

*California Assembly Conference Committee on
Senate Bill 900 and Assembly Bill 278
(Submitted Testimony – 4th Hearing)*

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Modifications Life to Date

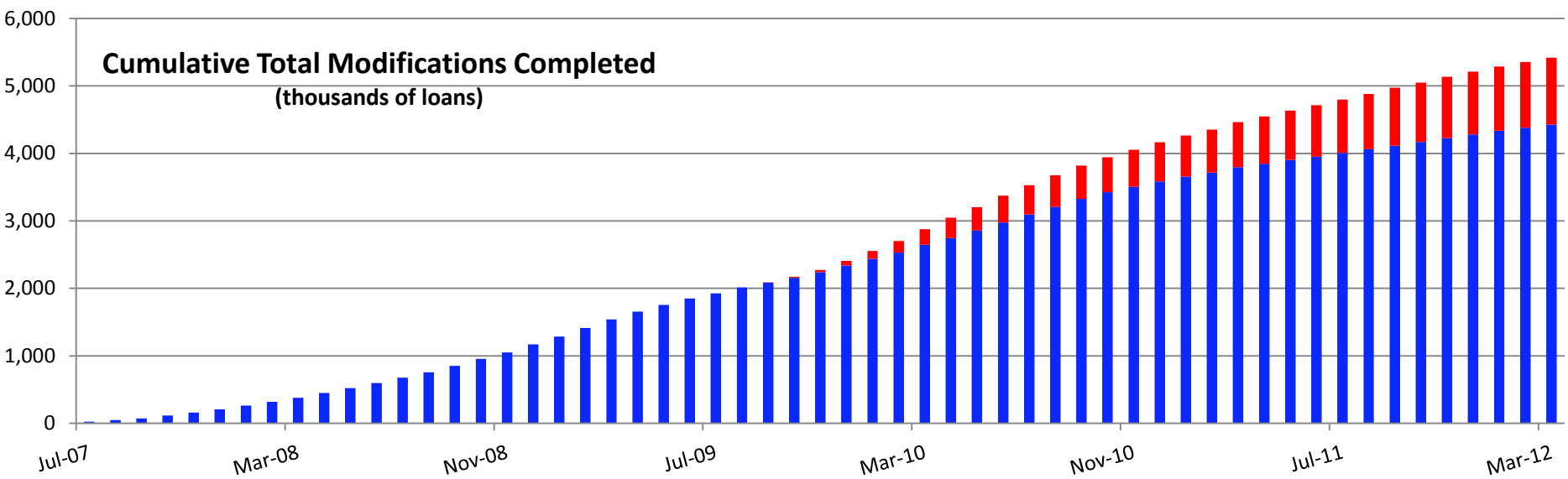
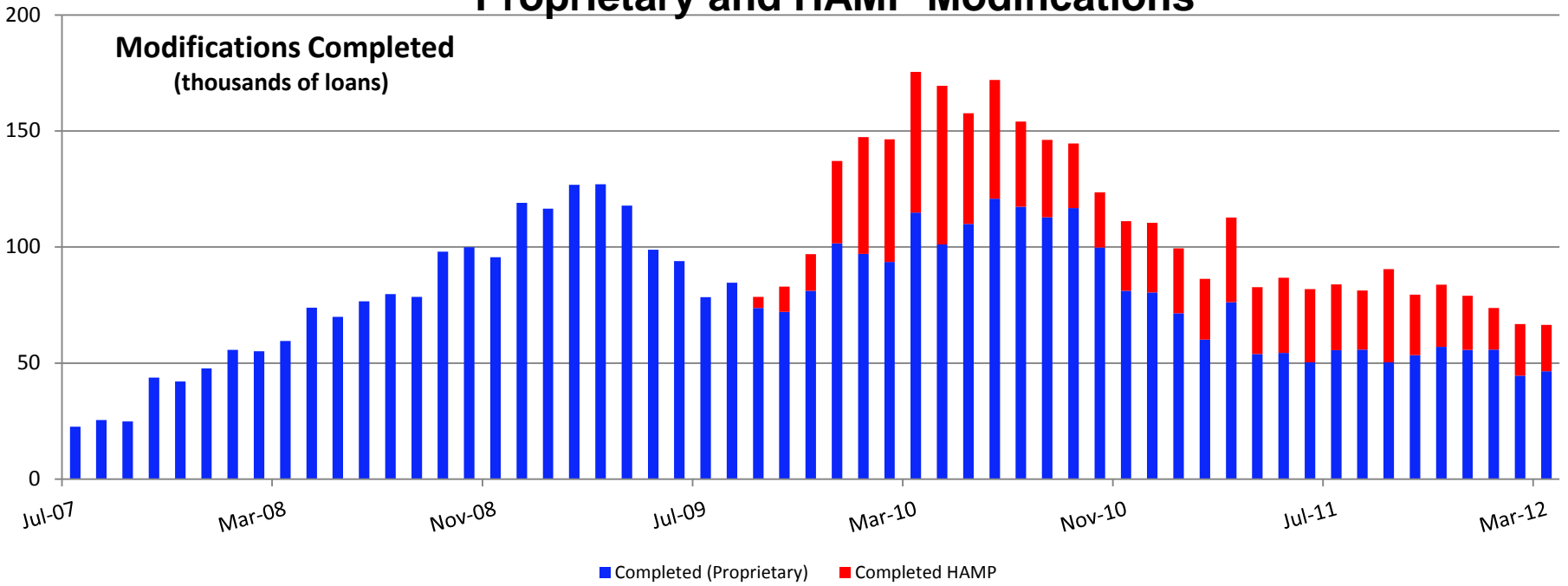
"LIFE TO DATE" COMPLETED MODIFICATIONS

