



**Statement of**  
**Faith Schwartz**  
**Executive Director, HOPE NOW Alliance**  
**before the**  
**Subcommittee on Commercial and Administrative Law**  
**of the**  
**Committee on the Judiciary**  
**United States House of Representatives**  
**December 11, 2009, 11:00 a.m.**  
**Hearing on**  
**“Voluntary Mortgage Modifications”**  
**2141 Rayburn House Office Building**

Chairman Cohen, Ranking Member Franks, and members of the Subcommittee, I am Faith Schwartz, Executive Director of the HOPE NOW Alliance. I appreciate the opportunity to appear before you today to talk about mortgage modifications and what the members of the HOPE NOW Alliance are doing to help at-risk homeowners stay in their homes and avoid foreclosure during this challenging time. I will discuss our work with the Administration's Home Affordable Modification Program, servicers efforts on other loan workouts, our in-person outreach efforts across the country, and upgrades to the HOPE NOW website making it more useful for homeowners and housing counselors.

The HOPE NOW Alliance ("HOPE NOW") is a broad based industry and non-profit alliance with membership that includes housing counselors, mortgage servicers, investors, and other mortgage market participants. There are currently 46 members of HOPE NOW, including national HUD intermediaries, major mortgage lenders and virtually all major national mortgage servicers, Fannie Mae, Freddie Mac, and mortgage industry trade associations. Through unified, coordinated efforts, HOPE NOW members are reaching and helping as many homeowners as possible to maximize the preservation of homeownership and minimize foreclosures.

Many HOPE NOW servicers are participating in the Administration's Home Affordable Modification Program ("HAMP"), and the Alliance itself has worked consistently with our partners like the GSEs and the Administration in implementing and improving the HAMP program. HOPE NOW and its members are working to implement HAMP as effectively as possible as it is an important tool to prevent foreclosures.

HOPE NOW servicers continue to make dramatic on-going progress in reaching and helping borrowers. In addition to HAMP modifications, HOPE NOW servicers provide other modification and workout solutions for homeowners in difficulty who do not qualify for HAMP. HOPE NOW and its partners are continuing outreach events for borrowers to receive face-to-face assistance from servicers and counselors, and we have a special project to develop a web portal for counselors and servicers to streamline the submission of homeowner HAMP applications.

### **Current Conditions**

Before I detail the efforts of HOPE NOW and its members, I want to provide a brief overview of the current conditions of the economy and its impact on homeowners. The unemployment level, mortgage delinquencies, and the increasing number of homeowners who have negative equity in their homes are

important factors to keep in mind when looking at the efforts and challenges faced in loan modifications.

According to Core Logic, 10.7 million (23%) of all U.S. mortgages have negative equity. This means there are millions of homeowners who owe more on their house than the house is worth. This is a serious issue, and due to certain program requirements, several modification programs are unavailable to these homeowners. Of even more concern is that, according to the Department of Labor, over 7.3 million people have lost their jobs since December 2007.

According to HOPE NOW's data, in October 2009, 3.5 million homeowners are 60 days or more past due on their mortgage. However, it is important to distinguish between foreclosure starts and foreclosure sales as less than 1 in 2 homeowners who start the foreclosure process end up in a foreclosure sale. **That indicates that significant efforts are being made to keep people in their homes.**

There is some good news. With all the outreach, loan modification programs, and efforts of servicers, counselors, and the Administration, workout solutions are outpacing foreclosures 4 to 1 thus far in 2009. That means, for every one borrower that goes to foreclosure, there are four at-risk homeowners receiving loan workouts. I will now explain these outreach efforts in more detail.

## **HAMP**

It is not accurate to refer to the Administration's Home Affordable Modification Program ("HAMP") as simply a voluntary effort. All servicers are required to evaluate all loans owned by Fannie Mae and Freddie Mac for eligibility. Additionally, HAMP is a contractual, legal arrangement between Treasury and individual servicers. Servicers who are participating in HAMP must evaluate all loans they own or service for HAMP eligibility and must follow the guidance and procedure established by Treasury.

HOPE NOW and its members are supporters of and participants in the Administration's HAMP program. The HAMP program is an important part of an overall effort to help at-risk homeowners avoid foreclosure and stay in their homes. The fact that servicers have initiated more than 680,000 HAMP trial modifications by November 17 and have extended more than 920,000 trial mod offers shows that there has been a significant effort made to utilize HAMP to prevent foreclosures and assist homeowners.

This means that 680,000 troubled homeowners are making a smaller, more affordable mortgage payment, saving an average of \$550 each month. According

to the Treasury Department servicers are initiating more than 20,000 HAMP trial modifications every week.

