
The HOPE NOW Alliance

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Director



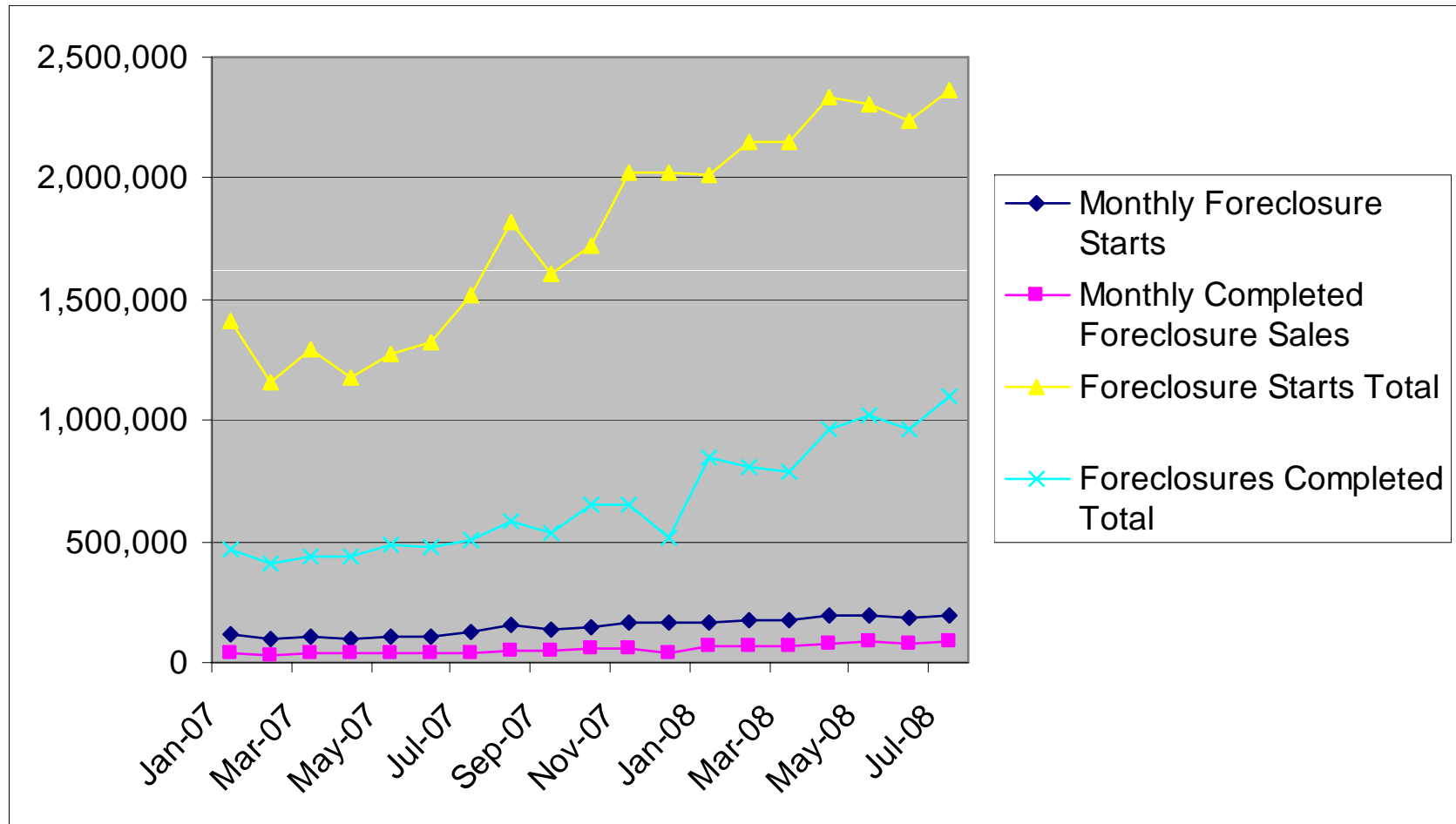
2007....What Happened?