	Q3-Q4 2007	2008	2009	2010	2011	Q1-2012	Jan-12	Feb-12	Mar-12	"Life to Date" Total
Total Completed Modifications	206,240	961,355	1,239,428	1,758,469	1,047,922	207,013	73,767	66,812	66,434	5,420,427
HAMP Permanent Modifications ¹	N/A	N/A	66,938	512,712	353,677	60,195	17,992	22,263	19,940	993,522
Proprietary Modifications Completed ²	206,240	961,355	1,172,490	1,245,757	694,245	146,818	55,775	44,549	46,494	4,426,905

¹Source - Making Home Affordable. Estimated.

²Extrapolated. Modifications Completed was revised in December 2009 to include Current Modifications and specifically exclude HAMP.

5.42 Million Completed Permanent Proprietary and HAMP Modifications





HOPE NOW National Snapshot

Industry Extrapolation Metrics¹

	Q1-2011	Q2-2011	Q3-2011	Q4-2011	Q1-2012	Jan-12	Feb-12	Mar-12
Total Loan Count	49,692,326	49,869,135	49,461,769	48,741,624	49,692,326	49,692,326	49,692,326	49,692,326
60+ Day Delinquency ²	2,858,461	2,785,156	2,799,997	2,734,833	2,653,822	2,776,086	2,664,781	2,542,812
Delinquency Rate	5.75%	5.58%	5.66%	5.61%	5.34%	5.59%	5.36%	5.12%
Foreclosure Starts	591,159	534,207	597,447	536,294	544,955	200,447	167,114	177,395
Foreclosure Sales	222,691	216,073	199,383	202,039	213,827	78,734	69,268	65,824
Repayment Plans	352,226	284,982	324,983	154,971	180,299	58,362	61,224	60,713
Total Modifications	298,449	251,424	255,667	240,523	207,013	73,767	66,812	66,434
Proprietary Modification ³	207,913	158,539	161,764	164,170	146,818	55,775	44,549	46,494
HAMP Modifications ⁴	90,536	92,885	93,903	76,353	60,195	17,992	22,263	19,940
HOPE™ Hotline Calls ⁵	295,363	241,153	253,226	241,906	297,131	100,113	98,757	98,261

¹ MBA Delinquency Survey data is for Q1-2012, while "HOPE NOW Alliance Survey" data is for March 2012. MBA estimates that its survey covers approximately 88% of the total industry. "Hope Now Estimated Percent of Industry" is derived by dividing "Hope Now Alliance Survey" (March 2012) by "MBA Survey Extrapolated to Total Industry" (Q1-2012). "Hope Now Estimated Percent of Industry" estimates may increase or decrease slightly when the MBA releases its Delinquency Survey data for Q2-2012.