We fully recognize that the focus now is to turn these trial modifications into permanent modifications. Mortgage servicers participating in the Administration's HAMP program are doing everything possible to reach homeowners currently in a trial modification and complete the packages to enable them to get a permanent modification. Treasury indicates that about 375,000 trial modifications will have completed the three month trial period with timely payments by the end of the year. Servicers have received complete documentation in about 30% of active trial modifications. Getting complete documentation from homeowners who have a trial modification is one of the greatest challenges in making HAMP as effective as possible.

To help increase the number of people that are assisted under the HAMP program and increase the number of trial modifications that become permanent modifications, servicers have made a number of suggestions to Treasury to strengthen the program and enhance its implementation. These suggestions are included later in this statement.

### **Loan Workouts in Addition to HAMP**

It is also important to recognize, that in addition to HAMP, the mortgage industry continues to make significant efforts to help all at-risk homeowners avoid foreclosure. One of the largest cooperative efforts is through the HOPE NOW Alliance. The latest data collected by HOPE NOW on workout solutions for homeowners shows that in 2009, 2.6 million homeowners received a mortgage workout that prevented a foreclosure. Overall, the industry has helped nearly 5.8 million homeowners avoid foreclosure since HOPE NOW started tracking workout data in mid-2007.

In addition to HAMP modifications, lenders and servicers are helping homeowners through a variety of plans including proprietary bank/investor specific loan modifications, repayment plans, extended forbearance, as well as deed in lieu, and short sales. The industry is continuing to produce individualized workout solutions tailored to each borrower's unique situation.

### **Outreach to Troubled Homeowners**

Mortgage servicers continue to have difficulty in receiving responses from many distressed homeowners. Another critical task that HOPE NOW servicers, non-profits and other partners have focused on is contacting and helping borrowers in-person. Since 2008, HOPE NOW has held 55 outreach events in key

housing markets, providing opportunities for homeowners to meet in-person with a housing counselor and/or their mortgage servicer. Mortgage servicers, municipal government agencies, Federal Reserve Banks, numerous regulators, the Department of the Treasury, housing counseling agencies, local foreclosure prevention task forces and other partners have come together in key housing markets across the country to help nearly 50,000 borrowers. HOPE NOW is currently planning approximately 30 new outreach events across the country for 2010, and is working closely with Treasury to promote the HAMP program in all these events.

All HOPE NOW mortgage servicers participate in a monthly direct mail campaign to make sure delinquent borrowers are aware of their options for assistance. More than 250,000 HOPE NOW outreach letters are mailed to delinquent borrowers every single month. Since November 2007, HOPE NOW servicers have mailed over 5.7 million letters to at-risk homeowners, achieving an 18% response rate, which is approximately 6 times higher than typical servicer-to-borrower mailings.

In addition, HOPE NOW continues to support and promote the Homeownership Preservation Foundation's Homeowner's Hope™ Hotline, 888-995-HOPE. This national Hotline provides FREE counseling to homeowners, and is available 24 hours a day, 7 days a week, and 365 days a year to homeowners anywhere in the country. Since October of 2007, the Hotline has received over 3.2 million calls and counseled over 730,000 homeowners. The Hotline averages more than 5,500 calls per day, and in the past few weeks that number has risen to 8,000 calls per day.

### **Web Tools to Assist Homeowners**

To better assist homeowners avoid foreclosure and receive a loan modification, the HOPE NOW Alliance is using a variety of web tools to assist homeowners and housing counselors. Since late 2007, HOPE NOW's website, [www.hopenow.com](http://www.hopenow.com), has been a useful resource for homeowners and housing counselors, providing information about how to reach mortgage servicers, what documentation is needed, and education about the different types of loan workouts. Additionally, a borrower can complete an online self assessment to determine if they meet the basic criteria to qualify for HAMP and provide detailed financial information that can immediately be sent to servicers to begin the process to obtain a workout solution.

To further assist at-risk homeowners, HOPE NOW has launched a web portal, "HOPE LoanPort", with six housing counselor agencies, six nationwide servicers, and a mortgage insurer who serves as a sponsor. This web portal allows

HUD-approved housing counseling agencies to assist troubled homeowners by submitting a homeowner's full application for assistance for a loan modification under the HAMP program. Through the HOPE LoanPort, counselors can submit all the homeowners' financial data and necessary documentations through secure lines directly to servicers. Housing counselors are able to track the progress of a homeowner's HAMP loan application. This program will help streamline the process of documenting and verifying where a delinquent borrower is in the process of qualifying for a HAMP modification by directly providing servicers with a completed application package. This web portal will also assist in converting HAMP trial modifications to permanent modifications. The expectation of the HOPE LoanPort is better communication between servicers, counselors, and homeowners, including elimination of lost documentation issues. The objective is to scale this to market, gain broad adoption, and work with strategic partners to leverage LoanPort.