- **Lack of Liquidity & Mortgage Availability** -The subprime mortgage industry collapses, and a surge of foreclosure activity (twice as bad as 2006) and rising interest rates depressed prices further as problems in the subprime markets spread to the near-prime and prime mortgage markets. The U.S. Treasury secretary calls the bursting housing bubble "the most significant risk to our economy.
 - **Fall in HomeSales** - Home sales continued to fall. The plunge in existing-home sales is the steepest since 1989.
 - **Price Depreciation** - In Q1/2007, S&P/Case-Shiller house price index records first year-over-year decline in nationwide house prices since 1991.
 - **February–March:** Subprime industry collapse; more than 25 subprime lenders declaring bankruptcy, announcing significant losses, or putting themselves up for sale.
 - **August:** worldwide "credit crunch" as subprime mortgage backed securities are discovered in portfolios of banks and hedge funds around the world, from BNP Paribas to Bank of China. Many lenders stop offering home equity loans and "stated income" loans. Federal Reserve injects about \$100B into the money supply for banks to borrow at a low rate.
 - **October 10:** Hope Now Alliance was created by the US Government and private industry to help some sub-prime borrowers.
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2008....What's Happening?

- **March 16** : Bear Stearns gets acquired for \$2 a share by JPMorgan Chase in a fire sale avoiding bankruptcy. The deal is backed by Federal Reserve providing up to \$30B to cover possible Bear Stearn losses.
 - **July 11**: FDIC took over Indymac; has taken over a total of 13 banks total since
 - **September 7** : Federal takeover of Fannie Mae and Freddie Mac
 - **September 14** : Merrill Lynch sold to Bank of America amidst fears of a liquidity crisis and Lehman Brothers collapse
 - **September 15** : Lehman Brothers files for bankruptcy protection
 - **September 16** : Moody's and Standard and Poor's downgrade ratings on AIG's credit on concerns over continuing losses to mortgage-backed securities, sending the company into fears of insolvency.
 - **September 17** : The US Federal Reserve loans \$85 billion to American International Group (AIG) to avoid bankruptcy.
 - **September 19** : Paulson financial rescue plan unveiled after a volatile week in stock and debt markets.
 - **September 25** : Washington Mutual was seized by the Federal Deposit Insurance Corporation, and its banking assets were sold to JP Morgan Chase for \$1.9bn.
 - **September 26th** : Wachovia purchased by Wells Fargo
 - **September 28th** : Treasury Rescue Plan Reached
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Growth in Foreclosures



Mission

- Maximize the preservation of homeownership while minimizing the rate of foreclosure. Assist borrowers who have the willingness and wherewithal to remain in their homes, but need some help to do it. Our goal is to keep people in their homes and when that is not possible, prevent foreclosure.
 - HOPE NOW's strategy focuses on:
 - Reach Homeowners in need - through assertive outreach campaigns
 - Counsel Homeowners in need – accessible counseling services and efficient communication between counselors and servicers
 - Assist Homeowners in need – working with servicers and investors ensure borrowers have access to appropriate workout solutions
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HOPE NOW Alliance Membership

Counselors

- Consumer Credit Counseling Service of Atlanta
- Homeownership Preservation Foundation
- Housing Partnership Network
- NeighborWorks America
- HUD Intermediaries

Mortgage Market Participants

- Assurant, Inc.
- Aurora Loan Services
- Avelo Mortgage, LLC.
- Bank of America
- Carrington Mortgage Services
- Citigroup, Inc.
- Countrywide Financial Corporation
- EMC Mortgage, Inc.
- Fannie Mae
- First Horizon Home Loans and First Tennessee Home Loans
- Freddie Mac
- GMAC ResCap
- Home Loan Services, Inc. (d/b/a First Franklin Loan Services & NationPoint Loan Services)
- HomeEq Servicing
- HSBC Finance
- IndyMac Bank
- JPMorgan Chase & Co.

- Land American / Loan Care
- MERS
- MGIC
- National City Mortgage Corporation
- Nationstar Mortgage, LLC.
- Ocwen Loan Servicing, LLC.
- Option One Mortgage Corporation
- PMI Mortgage Insurance Co.
- Saxon Mortgage Services
- Select Portfolio Servicing, Inc.
- State Farm Insurance Companies
- SunTrust Mortgage, Inc.
- Washington Mutual, Inc.
- Wells Fargo & Company
- Wilshire Credit Corporation

Trade Associations

- American Bankers Association
 - American Financial Services Association
 - American Securitization Forum
 - Consumer Bankers Association
 - Consumer Mortgage Coalition
 - The Financial Services Roundtable
 - The Housing Policy Council
 - Mortgage Bankers Association
 - Securities Industry and Financial Markets Association
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Servicer Principles