² Total Number of 60+ Loans (MBA Methodology) – Total number of (all) loans that are 60 days past due at month end based on MBA Methodology excluding loans that are currently in Pre-Sale foreclosure.

³ Number of (delinquent and current) Non-HAMP modified, renegotiated or restructured loans, regardless of performance to date under the plan during the month. Anything that alters the terms of the contract between the borrower and the lender that assists the borrower to maintain the home and that the loan is retained.

⁴ Source - Making Home Affordable, est.

⁵ Source - Homeownership Preservation Foundation (HPF), est.



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Proprietary Modifications (Non-HAMP)
Industry Extrapolations (January 2011 - March 2012)

PROPRIETARY MODIFICATIONS (Non-HAMP)¹

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Total Dec-09 to March-12
Proprietary Modifications ²	71,515	60,153	76,245	53,897	54,359	50,283	55,620	55,789	50,354	53,394	56,948	55,687	55,775	44,549	46,494	2,188,378
Proprietary Reduced P&I Modifications	57,875	48,532	61,380	43,404	42,759	41,421	44,393	46,286	42,484	42,426	38,952	45,407	37,547	36,495	39,063	1,751,829
<i>% of Proprietary Modifications</i>	81%	81%	81%	81%	79%	82%	80%	83%	84%	79%	68%	82%	67%	82%	84%	80%
Proprietary Fixed Rate Modifications ³ (initial fixed period of 5 years or more)	61,144	49,172	58,028	44,520	46,720	43,647	42,310	46,552	41,448	46,145	47,404	45,034	49,845	40,103	41,639	1,314,610
<i>% of Proprietary Modifications</i>	85%	82%	76%	83%	86%	87%	76%	83%	82%	86%	83%	81%	89%	90%	90%	84%
Proprietary Reduced P&I Modifications ³ (10% or greater)	44,379	35,541	39,502	30,219	30,299	31,608	33,299	37,726	35,063	39,708	37,502	43,003	35,106	33,551	36,527	971,377
<i>% of Proprietary Modifications</i>	62%	59%	52%	56%	56%	63%	60%	68%	70%	74%	66%	77%	63%	75%	79%	62%