In 2010, the HOPE LoanPort will be expanded to include additional servicer and counselor participants by leveraging a neutral open architecture that is compatible with the existing systems of servicers and counselors. This neutral portal will also provide transparency to help identify where any challenges may exist in the system. The development of this portal was based on significant feedback from investors, servicers, and non profit counseling organizations who all have a mutual interest in a successful system to help more homeowners. We will continue to report on the progress the LoanPort achieves in enabling servicers and counselors to assist more homeowners with their loan modification applications.

### **Loans in Bankruptcy**

Currently, HOPE NOW is working with servicers, bankruptcy attorneys, and the Treasury Department on a solution for delinquent homeowners in bankruptcy. This joint working group is continuing to work on these solutions and we are optimistic that there will be a more streamlined approach to help borrowers who are in active Chapter 13 bankruptcy.

### **Unemployment**

Unemployment continues to be the single greatest challenge facing an increasing number of homeowners and complicating loan modification efforts. An unemployed homeowner can often not pay ANY debts. Even a HAMP loan modification cannot work if the homeowner has lost his or her income. Serious study should be given to a product for unemployed borrowers. While under HAMP unemployed borrowers with extended benefits may be eligible for a modification, many unemployed homeowners will not pass the NPV test. Creating

an investor and industry acceptable solution that assists homeowners who have a willingness and desire to stay in their homes while looking for re-employment is a high priority.

### **Improvements to HAMP**

The HAMP program is an important component of the effort to help at-risk homeowners who want to stay in their homes and have an ability to do so with some assistance. It is making a significant impact, but it does have some significant flaws that can be addressed to convert more homeowners from trial modifications to permanent ones. Here are several important changes that servicers have suggested to the Treasury Department. A number of these suggestions were developed by the HOPE NOW servicer working group. A complete list has been provided to the Treasury Department.

- 1) **Streamline HAMP documentation.** The HAMP program has detailed documentation requirements for both homeowners and servicers. Some of these are necessary to maintain the integrity of the program, but others can be adjusted to enable to servicers to identify and process qualified homeowners more quickly. One significant change that should be made is to immediately adjust documentation requirements to streamline income verification for wage earners. Many homeowners in a trial modification are not completing the tax return requirement. ***Treasury should consider eliminating the requirement for tax returns for wage earners and allow use of most recent W-2 or two most recent pay stubs.*** This change could significantly advance modifications and underwriting timelines. Some servicers estimate an increase of 20-30% in modification conversions. An alternative could be some form of ***“implied approval” process where the homeowner is notified that if they make the trial payment they are authorizing the lender to request their tax return information. Non-wage earner homeowners should continue to provide tax returns to verify income.***
- 2) **Revise the re-default assumptions in the HAMP NPV Model.** The Net Present Value Model (NPV) should be updated to reflect the positive impact of key HAMP features such as trial plan performance and income verification. The current re-default assumptions are based on historical modification programs that do not have the same rigor as HAMP and are resulting in homeowners not qualifying for the program. HAMP modifications are based on full underwriting, and servicer data demonstrates that borrowers who are successful in completing a three month trial plan prior to permanent modification have significantly better re-performance rates. With this change, some servicers estimate that re-

default rates will be about 30 to 50% lower than what is implied in the current NPV model.

- 3) **HAMP modification expirations:** A clear policy is needed for borrowers in HAMP trial modifications who (1) are current on their payments but fail to provide documents required by HAMP for a permanent modification; (2) are current but provided documents after the required time frame; or (3) made three payments but outside the required time period. If a homeowner is paying at the modified rate, policies should be established to deal with them rather than move to foreclosure. Servicers and the Administration should discuss options to set a uniform approach prior to December 31, 2009.
- 4) **Establish responsive and scalable exception process.** Treasury should establish a well-staffed help line and on site support for servicers to review and approve underwriting exceptions. Borrowers' personal and financial circumstances are highly individual and do not fit neatly into program rules that are quite prescriptive. Servicers are understandably reluctant to approve exceptions that are reasonable but outside the strict parameters of the program rules. Rapid response from Treasury would help these homeowners receive assistance.
- 5) **Clear communication and training for homeowners, counselors, servicers and advocates on HAMP process.** The Administration should increase clear and simple communications to consumers, counselors, servicers and investors on HAMP requirements, The Administration should strengthen efforts to clarify who is eligible for HAMP. There continues to be confusion among homeowners and stress on servicers in determining HAMP eligibility.
- 6) **HOPE NOW LoanPort:** The LoanPort initiated by HOPE NOW has the potential to assist counselors and servicers to help more borrowers complete their applications in a timely manner. Treasury should work with HOPE NOW members to scale use of LoanPort in order to enable housing counselors to assist borrowers in submitting complete applications for HAMP modifications. It will help address a critical concern- *no more lost documents and incomplete applications between counselors and servicers.*
- 7) **HOPE NOW outreach events:** The Administration, HOPE NOW and other partners also can help more homeowners by holding events dedicated to collecting HAMP documentation from homeowner on existing trial modifications in high risk areas, and Treasury can assist servicers and

