

**Statement of David C. Holland, Executive Vice President**

**Rust Consulting, Inc.**

**Before the Subcommittee on Housing, Transportation and Community Development of the Senate**

**Committee on Banking, Housing and Urban Affairs**

**Wednesday, April 17, 2013**

**Introduction**

My name is David C. Holland. I am an executive vice president based in Rust Consulting's Minneapolis, Minnesota office. Rust Consulting, or "Rust," has been engaged by the servicers to administer certain aspects of the Alternative Resolution Settlement as directed by the Office of the Comptroller of the Currency ("OCC") and the Federal Reserve Board ("FRB"). Previously, Rust was engaged by the servicers to administer the Consent Orders for the Independent Mortgage Foreclosure Borrower Outreach project, also known as the Independent Foreclosure Review ("IFR").

Rust provides project management, data management, notification, contact centers, claims processing, and fund distribution, typically in support of large, complex, and time-sensitive programs. Rust has handled more than 4,000 programs in all.

**Independent Foreclosure Review**

Rust was originally engaged by 14 servicers to serve as the administrative provider under the IFR Consent Orders. Broadly speaking, our responsibilities under the Consent Orders were to notify homeowners about the program, to answer their questions, to receive their Request for Review forms, and to handle in- and outbound mail. From November 2011 through December 2012, we executed three

mass mailings to homeowners. Over the same period and through January 2013, we received and forwarded homeowner Requests for Review forms.

### **Alternative Resolution Settlement**

Rust was recently engaged by 11 of the 14 original servicers, along with two additional servicers, to serve as the Paying Agent under the Alternative Resolution Settlement (“Settlement”). Our responsibilities under the Settlement are to notify homeowners about this program, to answer their questions, and distribute settlement payments in the form of checks to eligible homeowners.

1. Rust updated the ending-IFR-program database of homeowner addresses through the National Change of Address service and mailed postcards on March 18, 2013, informing homeowners that they were eligible to receive a payment as a result of the Settlement.
2. Rust received relevant data from servicers that identified loan classifications for each individual loan and subsequently received data from the OCC and FRB detailing the payment amounts for each loan classification. The first wave of checks, approximately 1.4 million, were mailed on Friday, April 12. The majority of the remaining checks will be mailed in three more waves occurring on April 19, April 26, and May 3.
3. Rust continues to staff a call center to take incoming calls from homeowners with questions about the program and update the website for the IFR project to provide new information regarding the Settlement.

### **Outreach Efforts**

At the direction of the servicers, the OCC, and the FRB, Rust implemented a number of address correction processes to maximize the number of homeowners who received notice as part of the IFR.

Rust will continue to use address correction processes under the Settlement.



1. In both projects, the NCOA process was used to update addresses.
2. As part of the IFR, Rust received undeliverable notices, ran the corresponding addresses through a “skip-trace” process, and whenever possible, remailed notices to new addresses.
3. For any of the remailed notices that were returned as undeliverable, Rust performed another second type of address search, and again, whenever possible, remailed notices to new addresses.
4. Under the Settlement, Rust will receive undeliverable checks and attempt to find better addresses and, whenever possible, remit the checks to new addresses.

## **Reporting**

During the IFR process, Rust provided comprehensive daily statistical reporting to the OCC, the FRB, independent consultants, and the servicers. Daily meetings were held with the consortium of the 14 servicers and independent consultants that covered the current state of project execution, future deliverables, and next-phase planning.

As part of the Settlement, Rust provides comprehensive daily statistical reporting to the OCC, the FRB and the servicers. Daily conference calls are held with the servicers covering project execution. Two times weekly, conference calls are held with the OCC and the FRB covering project execution and future deliverables.