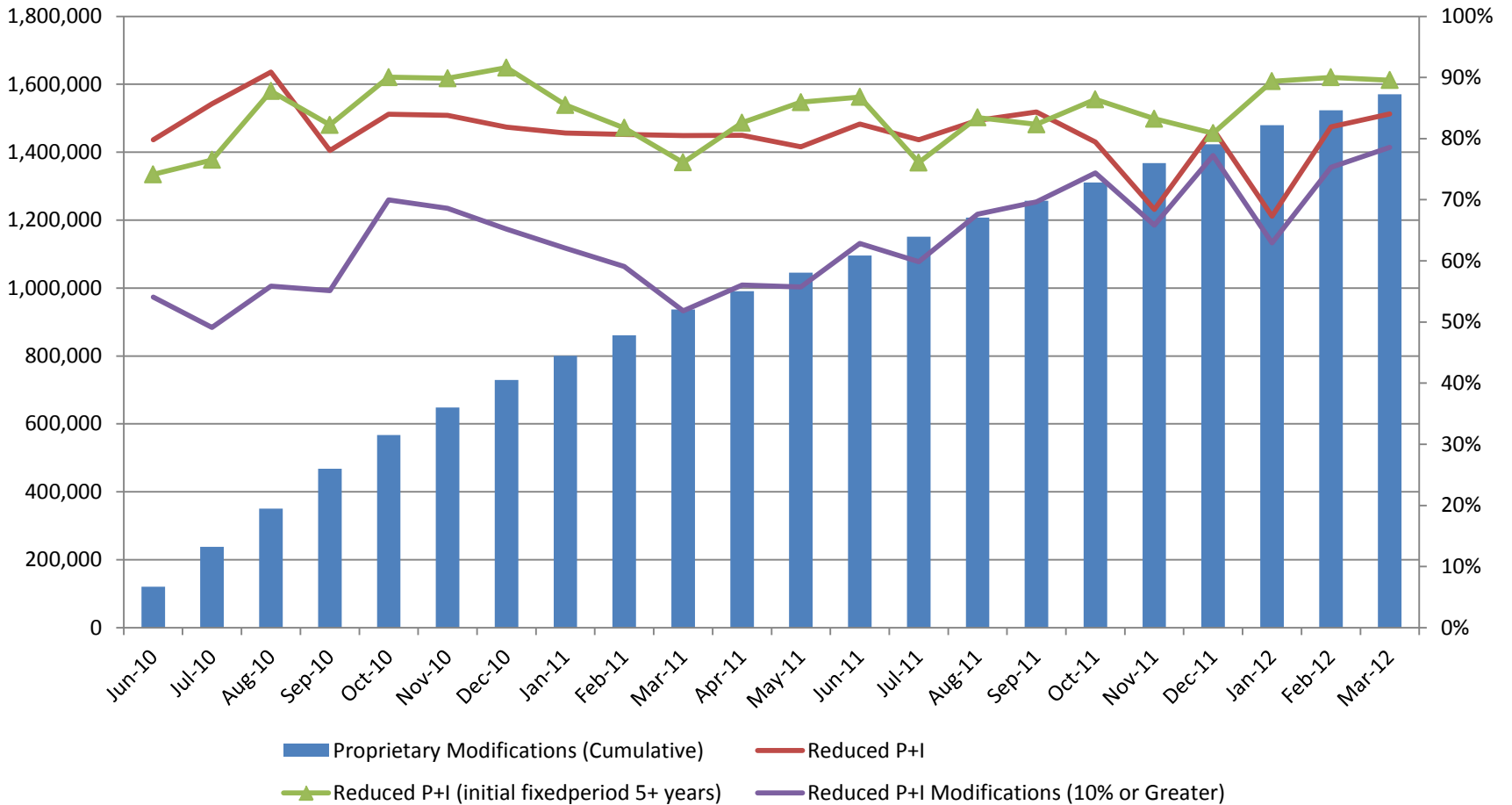
¹HOPE NOW data is extrapolated based on the "MBA Delinquency Survey" for Q3-2011. MBA estimates that its survey covers approximately 88% of the total industry. HOPE NOW data estimates for March 2012 may increase or decrease slightly when the MBA releases its Delinquency Survey data for Q4-2011.

²Definition of Modification Field was adjusted in December 2009 to reflect Proprietary Modifications (specifically excluding HAMP) and include Current Modifications.

³Total for this field begins in June 2010.

Proprietary Modifications by Type

In March 2012, 79% of mods were P+I reduction greater than 10% and 90% of mods had initial fixed period of 5 years or more