counselors in a program to locate in key high risk markets for one to two months to make substantial impact on assisting homeowners in those areas.

These are a number of steps that can be taken to strengthen the HAMP program; others should be reviewed after the current drive to convert trial modifications is completed. Servicers tell us that no new program requirements should be made until these changes are in place.

### **Recognize Other Efforts to Assist Homeowners**

The HAMP program is an important effort that is assisting hundreds of thousands of homeowners. At the same time, servicers continue to assist hundreds of thousands more homeowners who do not qualify for HAMP through other solutions. These homeowners are avoiding foreclosure. HOPE NOW data shows that in 2009, 2.6 million troubled homeowners have received workouts that have prevented foreclosures. Going forward we would like to work with the Administration on how HOPE NOW can report on non-HAMP modifications and workouts that are effectively assisting homeowners and preventing foreclosures.

Mr. Chairman, Ranking Member Franks and members of the Subcommittee, the servicers, counselors and other partners in the HOPE NOW Alliance are dedicated to implementing HAMP and providing outreach and other assistance to troubled homeowners. HOPE NOW servicers are continuing to focus on expanding servicer capacity, increasing efficiency, and enhancing execution of loan modifications. These efforts will continue into 2010 until the housing market stabilizes and homeowners in need have received needed assistance. Thank you for inviting me to testify before you today on HOPE NOW's ongoing efforts to assist at-risk homeowners in avoiding foreclosure. I am happy to answer any questions you may have.



**December 11, 2009**

### **About HOPE NOW**

HOPE NOW is a broad based industry and non-profit alliance with membership that includes counselors, servicers, investors and other mortgage market participants to maximize the preservation of home ownership while minimizing foreclosures. The alliance has created and is constantly working to improve a unified, coordinated plan to reach and help as many homeowners as possible. Roundtable and Housing Policy Council member companies are active members of HOPE NOW.

### **Update**

**Membership:** Currently 46 mortgage market participants are members of HOPE NOW, including major mortgage lenders, servicers, insurers, Fannie Mae, and Freddie Mac. In addition, all HUD-approved counseling agencies, and the Mortgage Bankers Association and Housing Policy Council trade associations participate in HOPE NOW.

### **2009 Accomplishments:**

- **Data Collection/total workouts:**
  - HOPE NOW members have completed a projected total of approximately **2.6 million foreclosure preventions in 2009**. In the month of October 2009 servicers completed more than 271,000 loan workouts. Of these workouts, over 73,000 were loan modifications. This is lower than our high of 140,000 modifications, due to the transition of trial HAMP modifications initiated but not yet finalized. Almost 5.8 million loan workouts were completed between July 2007 and October 31, 2009.
- **OUTREACH:**
  - HOPE NOW established and executed **26 outreach events** between January and November of 2009. Servicers, City Governments, Federal Reserve Banks, the Treasury Dept., and local housing non-profit agencies have come together at various locations across the country to **help over 28,000 borrowers**. HOPE NOW has 1 remaining outreach event scheduled for 2009. Since March 2008,

HOPE NOW has sponsored 55 outreach events and helped over 48,000 homeowners.

- HOPE NOW servicers have mailed **5.7 million letters** to at-risk homeowners since November 2007, achieving an 18% response rate. The HOPE NOW response rate is approximately 6 times higher than servicer-to-borrower mailings.
- In 2009, there have been almost **1.6 million total calls** from homeowners to the Hope Hotline, 888-995-HOPE. An average of more than 5,500 calls per day to the Hope Hotline which is available 24 hours a day, 7 days a week and 365 days a year.

- **Combating Mortgage Scam Fraud**

- HOPE NOW worked with FTC and the Attorneys General, to combat mortgage scams with fraudsters.

- **Homeowners HOPE™ Hotline**

- 1-888-995-HOPE, the Homeowners HOPE™ Hotline is a free counseling tool available to distressed homeowners 24 hours a day, 365 days a year. Since October of 2007, the hotline has received over 3.2 million calls and counseled over 730,000 homeowners. 1-888-995-HOPE is funded by mortgage industry members.

