

THE FINANCIAL SERVICES ROUNDTABLE

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HOUSING POLICY COUNCIL
THE FINANCIAL SERVICES ROUNDTABLE



November 13, 2008

The Honorable Barney Frank
Chairman
House Financial Services Committee
2129 Rayburn HOB
Washington, D.C. 20515

The Honorable Spencer Bachus
Ranking Minority Member
House Financial Services Committee
2246 Rayburn HOB
Washington, D.C. 20515

Dear Chairman Frank and Ranking Member Bachus:

We are writing to share information on the latest actions taken by HOPE NOW Alliance members to assist at-risk homeowners and prevent foreclosures. On Tuesday, November 11, HOPE NOW joined Fannie Mae, Freddie Mac, and the Federal Housing Finance Agency (FHFA) in announcing the Streamlined Modification Program (SMP), a new effort to help more borrowers avoid foreclosure and reach an affordable mortgage payment.


The SMP is a program to help the most at-risk borrowers stay in their homes by giving them a more affordable monthly mortgage payment in an efficient manner. The program applies to borrowers who are 90 days or more delinquent on their loan, not in bankruptcy, and living in their home, which must be a single family unit. Their loan must be owned by Fannie Mae, Freddie Mac, or one of the participating portfolio lenders and their current loan-to-value ratio must be 90% or higher. With this LTV requirement and the delinquency requirement, the SMP is focused on those most at-risk of foreclosure and whose home is currently worth less than what they owe. In working with the borrower, the servicer will get them to a more affordable payment through extending the term of the loan, lowering the interest rate, and/or forbearing principal. The goal is for every borrower to have a housing payment that is no more than 38 percent of their gross household income. The borrower must provide a hardship statement, verification of income, and signed modification agreement. A borrower must make 3 payments and the new agreed upon payment level and be current at day 90 for the modification to be complete.

It is important to note that this is an additional tool to prevent foreclosure and is compatible with all other efforts. This streamlined process would not replace case-by-case analyses and other efforts servicers are undertaking. This SMP will put in place a streamlined process to assist very at-risk homeowners with mortgages that are owned by Fannie Mae and Freddie Mac, as well as those in the portfolios of participating lenders. This is a significant part of the market. It is not the only solution, but it is real progress in getting help to a significant number of very troubled borrowers.

The Program is set to begin on December 15, 2008. All participating servicers will be reporting on the success of the SMP and we will share that data with you as it becomes available.

Attached are a few documents outlining the SMP. If you have any questions, please contact Faith Schwartz at faiths@hopenow.com or 202-589-2406.

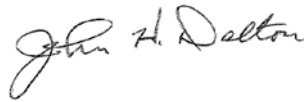
Very truly yours,



Faith Schwartz
Executive Director
HOPE NOW



Steve Bartlett
President
Financial Services Roundtable



John Dalton
President
Housing Policy Council



John Courson
COO
Mortgage Bankers
Association