
Eliminating Foreclosures

MBA 95th Annual
Convention and Expo

Tuesday, October 21st, 2008
11 a.m. to 12:15 p.m.

HOPE NOW Alliance
Faith Schwartz
Executive Director



HOPE NOW

- Overview
 - HOPE NOW
- Results 2008
- Data efforts
- HOPE NOW, 2009



- Foreclosure
- Every three months 250,000 new families enter into foreclosure, (MBA)
 - 6 in 10 homeowners wish they understood the terms of their mortgage better, (Freddie)
 - More than 6 in 10 homeowners delinquent in mtg say they are unaware services that mortgage lenders can offer to individuals having trouble with their mortgage, (Freddie)
 - Many homeowners are already at the financial edge
 - 43% spend more than they earn a year
 - 52% live paycheck to paycheck
 - 42% homeowners do not have 3 months reserves to live on
 - FORECLOSUREHELPANDHOPE.org



- **Voluntary industry response**
- **HOPE NOW** is an alliance among counselors, servicers, investors, and other mortgage market participants to prevent foreclosures through outreach to delinquent borrowers, counseling, and loan workouts based on the borrower's ability to repay
- **HOPE NOW will**
 - **Reach Homeowners in need**
 - **Counsel Homeowners in Need**
 - **Assist Homeowners in Need**
 - **Improve communication between servicers and counselors**
 - **Report on results**



HOPE HOTLINE

- Free counseling- Homeownership Preservation Foundation HOPE Hotline, 888-995-HOPE
- Homeowners connected to one of 400 counselors.
- 24 hours/7 days a week
- 3,300 daily calls
- HOPE NOW Servicers provide 800 numbers, fax and e-mail for all HUD counselors.



HOPE NOW

Results

- **Since July 07 through August 08, over 2.3 million homeowners avoided foreclosure through the efforts of the HOPE NOW members.**
- **Servicer Guidelines: living document that assist in setting a uniform set of procedures and guidelines.**
 - **Accountability and transparency**
- **Outreach**
 - **22 since March 08, 12.5 thousand families helped.**
 - **Example: Partnering for success, Federal Reserve Bank Boston, Neighborworks America**
 - **1.9 mm HOPE NOW letters mailed to non-contact borrowers**
 - **20 percent response rate**
- **Monthly and quarterly data reporting.**