- **Updating loan servicing guidelines, unemployment programs, and short sale and deed in lieu guidelines feedback**

- Guidelines were created and adopted by HOPE NOW servicers in June 2008. A key commitment in the guidelines was the adoption of uniform outreach efforts, standards, and timelines designed to streamline the process and make it more transparent for borrowers while loans were being “worked out.” A redlined draft version of the updated guidelines was distributed on 10/27/09. Currently there are work streams in process to include additional HAMP processes.

**2010 Goals:** HOPE NOW will work to reach more homeowners and increase the number of loan workouts as the market dictates. 2010 plans include:

- **Outreach Events:**

- HOPE NOW is planning over 30 outreach events across the country. HOPE NOW has aligned its Calendar with Treasury/Making Home Affordable and plans to partner with them throughout 2010. This calendar also includes servicers who do not participate in the HAMP program.

- At the request of our servicers, HOPE NOW is also looking to utilize new outreach models, increasing the ability for servicers and counselors to help distressed borrowers. This may include events to 1) collect incomplete HAMP mod documents, 2) utilize the Web Portal for intake using counselors, phoneathons requiring less servicer, and a possible shared regional presence in key markets that dictate need.
- **HOPE NOW LoanPort**
  - HOPE NOW will be launching a new web portal that will allow Department of Housing and Urban Development (HUD)-approved housing counseling agencies assist troubled homeowners by determining potential eligibility and submitting a homeowner's full application for assistance for a loan modification under the Making Home Affordable program. The new HOPE LoanPort will streamline the process of documenting and verifying a delinquent borrower's eligibility for a Home Affordable Modification (HAMP) by directly providing servicers with a completed application package.
- **Data**
  - HOPE NOW currently receives data from 26 mortgage servicers. The summary reports generated from this data help reveal mortgage market trends and the effects of loss mitigation and foreclosure prevention efforts.

**In addition HOPE NOW and HPC staff will:**

- Continue to inform and educate Congress and financial services regulators of HOPE NOW's activities and progress.
- Hold calls with Treasury/GSE's and servicers to work through difficult issues around implementation of Making Home Affordable.
- Work cross government agencies such as HUD, Treasury, FHFA and the Federal Reserve Banks.
- Streamline and Execute government modifications and workouts.
- Communicate broad facts about industry efforts beyond HAMP.



**December 2, 2009**

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## **LATEST HOPE NOW DATA SHOWS WORKOUT SOLUTIONS OUTPACE FORECLOSURES MORE THAN 3 TO 1**

### **Unemployment Still Jeopardizes Ability to Stabilize At-Risk Borrowers**

**Washington, DC (December 2, 2009)** - Since its formation in October 2007, HOPE NOW has led industry efforts to mitigate foreclosure. To date in 2009, HOPE NOW Alliance members and the mortgage industry have provided 2,640,000 modifications and repayment plans to homeowners at risk. In addition, the Department of Treasury reports 650,000 trial modifications implemented through the Making Home Affordable Program (HAMP). Therefore, total workout solutions in 2009 have exceeded 3.3 million homeowners helped versus an estimated 783,000 actual foreclosure sales. This does not account for other preventative solutions such as refinancing, short sales and deeds in lieu.

Despite an unprecedented use of government and private industry resources, unemployment and the weakened economy make it challenging for homeowners at-risk who want to remain in their homes. For many HAMP-participating loan servicers, HAMP modifications are the first step for homeowners to obtain a modification. For homeowners who do not qualify, or are unable to provide updated required documentation, other tools are deployed by servicers to avoid foreclosure.

“Mortgage servicers, non-profit HUD-approved counseling agencies and the Homeowner’s HOPE™ Hotline are committed to helping at-risk borrowers. When you couple overall 2009 year-to-date workout solutions with the 650,000 HAMP trial modifications currently in place, it shows the industry is working hard to stem the tide of foreclosures,” said Faith Schwartz, Executive Director.

“Our number one priority is to convert HAMP modifications, but also do our best to help borrowers with all solutions available. This sometimes means a graceful exit via short sale or deed in lieu if a borrower has no other options.”

Schwartz also commented that after two years of collecting loan workout information, HOPE NOW believes it is important to revise its data reporting to complement the government HAMP reporting. Currently, HOPE NOW only reports on HAMP modifications when they become permanent. Going forward, the goal is to focus on all activities that fall outside of HAMP and allow for full review of solutions available. It is expected that any new reporting from HOPE NOW will take place in the first quarter of 2010.

Please see the summary chart below which captures all loan workouts throughout the last two years.