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State Mitigation Data

California

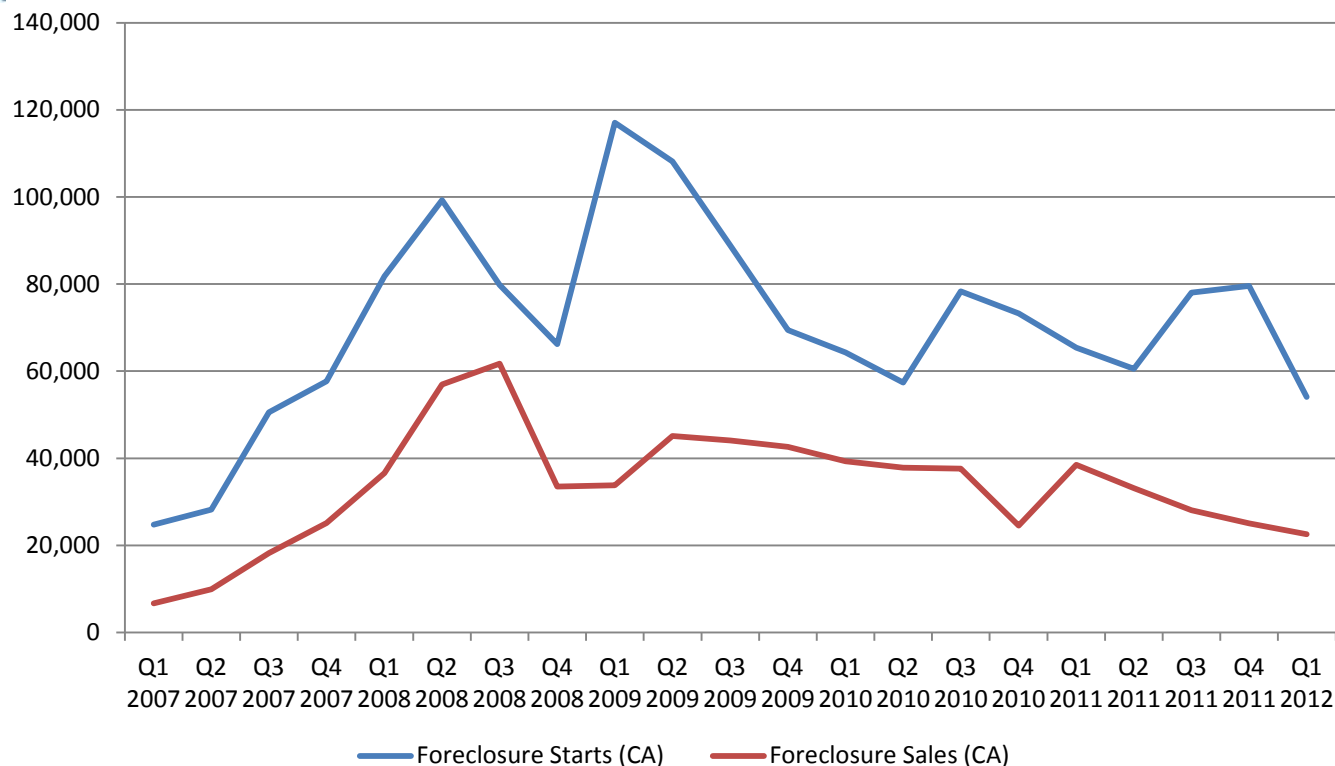
	Q1-2011	Q2-2011	Q3-2011	Q4-2011	Q1-2012	Jan-12	Feb-12	Mar-12
Total Loan Count	4,942,291	4,955,332	4,958,470	4,828,683	4,733,736	4,773,744	4,733,951	4,693,514
60+ Day Delinquency ¹	351,306	335,628	310,610	262,063	241,965	251,552	244,662	229,680
Delinquency Rate	7.11%	6.77%	6.26%	5.43%	5.11%	5.27%	5.17%	4.89%
Delinquency Index ²	116	114	105	92	92	90	93	92
Foreclosure Starts	73,227	65,387	60,557	79,542	54,060	17,837	15,570	20,653
Foreclosure Sales	38,493	33,129	22,533	22,533	13,057	9,476	7,337	5,720
Repayment Plans	26,829	21,167	16,798	16,798	14,507	5,430	4,538	4,539
Proprietary Modification ³	24,672	17,750	29,503	29,503	16,714	7,395	4,803	4,516
HOPE™ Hotline Calls ⁴	56,221	44,779	38,080	38,233	55,343	13,513	12,891	13,140

¹Total Number of 60+ Loans (MBA Methodology) – Total number of (all) loans that are 60 days past due at month end based on MBA Methodology excluding loans that are currently in Pre-Sale foreclosure.

² The columns below show the state delinquency rate relative to the national delinquency rate; a value greater than 100 means that the state's delinquency rate is above the national average

³ Number of (delinquent and current) Non-HAMP modified, renegotiated or restructured loans, regardless of performance to date under the plan during the month. Anything that alters the terms of the contract between the borrower and the lender that assists the borrower to maintain the home and that the loan is retained.