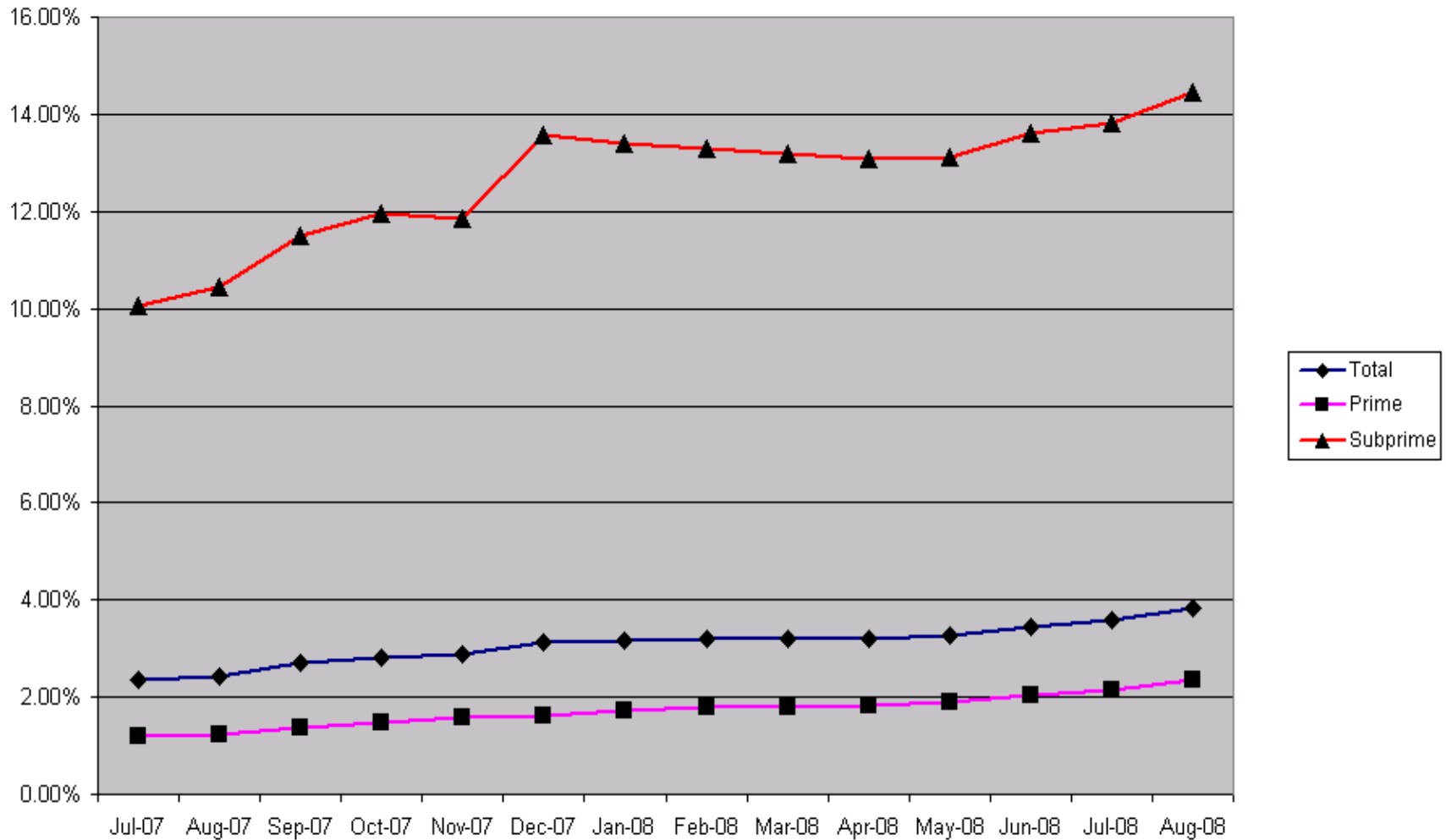


Loan Workouts And Foreclosures

BORROWER LOAN WORKOUT PLANS							
	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 July	2008 August	Total
Repayment Plans	322,909	333,393	312,225	302,561	112,123	110,078	1,493,289
Prime	120,254	136,364	146,586	141,836	57,963	58,713	661,714
Subprime	202,656	197,029	165,639	160,725	54,161	51,365	831,574
Modifications	75,326	140,401	170,090	220,326	80,097	78,853	765,093
Prime	29,999	37,162	48,022	56,179	22,191	21,570	215,122
Subprime	45,327	103,239	122,068	164,147	57,906	57,283	549,971
Workout Plans	398,236	473,794	482,315	522,887	192,220	188,931	2,258,382
Prime	150,253	173,526	194,607	198,015	80,154	80,283	876,836
Subprime	247,983	300,268	287,708	324,872	112,067	108,649	1,381,546
FORECLOSURE SALES							
	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 July	2008 August	Total
Foreclosure Sales	135,330	151,403	202,970	246,192	91,902	86,594	914,390
Prime	53,760	59,750	82,819	108,202	44,236	43,014	391,781
Subprime	81,570	91,653	120,151	137,990	47,665	43,580	522,609
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.						