- HOPE NOW will continue to hold outreach events across the country with its many partners to reach at risk homeowners (55 events to date).
- HOPE NOW will promote the 888-995-HOPE Homeowner’s Hope™ Hotline and HOPENOW.com which allow for counseling for homeowners 24 hours a day, 7 days per week.
- HOPE NOW will fight mortgage scammers and work with the Government to identify copy cat organizations that confuse borrowers.
- HOPE NOW will continue to focus its efforts on the HOPE NOW LoanPort, a Web portal pilot that will help servicers, borrowers and housing counselors complete HAMP modifications.
- HOPE NOW will continue to work with all stakeholders to reach more borrowers at-risk to focus on keeping borrowers in their home and on stabilizing the housing market.
- HOPE NOW will remain committed to working with the Government, servicers, investors and non-profits to reach at risk borrowers and help with all alternatives to foreclosure.

## SNAPSHOT EFFORTS JULY 2007 THROUGH OCTOBER 2009

- 3.6 mm repayment plans
- 2.2 mm modifications
- 5.8 mm workout solutions
- 5.7 mm foreclosure starts
- 2.0 mm foreclosure sales
- 3.47 mm homeowners 60 day plus delinquent



### HOPE NOW WORKOUT PLANS and FORECLOSURES July 2007 - October 2009

#### BORROWER LOAN WORKOUT PLANS

|                        | 2007 Q3 | 2007 Q4 | 2008 Q1 | 2008 Q2 | 2008 Q3 | 2008 Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 | Oct-09  | Jul 2007-Oct 2009<br>("Life to Date")<br>Totals |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|
| <b>Repayment Plans</b> | 357,900 | 348,531 | 314,453 | 302,565 | 335,152 | 345,078 | 340,384 | 496,097 | 613,907 | 198,373 | 3,652,440                                       |
| <b>Prime</b>           | 154,383 | 160,127 | 148,814 | 141,840 | 179,864 | 203,752 | 215,778 | 341,929 | 444,754 | 139,676 | 2,130,916                                       |
| <b>Subprime</b>        | 203,517 | 188,404 | 165,639 | 160,725 | 155,288 | 141,327 | 124,606 | 154,168 | 169,152 | 58,698  | 1,521,524                                       |
| <b>Modifications</b>   | 72,773  | 133,467 | 170,218 | 220,349 | 256,188 | 314,602 | 370,436 | 310,556 | 236,734 | 73,190  | 2,158,512                                       |
| <b>Prime</b>           | 29,714  | 36,634  | 48,148  | 56,202  | 70,503  | 92,125  | 121,011 | 127,871 | 115,691 | 36,468  | 734,367   |
| <b>Subprime</b>        | 43,058  | 96,833  | 122,068 | 164,147 | 185,685 | 222,477 | 249,425 | 182,685 | 121,043 | 36,722  | 1,424,145                                       |
| <b>Workout Plans</b>   | 430,673 | 481,998 | 484,669 | 522,914 | 591,340 | 659,680 | 710,820 | 806,653 | 850,641 | 271,563 | 5,810,952                                       |
| <b>Prime</b>           | 184,097 | 196,761 | 196,961 | 198,042 | 250,367 | 295,877 | 336,788 | 469,600 | 560,445 | 176,144 | 2,865,283                                       |
| <b>Subprime</b>        | 246,575 | 285,237 | 287,708 | 324,872 | 340,973 | 363,803 | 374,032 | 336,854 | 290,196 | 95,419  | 2,945,669                                       |

#### FORECLOSURE STARTS

|                           | 2007 Q3 | 2007 Q4 | 2008 Q1 | 2008 Q2 | 2008 Q3 | 2008 Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 | Oct-09  | Jul 2007-Oct 2009<br>("Life to Date")<br>Totals |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|
| <b>Foreclosure Starts</b> | 488,097 | 571,955 | 527,680 | 574,528 | 563,606 | 549,598 | 728,780 | 744,938 | 738,750 | 222,107 | 5,710,039                                       |
| <b>Prime</b>              | 196,579 | 233,236 | 251,658 | 288,670 | 301,425 | 314,728 | 471,149 | 519,113 | 539,953 | 158,241 | 3,274,752                                       |
| <b>Subprime</b>           | 291,518 | 338,720 | 276,023 | 285,858 | 262,181 | 234,870 | 257,631 | 225,825 | 198,796 | 63,866  | 2,435,288                                       |