Foreclosure Starts v Foreclosure Sales (California)

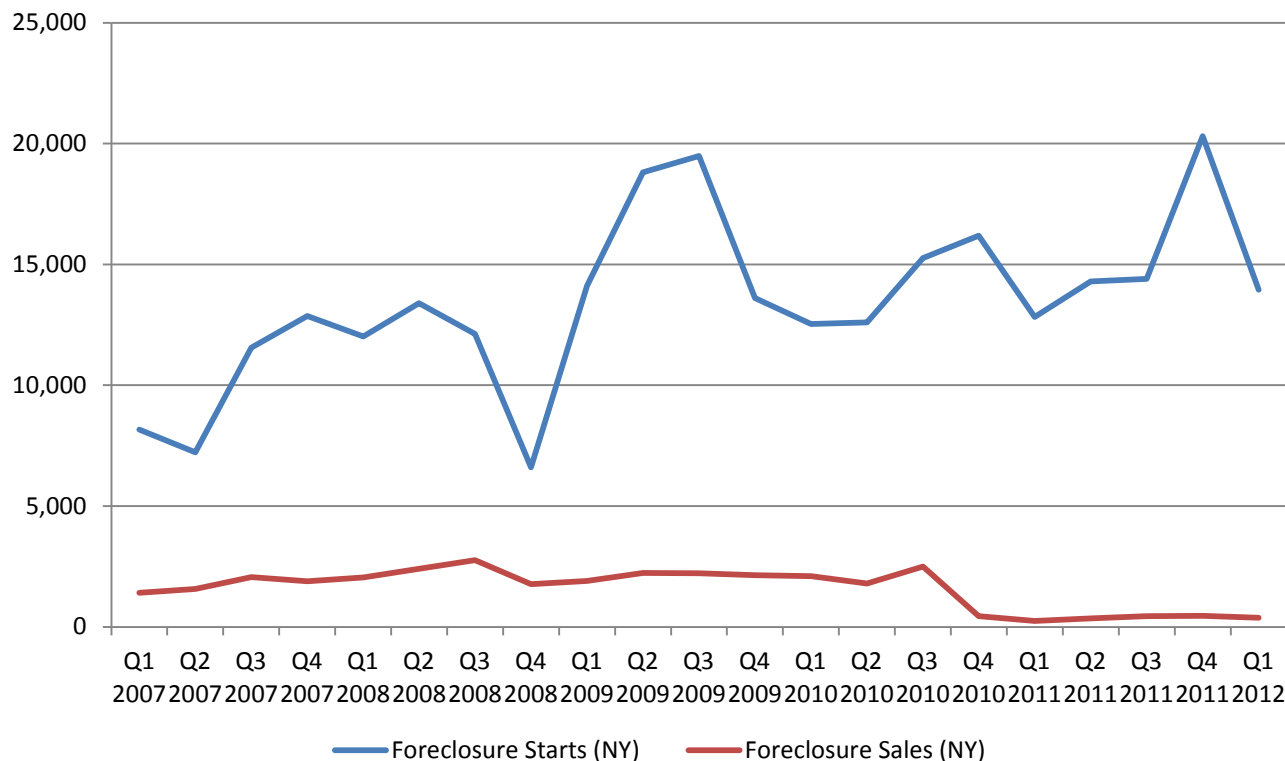


Data Source: HOPE NOW Alliance Survey data, estimated to cover 60%

- California was considered one of the hardest hit markets
- Since Q1 2011 the foreclosure starts have declined 26%, foreclosure sales declined 66% and 60+ Day Delinquencies are down 31% year over year
- The highest ratio of starts to sales was Q1 2009 at 4 starts to 1 sale

A Comparative Perspective

Foreclosure Starts v Foreclosure Sales (New York)



Data Source: HOPE NOW Alliance Survey data, estimated to cover 60%

- In Q1 2011 New York had 54 times the amount of foreclosure starts to sales
- In Q1 2012 the entire state had 379 foreclosure sales

HOPE NOW Outreach – Top 10 Cities

Over 60 Total Major Markets Visited and 101,709 Borrowers Reached

City	Borrowers Reached (2008-2012)
CA	20,405
FL	17,823
GA	10,619
NV	9,643
AZ	8,508
TX	3,676
MA	3,545
MI	3,022
NJ	2,471
NY	2,353

