



- **Foreclosure Statistics**

- 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



- **HOPE NOW** is an alliance between 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

About HOPE NOW

Membership:

- **27 servicers**
- **90% subprime market, majority of prime market**
- **Investors, FNMA, HUD, Freddie Mac, ASF, SIFMA**
- **Housing Industry Trades, Insurance Companies**
- **Non Profits, HUD counseling intermediaries**

HOPE HOTLINE

- Free counseling- Homeownership Preservation Foundation HOPE Hotline, 888-995-HOPE
- Homeowners connected to one of 450 counselors.
- 24 hours/7 days a week
- 3,300 daily calls, has counseled 306,000 homeowners to date.
- HOPE NOW Servicers provide port of entry for all counselors.

HOPE NOW Servicer Guidelines

SIGNIFICANT

- Transparency around the commitment to follow all loss mitigation options
- Agreement around when to re-subordinate seconds with refinance and modification of the first mortgage (challenges remain)
- Uniformity around agreement to communicate loan status to homeowner AND authorized third party housing counselors. (5, 30 and 45 days)
 - Significant movement forward (example)
 - Build capacity and staff accordingly around the need to work with borrowers at risk.
- Reporting monthly data to HOPE NOW and support all outreach events hosted by hope now. (loan level next step)
- Communicating and Reaching at risk borrowers through monthly HOPE NOW letters to at risk borrowers and support of outreach events.
 - Early contact, letters



HOPE NOW -Outreach

- 1.6 mm HOPE NOW letters
- Door hangers for property inspections
- 3/08 to 8/08, 20 Homeownership Preservation fairs, 11,500 people helped
- Ad Campaign, Public service ads, radio

HOPE NOW Results

- **Since July 07 through September 08, over 2 million homeowners avoided foreclosure through the efforts of the HOPE NOW members.**
- **Servicer Guidelines, a breathing document that assists in setting a uniform set of procedures and guidelines.**
- **20 outreach events, since December 08, 11 thousand families helped.**
- **Monthly and quarterly data reporting.**



HOPE NOW Summary Table

BORROWER LOAN WORKOUT PLANS

| | 2007 Q3 | 2007 Q4 | 2008 Q1 | 2008 Q2 | 2008 July | Total |
|------------------------|---------|---------|---------|---------|-----------|------------------|
| Repayment Plans | 322,909 | 333,393 | 312,225 | 301,894 | 111,993 | 1,382,414 |
| Prime | 120,254 | 136,364 | 146,586 | 141,126 | 57,822 | 602,152 |
| Subprime | 202,656 | 197,029 | 165,639 | 160,768 | 54,171 | 780,262 |
| Modifications | 75,326 | 140,401 | 170,090 | 220,100 | 80,042 | 685,959 |
| Prime | 29,999 | 37,162 | 48,022 | 55,907 | 22,115 | 193,204 |
| Subprime | 45,327 | 103,239 | 122,068 | 164,193 | 57,927 | 492,754 |
| Workout Plans | 398,236 | 473,794 | 482,315 | 521,994 | 192,034 | 2,068,372 |
| Prime | 150,253 | 173,526 | 194,607 | 197,033 | 79,937 | 795,356 |
| Subprime | 247,983 | 300,268 | 287,708 | 324,961 | 112,097 | 1,273,016 |

FORECLOSURE SALES

| | 2007 Q3 | 2007 Q4 | 2008 Q1 | 2008 Q2 | 2008 July | Total |
|--------------------------|---------|---------|---------|---------|-----------|----------------|
| Foreclosure Sales | 135,330 | 151,403 | 202,970 | 245,688 | 91,752 | 827,142 |
| Prime | 53,760 | 59,750 | 82,819 | 107,661 | 44,090 | 348,079 |
| Subprime | 81,570 | 91,653 | 120,151 | 138,027 | 47,662 | 479,063 |

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.

HOPE NOW Looking Forward

- Data Collection: Working with servicers, loan level, and regulators for uniformity.
- New Committees, REO and Community Stabilization
- Leverage existing and new “Partners” and remain a resource for others
- Add to Servicing Guidelines, breathing document, (as needed)
- Wring out inefficiencies from the process
 - Facilitate access to new technologies for better communications with borrowers and third parties
 - Explore more opportunities around streamlined work outs with investors, servicers and mortgage insurers
- Partner with “non-traditional groups” to broaden efforts

Summary

- HOPE NOW is making a difference
 - Very Challenging economic environment
 - Spotlight and transparency help improve outcomes
- GSE transition issues may be challenging for loss mit, waiting to find out more details
- Extraordinary Alliance in bringing all interests together to meet the housing crisis
- Unique partnership among all interests will ensure more people stay in their home.
- More is to be done, HOPE NOW will exist through 2009
- Committed to process and metrics around outcomes