#### FORECLOSURE SALES

|                          | 2007 Q3 | 2007 Q4 | 2008 Q1 | 2008 Q2 | 2008 Q3 | 2008 Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 | Oct-09 | Jul 2007-Oct 2009<br>("Life to Date")<br>Totals |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|---|
| <b>Foreclosure Sales</b> | 153,408 | 168,213 | 203,503 | 246,192 | 263,326 | 201,603 | 201,314 | 235,895 | 250,969 | 94,450 | 2,018,873                                       |
| <b>Prime</b>             | 60,699  | 64,958  | 83,352  | 108,202 | 130,700 | 101,519 | 113,309 | 153,836 | 166,494 | 67,523 | 1,050,593                                       |
| <b>Subprime</b>          | 92,709  | 103,255 | 120,151 | 137,990 | 132,626 | 100,084 | 88,005  | 82,059  | 84,475  | 26,927 | 968,280   |

(Workout Plans = Repayment Plans + Modifications)

**Repayment Plans:** A plan that allows the borrower to become current and catch up on missed payments that are appropriate to the borrower's circumstances, which involves deferring or rescheduling payments but the full amount of the loan is expected ultimately to be paid and within the original contractual maturity of the loan.

**Modifications:** A modification occurs any time any term of the original loan contract is permanently altered. This can involve a reduction in the interest rate, forgiveness of a portion of principal or extension of the maturity date of the loan.

www.hopenow.com

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## HOPE NOW Alliance Homeownership Preservation Workshops

The Homeownership Preservation Workshops are key outreach initiatives designed to allow homeowners at risk of foreclosure an opportunity to meet with their mortgage servicer and a local foreclosure counseling organization face-to-face for free.

In 2008, the Alliance held twenty-nine (29) events across the country. Typically, NeighborWorks America served as a key co-sponsor. In addition, HOPE NOW servicers, the GSEs, local non profit counselors, and Federal Reserve Banks were major contributors to each event's success. The Alliance met with over 20,000 distressed homeowners, providing workout solutions to many of them.

New challenges bring new approaches for 2009, establishing plans for a five pronged outreach program to reach as many troubled homeowners as possible. With help from celebrity faces, planned Phone-A-Thons, new alliance partners, and deeper outreach initiatives, the coming year aims to build a stronger network to reach homeowners.

### 2008 Events

| Date  | Locations                   | Number of Non-Profit Counselors | Number of Servicers | Number of Borrowers Reached |
|---|-----------------------------|---------------------------------|---------------------|-----------------------------|
| March 3   | Riverside, CA               | N/A                             | 10                  | 227                         |
| March 5   | Anaheim, CA                 | N/A                             | 10                  | 267                         |
| March 7   | Stockton, CA                | N/A                             | 12                  | 411                         |
| March 30  | Columbus, OH                | 5                               | 12                  | 170                         |
| April 1   | Philadelphia, PA            | 30                              | 14                  | 328                         |
| April 19  | Atlanta, GA                 | N/A                             | 13                  | 696                         |
| April 21  | Milwaukee, WI               | 16                              | 10                  | 501                         |
| April 22  | Indianapolis, IN            | N/A                             | 14                  | 312                         |
| April 24  | Chicago, IL                 | 17                              | 17                  | 642                         |
| May 3   | Memphis, TN                 | 19                              | 9                   | 232                         |
| May 5   | Jacksonville, FL            | 23                              | 12                  | 237                         |
| June 9  | Dallas, TX                  | 28                              | 22                  | 469                         |
| June 10   | San Antonio, TX             | 12                              | 11                  | 150                         |
| June 13 & 14                                      | Las Vegas, NV               | N/A                             | 15                  | 1328                        |
| July 25   | Newark, NJ                  | 23                              | 12                  | 193                         |
| July 26   | Mount Laurel, NJ            | 10                              | 12                  | 206                         |
| August 12   | Boston, MA                  | 52                              | 20                  | 2176                        |
| August 21   | Orlando, FL                 | 7                               | 19                  | 1008                        |
| August 22   | Estero, FL                  | 9                               | 17                  | 614                         |
| August 23   | Ft Lauderdale/<br>Miami, FL | 14                              | 19                  | 1695                        |
| September 13                                      | Fairfax County, VA          | 15                              | 12                  | 241                         |
| September 20                                      | Prince Georges Co., MD      | 15                              | 12                  | 100                         |
| October 22  | Tucson, AZ                  | 21                              | 17                  | 490                         |
| October 23  | Phoenix, AZ                 | 22                              | 17                  | 1815                        |
| November 15                                       | Houston, TX                 | 9                               | 18                  | 953                         |
| November 19                                       | Cleveland, OH               | 14                              | 20                  | 671                         |
| November 20                                       | Cincinnati, OH              | 18                              | 15                  | 366                         |
| December 4  | Sacramento, CA              | 18                              | 19                  | 2050                        |
| December 6  | Los Angeles, CA             | 14                              | 21                  | 1635                        |
| <b>Year-End Total Number of Borrowers Reached</b> |                             |                                 |                     | <b>20,183</b>               |