HOPE NOW Outreach in California

Row Labels	Sum of Borrowers Reached
2008	4,590
CA	4,590
Anaheim	267
Los Angeles	1,635
Riverside	227
Sacramento	2,050
Stockton	411
2009	5,946
CA	5,946
Bakersfield	495
Fresno	658
Los Angeles	1,395
Riverside	2,441
San Diego	957
2010	6,484
CA	6,484
Anaheim	1,296
Oakland	1,309
Sacramento	1,501
San Bernardino	1,257
San Diego	865
San Francisco	256
2011	1,567
CA	1,567
Oceanside	502
San Jose	1,065
2012	1,818
CA	1,818
Los Angeles	1,015
Sacramento	763
San Diego National Guard Armory	40
Grand Total	20,405



State of Play in the Market

- Complex regulatory environment; AG Settlement, OCC Consent Orders, pending CFPB Servicing Standards
 - QM v QRM,
- Expansion of available options to assist distressed homeowners. HAMP Tier 2, principle write down, etc.(See chart)
- Property vacancy/blight requires upstream solutions; expedited solution for vacant properties; short sales; rent to own; deed to lease.
- Heightened underwriting standards, historic low rates, litigious climate

START

Refinance
HARP 2.0
Streamline Re-fi

HOPE NOW Foreclosure Prevention April 25, 2012



This is meant to serve as broad guidance and does NOT consider ALL eligibility requirements. The majority of these options remain discretionary and respondent to investor guidelines. Please reach out to a HUD certified counselors or your mortgage holder to discuss your specific situation.

Forbearance
Repayment Plan
HAMP UP ¹
HHF ²

If non-MHA participant

FHA Loss Mit

HAMP Tier 1

Fannie/Freddie
HHF ²

PRA ³

HAMP Tier 2

PLS Mod
Balance Sheet Mod
Freddie Mod
Fannie Mod

Mediation

Rental Option

Note Sale

HABA Short Sale ⁴
DIL

Proprietary Short Sale ⁴
DIL

Auction Sheriff's Sale

- HARP 2.0 -- Home Affordable Refinance Program
- HAMP -- Home Affordable Modification Program
- HAMP UP Home Affordable Unemployment Program
- FHA -- Federal Housing Administration
- PRA -- Principle Reduction Alternative
- Fannie -- Fannie Mae
- Freddie -- Freddie Mac
- PLS -- Private Label Security
- HABA -- Home Affordable Foreclosure Alternative
- DIL -- Deed-in-Lieu
- ¹ Forbearance may be included under HAMP UP
- ² Hardest Hit Funds: Appropriated to 19 states, review state specific eligibility (through 2017)
- ³ Principal Reductions can be used between Step 1 and Step 2 of Tier 1 and 2
- ⁴ Eligible for PCS Servicemember as primary option if required

We encourage homeowner's to utilize mediation and/or Hardest Hit Funds, contingent on state participation

Preferred Option

Government Mod (MHA Participant)

Proprietary Mod

Graceful Exit

Foreclosure

Refinance (Primary Residence)
HARP 2.0 (GSE) Employed; Current; LTV>80%; Purchase date before 03/31/2009
Streamline (FHA - GSE) Employed; Current; LTV<80%; Back-end DTI<55%; Primary Residence
Traditional (PLS) Discretionary; Employment Required.

HAMP Tier I
Eligibility
 Owner Occupied; Primary Residence; UPB<\$729,750; LTV> 115%; Employed; Originated before 01/01/2009
Qualification
 Capitalize Drop interest to 2% Reamortize to 40 yr. Forbearance (ceiling) NPV+ Target: DTI<31%

PLS -- Balance Sheet Mod
 Modifications made by PLS--Balance sheet loan holders are discretionary and must be compliant with company and/or investor guidelines.
 The modifications will generally be comprised of a combination of the aforementioned programs

HABA (MHA Participants)
Eligibility
 12 mo. since origination; Documented Hardship; Primary residence; UPB<729,750; No purchase of new home in last year
Short Sale
Deed-In-Lieu

Forbearance/Repayment Plan
GSE 6 mo. - 12 mo.
FHA 12 Mo.-Special Forbearance
PLS
Balance Sheet Discretionary--HAMP UP possible
 Documented Hardship; MHA participants may be eligible for HAMP--UP credit

Principal Reduction Alternative (PRA)
Eligibility
 Owner Occupied; Primary Residence; UPB<\$729,750; LTV> 115%; Employed; Originated before 01/01/2009
 Between Step 1 & 2 of HAMP
 Discretionary; PLS -- Balance Sheet -- GSE

