prevention/intervention outreach, counseling and education.
 - In partnership with the Office of Financial Education, OHP has developed two curricula – a consumer and counselor curriculum – that provide training and information on financial strategies that help and assist home owners. The consumer curriculum is posted on the OFE website for consumer access at http://financialeducation.citigroup.com/citigroup/financialeducation/edu_resources.html.
 - The Office of Homeownership Preservation and Financial Education will be providing trainings and webinars for counselors on the counselor curriculum.

- **Planning Grants:** Citi and the Citi Foundation are providing funding for planning grants and technical assistance to 14 communities to help restore vacant houses and revitalize low- and middle-income neighborhoods that have been among the hardest hit by residential housing foreclosures.
 - Planning grants are up to \$100,000 per community.
 - Funding for technical assistance is being provided to the Housing Partnership Network (HPN).
 - Technical assistance includes: creating peer exchange platforms that share successful approaches and best practices among HPN members; helping develop financing products for acquisition, development and mortgage loans; and assisting members and their community partners to efficiently gain access to REO properties from servicers and investors.