### 2009 Events

| Date  | Locations       | Number of Non-Profit Counselors                | Number of Servicers | Number of Borrowers Reached |
|---|-----------------|--|---------------------|-----------------------------|
| January 10  | Belleville, MI  | <u>Snowed out, only intake forms collected</u> |                     | 323                         |
| January 15  | Denver, CO      | 18   | 18                  | 488                         |
| February 14                                       | Hartford, CT    | 19   | 15                  | 1013                        |
| February 26                                       | Kansas City, MO | 11   | 12                  | 736                         |
| March 25  | Newark, NJ      | 35   | 19                  | 903                         |
| April 15 & 16                                     | Atlanta, GA     | 15   | 20                  | 3216                        |
| April 22 & 23                                     | Miami, FL       | 11   | 23                  | 2332                        |
| April 25  | Charlotte, NC   | 9  | 18                  | 536                         |
| May 7   | Cleveland, OH   | 6  | 18                  | 403                         |
| May 28  | Orlando, FL     | 13   | 19                  | 1583                        |
| June 4  | St. Paul, MN    | 13   | 12                  | 741                         |
| June 11   | Fresno, CA      | 6  | 12                  | 658                         |
| June 13   | Bakersfield, CA | 7  | 11                  | 495                         |
| July 24,25  | Las Vegas, NV   | 11   | 18                  | 1569                        |
| July31, Aug 1                                     | Phoenix, AZ     | 10   | 18                  | 2782                        |
| August 27   | Woodbridge ,VA  | 8  | 15                  | 720                         |
| August 29   | Springdale, MD  | 10   | 15                  | 1100                        |
| September 17                                      | Boston,MA       | 29   | 17                  | 781                         |
| September 26                                      | Tampa Bay, FL   | 14   | 14                  | 986                         |
| October 22  | San Diego, CA   | 8  | 15                  | 957                         |
| October 24  | Riverside, CA   | 10   | 15                  | 2441                        |
| October 29  | Atlanta, GA     | 16   | 11                  | 2168                        |
| November 4  | St. Louis       | 12   | 12                  | 722                         |
| November 7  | Dallas          | 8  | 17                  | 845                         |
| November 19                                       | Jacksonville FL | 6  | 13                  | 595                         |
| Dec 5   | Detroit         | 10   | 16                  | 938                         |
| Dec 12  | Los Angeles     |  |                     |                             |
| <b>Current Total number of homeowners reached</b> |                 |  |                     | <b>29186</b>                |

### Draft Calendar for 2010 Outreach Events

| Date | Locations          | Number of Non-Profit Counselors | Number of Servicers | Number of Borrowers Reached |
|------|--------------------|---------------------------------|---------------------|-----------------------------|
| TBD  | Fort Meyers FL     |                                 |                     |                             |
|      | Fort Lauderdale FL |                                 |                     |                             |
|      | Houston TX         |                                 |                     |                             |
|      | Modesto CA         |                                 |                     |                             |
|      | Sacramento CA      |                                 |                     |                             |
|      | Phoenix CA         |                                 |                     |                             |
|      | Baltimore MD       |                                 |                     |                             |
|      | Washington DC      |                                 |                     |                             |
|      | Indianapolis IN    |                                 |                     |                             |
|      | Atlantic City NJ   |                                 |                     |                             |
|      | Long Island NY     |                                 |                     |                             |
|      | Riverside CA       |                                 |                     |                             |
|      | Las Vegas NV       |                                 |                     |                             |
|      | Memphis TN         |                                 |                     |                             |
|      | Atlanta GA         |                                 |                     |                             |
|      | Minneapolis MN     |                                 |                     |                             |

|  |                       |  |  |  |
|--|-----------------------|--|--|--|
|  | <b>Orange Co. CA</b>  |  |  |  |
|  | <b>Los Angeles CA</b> |  |  |  |
|  | <b>Kansas City KS</b> |  |  |  |
|  | <b>Tampa Bay FL</b>   |  |  |  |
|  | <b>St. Louis MO</b>   |  |  |  |
|  | <b>Seattle WA</b>     |  |  |  |
|  | <b>Daytona FL</b>     |  |  |  |
|  | <b>Denver CO</b>      |  |  |  |
|  | <b>Richmond VA</b>    |  |  |  |
|  | <b>Tucson AZ</b>      |  |  |  |
|  | <b>Milwaukee WI</b>   |  |  |  |
|  | <b>Oakland CA</b>     |  |  |  |
|  |                       |  |  |  |