Fannie/Freddie Mod
Eligibility
 12 mo. since origination; Documented Hardship; Owner occupied; Non-owner occupied; MTMLTV>80%; Employed
Qualification
 Capitalize Set interest to fixed rate Reamortize to 40 yr. MTMLTV=115%; Forbearance Target Rate: 10%<Back End-DTI<55% P+I Reduction > 10%

Proprietary Short Sale and Deed-In-Lieu
 Proprietary graceful exit alternatives are discretionary and must be compliant with company/investor guidelines and local, state and federal laws.

FHA Loss Mit
Eligibility
 12 mo. since origination; 1st Lien 60+ day DQ; Owner occupied; Not in foreclosure; Income to support Mod
Qualification
 Capitalize Drop interest to PMMS Reamortize to 30 yr. HAMP if ineligible

HAMP Tier II
Eligibility
 Owner Occupied; Non-Owner Occupied; UPB<\$729,750; LTV> 115%; Employed; Originated before 01/01/2009
Qualification
 Capitalize Drop interest to PMMS Reamortize to 40 yr. Forbearance (no ceiling) NPV+ Target: Back End DTI<55% P+I Reduction > 10%

Pre-REO -- Rental Option Note Sale
 Pilot programs in place, still seeking more guidance and demonstration of effectiveness

Foreclosure Sale
Auction
Sheriff's Sale

Hope LoanPort[®] Overview

HOPE LoanPort[®], developed by the HOPE NOW Alliance, is a new web-based tool that streamlines loan modification applications on behalf of homeowners at-risk of foreclosure, allowing housing counselors to efficiently transmit completed applications to mortgage companies. HOPE LoanPort[®] is designed to improve the quality of the application by gathering the required information and documentation and transmitting it efficiently and securely to partner mortgage servicers.

Hope LoanPort[®] Overview

Hope LoanPort's Growing Network

- 14 Mortgage Servicers (Over 80% of all U.S. Mortgages)
- Over 700 Counseling Agencies
 - 4,000 counselors (individual accounts)

Recent Highlights and Industry Involvement

- Independent neutral non-profit utility to gather and submit documents and data for foreclosure prevention options. Bi-directional
- Non-Profit 501(c)(3) status granted in January, 2012
- Cited in National Mortgage Settlement as a model web-portal
- Military-base outreach platform for foreclosure alternative case intake State HHF (Hardest Hit Fund) Borrower Portal
- Chosen by HUD and NeighborWorks as the technology solution for the implementation of EHLP (Emergency Homeowners' Loan Program)
- Selected by the state of Maryland as the platform for foreclosure mediation proceedings: Expanding to other states



HOPE NOW Goals through 2012

- Outreach: Making Home Affordable outreach events, Military outreach events, pilot strategic HLP non-profit partner events and support Industry strategic events (ex. Nevada Governor and HOPE NOW)
 - Aggressive outreach to military personnel facing homeowner hardships.
 - Host military symposiums and on site events (7) in 2012
 - Maintain partnership with DOD and CFPB
 - Increase awareness of SCRA benefits, Permanent Change of Station (PCS) hardship
- Data: Collect comprehensive data on foreclosure prevention, publish monthly
- Communications: Develop consistent messaging and job aids to clearly exhibit all modification opportunities available to homeowners facing hardship
 - Including HARP 2.0, Extension of HAMP Tier I and the updated HAMP Tier II
- Mediation: Finalize mediation best practices
- Ensure the execution of operational compliance outlined in (1) OCC Consent Orders (2) 49 State Attorney's General Settlement (3) Consumer Financial Protection Bureau's National Servicing Standards
- Promote earlier engagement between servicers and homeowners; note sale, pre-REO resolutions
 - Explore rental and lease to own options, stabilizing communities
 - Promote use of all tools, including Hardest hit funds, to expand opportunities and options for borrowers
 - Promote deed-for-lease and note sale options as potential upstream solutions
- Support HOPE LoanPort(HLP) counselor and consumer direct portal (**AG Settlement**)
 - **Standard docs, data and secure and transparent submissions**