- **Early contact to borrowers facing reset** – Outreach to borrowers with adjustable rate mortgages 120 days (minimum) prior to interest rate reset.
 - **Port of Entry for Counselors** – Servicers establish 1-800 numbers, fax, and email as direct port of entry available to all HUD-certified housing counseling agencies and their counselors.
 - **Servicers Funding Counseling** – Servicers agree to fund counseling sessions through the Homeownership Preservation Foundation's HOPE Hotline through May 31, 2008.
 - **Outreach to at-risk borrowers who have not been in contact** – Monthly, servicers send outreach letters to at-risk borrowers, those that are 60+ days delinquent and have no previous contact with their servicer.
 - **ASF Framework and Project Lifeline**
 - **Commitment to Report Results** – Servicers reporting data on:
 - Foreclosure sales, Foreclosure starts, Modifications, Repayment plans, Effectiveness of outreach letters
 - ASF Fast Track Efforts
 - Other as needed
 - **Commitment to Borrower and Counselor Response**
 - Notice of Application Receipt within **5 days**
 - Periodic correspondence within at least **30 days**
 - Providing definitive response to full application within **45 days**
 - **Agreement to provide borrower's a uniform timeline**
 - **Automatic subordination of 2nd liens**
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Borrower Outreach Letters

- Servicer Outreach Letters -
 - Letters sent by servicers on HOPE NOW Letterhead
 - All 60+ Delinquent Borrowers
 - Results:
 - Averaging nearly 200,000 letters per month
 - Over 1.85 million letters sent since November 2007
 - Average monthly response rate of 20%
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HOPE NOW Homeownership Preservation Workshops

- Borrowers at risk of foreclosure can meet face-to-face with their mortgage servicer and/or a local counselor
 - Mortgage Servicers have direct mail campaign to delinquent borrowers and massive radio and print marketing campaign initiated
 - Over 12,000 counseled in last 6 months
 - Collaborative between servicers and counselors; NeighborWorks America has been a key partner
 - Other key partners have included Governors, Legislators, Federal Reserve Banks, State AG Offices, etc.
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HOPE Hotline...888-995-HOPE

- **National Ad Council TV campaign** to encourage borrowers to contact their lenders, or contact **HOPE – 1.888.995-HOPE**
 - **National, toll-free** hotline provides counseling for foreclosure prevention
 - **Free to homeowners** and available **24/7/365**
 - Staffed by over 450 highly trained **foreclosure prevention specialists** at 10 HUD-approved credit counseling agencies
 - Results:
 - Currently receiving over 2,700 calls per day
 - Over 830,000 calls received & 282,000 counseled
 - In the 2nd quarter of 2008, over 198,000 calls received & nearly 69,000 counseled
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Increasing Efficiency through Technology

- Early Resolution Counseling Portal (ERCP) which will connect counselors with servicers and produce dramatically more workouts for homeowners
 - In Pilot Phase with Bank Of America, Wells Fargo, CountryWide, and CCCS of Atlanta
 - An invoice management system for processing fee for service invoices
 - A permanent triage solution which combines the best of high tech with the best of high touch to give every caller prompt service and satisfaction with the service
 - A call distribution system to identify the next available counselor and increase the conversion rate.
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HOPE NOW Results

- **Since July 2007 through June 2008, over 2 million homeowners avoided foreclosure through the efforts of HOPE NOW members.**
 - Increase loan workouts: HOPE NOW lenders are increasing the number of modifications, repayment plans, and refinances every month.
 - Streamline: Current borrowers with subprime ARM loans may be eligible for streamlined modification or refinance as outlined by the American Securitization Forum.
 - Project Lifeline: HOPE NOW lenders are working to reach most at-risk borrowers (90-day plus delinquent), work with the borrower, and if appropriate, put a 30-day “pause” on foreclosure.
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HOPE NOW Data Reporting

BORROWER LOAN WORKOUT PLANS

	2007 Q3	2007 Q4	2008 Q1	2008 Q2	Total
Repayment Plans	322,909	333,393	312,225	301,894	<u>1,270,421</u>
Prime	120,254	136,364	146,586	141,126	544,330
Subprime	202,656	197,029	165,639	160,768	726,091
Modifications	75,326	140,401	170,090	220,100	<u>605,917</u>
Prime	29,999	37,162	48,022	55,907	171,089
Subprime	45,327	103,239	122,068	164,193	434,828
Workout Plans	398,236	473,794	482,315	521,994	<u>1,876,338</u>
Prime	150,253	173,526	194,607	197,033	715,419
Subprime	247,983	301,244	287,708	324,961	1,160,919