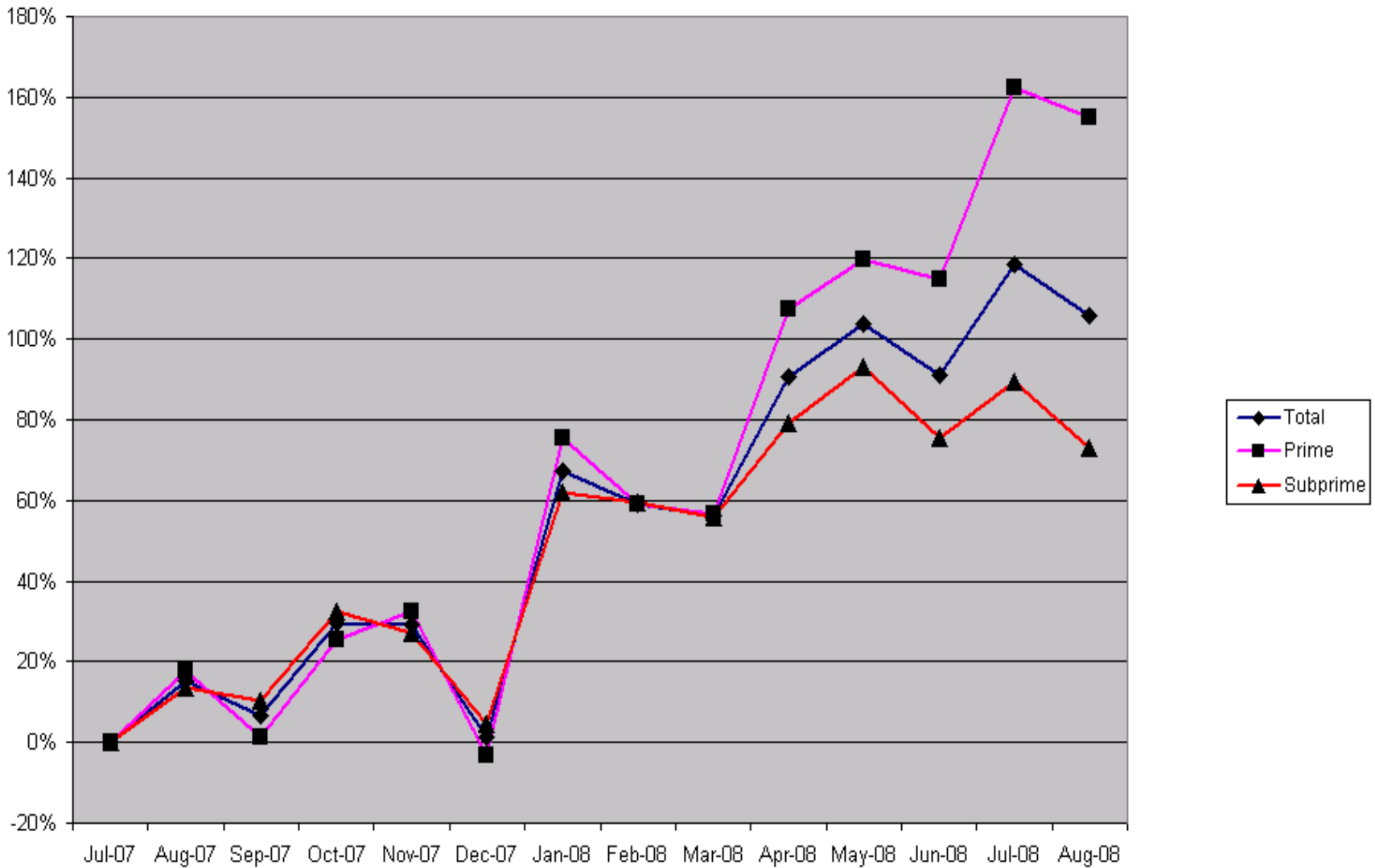


60 Days+ Delinquencies Percentage of Total Loans July 2007 to August 2008





Completed Foreclosure Sales Percentage Change from July 2007 to August 2008





Challenging Environment

- Subprime loans that are 60+ days delinquent rose from 10% in June 2007 to 14.5% in August 2008. This is an increase of 33% from approximately 708,000 loans to 943,000 loans.
- Delinquencies actually increased FASTER for prime loans over the same period, rising from 1.19% to 2.35%, or doubling from 550,000 loans to 1,104,000 loans.
- Research suggests that there is still room for a 12% to 15% additional decline in home prices nationally over the next 12 to 24 months.
- Research also suggests that 1 in 6 borrowers are “underwater” on their home loans, so we expect that foreclosures can rise in the near future.
- There is a need to stay focused and find new and innovative ways to reach homeowners and prevent “preventable” foreclosures



Current Focus

- Data Collection: Loan level, 39 mm loans, uniform reporting.
- REO and Community Stabilization
- Expanded outreach events: Replicate Federal Reserve Bank Boston home preservation workshop, excess 2,000 homeowners
- Increase loan work outs in 2009
- Wring out inefficiencies from the process
 - Facilitate access to new technologies for better communications with borrowers and third parties, adoption is key
 - Explore more opportunities around streamlined work outs with investors, servicers and mortgage insurers-More workouts



Conclusion

- Working with industry to develop increased efficiencies toward streamlined solutions for increased loan work outs going forward
- Approaching with industry-wide perspective is pivotal.
- Developing a plan that is amenable to everyone involved in the mortgage process
- Protecting existing agreements with investors
- Helping as many homeowners as we can stay in their homes