FORECLOSURE SALES

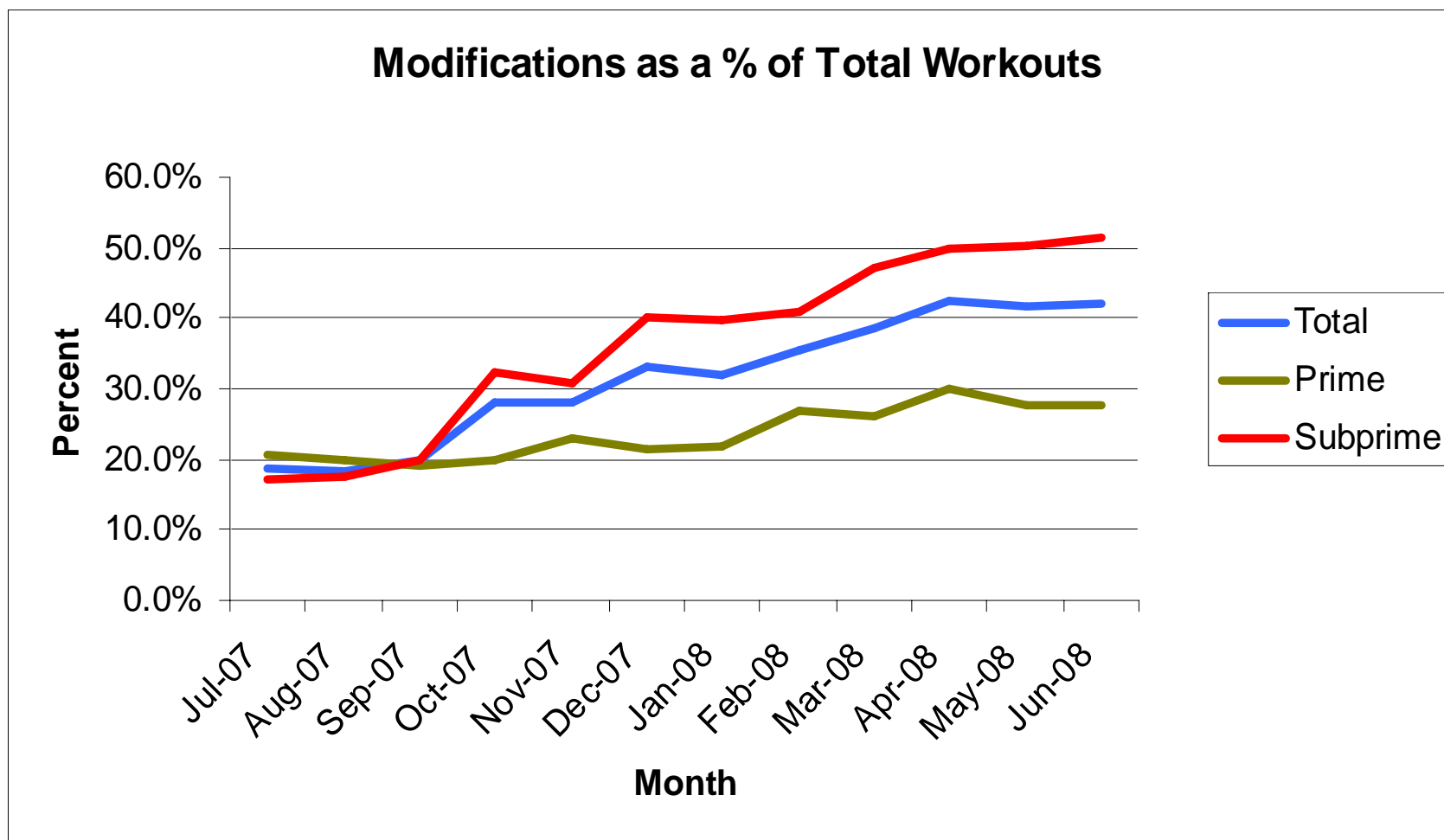
	2007 Q3	2007 Q4	2008 Q1	Apr-08	Total
Foreclosure Sales	135,330	151,403	202,970	245,688	<u>735,390</u>
Prime	53,760	59,750	82,819	107,661	303,989
Subprime	81,570	91,653	120,151	138,027	431,401

Workout Plans = Repayment Plans + Modifications

Repayment Plans: A plan that allows 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 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.

Increase in Loan Modifications



HOPE NOW Tomorrow

- Anticipate continued delinquencies and focus on housing loss mitigation through 2009, Prime and Subprime
 - Creative partnerships with third parties
 - “Operationalize” “Fee for service” model to pay for foreclosure counseling (ASF, FNMA, Freddie Mac, HUD)
 - Creation and adoption of enhanced loss mitigation standards by industry
 - Improve communication and transparency among servicers, lenders, non-profits and investors. Long term model change for industry
 - Improve transparency on loss mit process for consumer
 - Improved work flow to meet unprecedented demand
 - Creation of comprehensive data base around loss mitigation
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