



Statement of
Larry Gilmore
Deputy Director, HOPE NOW Alliance
Before the
Texas House of Representatives
Committee on Financial Institutions
Wednesday, June 11, 2008, 10:00 A.M.
Hearing on Foreclosure Prevention Efforts

Chairman Solomons and members of the Financial Institutions Committee, I am Larry Gilmore, Deputy Director of the HOPE NOW Alliance. I appreciate the opportunity to appear before you today on behalf of HOPE NOW to talk about the efforts to help at-risk homeowners stay in their homes during this time of serious challenges in the housing market.

The HOPE NOW Alliance is a broad-based collaboration between credit and homeownership counselors, lenders, investors, mortgage market participants and trade associations. Since last October, the HOPE NOW Alliance has worked to dramatically expand and coordinate the efforts that individual companies and non-profits are making to help homeowners in difficulty. HOPE NOW builds on efforts that individual mortgage lenders and servicers were making to reach borrowers and it is also an expansion of an industry partnership with NeighborWorks and the Homeownership Preservation Foundation to reach at-risk borrowers and provide counseling to them.

The HOPE NOW effort was strongly encouraged by the President, Treasury Secretary Paulson and by Members of Congress and other leaders.

HOPE NOW established and is expanding a coordinated, national approach among servicers, investors¹, non-profit housing counselors and other industry participants to enhance our ability to reach out to borrowers who may have or expect to have difficulty making their mortgage payments and to offer them workable options to avoid foreclosure. While HOPE NOW can not solve all foreclosures, HOPE NOW is achieving real results in reaching more at-risk borrowers and in providing positive solutions that avoid foreclosure.

HOPE NOW has a three-pronged approach to reach our goals of helping homeowners avoid foreclosure:

- Reaching Homeowners In Need
- Counseling Homeowners in Need
- Assisting Homeowners in Need

Progress in Helping Struggling Homeowners

The members of the HOPE NOW Alliance recognize the urgency of this issue, and we are working to reach and assist more homeowners every day. I am pleased to have the opportunity to share our progress with you, including the most recent data on our results.

First, the Alliance is continuing to expand and add companies and organizations who commit to specific efforts to reach and assist borrowers. As of June 9th, we have 27 loan servicers in the Alliance who represent over 90 percent of the subprime market. In addition, we have strong participation from respected non-profit HUD-approved intermediaries; this includes NeighborWorks America, the Homeownership Preservation Foundation, and the Housing Partnership Network.

One of the Alliance's first steps was to demonstrate our commitment to results by adopting a Statement of Principles on helping distressed homeowners stay in their homes. These principles are helping ensure that all borrowers receive quality service and assistance when they contact their lender/servicer in the Alliance.

¹ After a mortgage is made, the lender will often sell the loan to investors. A loan servicer acts as the intermediary between the borrower and the investor. The servicer's role is to collect payments, handle escrow accounts, forward principal and interest payments to the investor and deal with issues that arise from delinquency and foreclosure. A servicer is typically compensated 25 basis points (0.25%) of the loan balance for performing this service, or \$250 on a \$100,000 loan balance.

The following are the principles embraced by HOPE NOW servicers, which are consistent with calls for the industry to expedite solutions for borrower:

- HOPE NOW members agree to attempt to contact at-risk borrowers 120 days, at a minimum, prior to the initial Adjustable Rate Mortgage (ARM) reset on all 2/28 and 3/27 ARM loan products;
- HOPE NOW members agree to inform borrowers of the potential increase in payment and terms of the loan, in an effort to determine if the borrower may face financial difficulty in keeping their mortgage current;
- HOPE NOW members agree to establish a single port of entry for all participating counselors to use; and
- HOPE NOW members agree to make available dedicated e-mail and fax connections to support counselor and consumer contacts.

By establishing these principles, HOPE NOW members are improving the infrastructure needed to help more borrowers on a much larger scale. In addition to improving lender/servicer systems for working with counselors and borrowers, we are redoubling our efforts to reach out to at-risk borrowers.

Reaching Homeowners in Need

One of the most significant on-going challenges we face in helping consumers is a persistent reluctance of struggling borrowers to contact their servicer for help. Historically, evidence has shown that about half of borrowers who go into foreclosure never contacted their servicer for help. Freddie Mac reported at the end of January that 57 percent of the nation's late-paying borrowers still didn't know that their lenders may offer alternatives to help avoid foreclosure.² We are working to drastically reduce that number and help as many troubled homeowners as possible avoid foreclosure.

In November 2007, HOPE NOW servicer participants began a monthly direct mail outreach campaign to at-risk borrowers. This direct mail effort --on the HOPE NOW letterhead-- is in addition to the thousands of letters and telephone contacts made by individual servicers to their own customers. These letters provide individual servicer hotlines and, also include the Homeownership Preservation Foundation's HOPE Hotline, 888-995-HOPE.

Since November through April, HOPE NOW servicers have mailed over 1,400,000 letters to at-risk homeowners who have not been in contact with their mortgage servicer. This outreach campaign is producing results. On average, 20 percent of those receiving the letter contact their servicer, far more than the typical 2-3 percent response rate which servicers get when sending their own mailing. In addition, the Homeownership Preservation Foundation reports that in the First Quarter of 2008, over 11% of people calling the Hotline heard about it from a HOPE NOW outreach letter.

Texas homeowners reached: Since November 2007 through April 2008, over 84,600 letters were sent to at-risk homeowners in Texas.

² http://www.freddie.com/news/archives/corporate/2008/20080131_07ropersurvey.html

HOPE NOW Homeownership Preservation Workshops

In addition to the early contact, direct mail campaign and promotion of the HOPE hotline to reach at-risk borrowers, HOPE NOW is conducting a series of workshops for homeowners. These workshops are held across the country, providing at-risk borrowers an opportunity to meet in-person with their loan servicer or a local HUD-approved counselor. Counseling agencies affiliated with HUD intermediaries, such as ACORN, NeighborWorks, NID, NFCC, and others, have played an active role.

Since the first week of March, more than 4,500 homeowners have attended HOPE NOW workshops in thirteen (13) markets across the country. In just over 3 months, the HOPE NOW Alliance has held events in California, Ohio, Pennsylvania, Wisconsin, Indiana, Illinois, Tennessee, Florida, Georgia, and, as of this week, Texas in coordination with Homeownership Month. HOPE NOW mortgage servicers participate in these events and provide workout solutions on site, and non-profit counselors provide in-depth debt and credit management assistance. At the events held in the Dallas and San Antonio area this week, we have over twenty (20) servicers and thirty-five (35) local HUD certified counselors assisting challenged homeowners face-to-face.

These collaborative workshops are enabling more homeowners to meet with their mortgage company representative and develop workout solutions that help them stay in their home.

On Thursday and Friday of this week, HOPE NOW is co-hosting outreach events in Las Vegas, NV with Senator Reid, the State Attorney General, and State Treasurer.

Counseling Homeowners in Need

The Homeowner's HOPE Hotline (888-995-HOPE) is a key component of the outreach and assistance effort for at-risk homeowners. Any homeowner can call the hotline 24 hours a day, 7 days a week. The hotline directly connects homeowners with trained counselors at non-profit counseling agencies that have been certified by the Department of Housing and Urban Development (HUD). This counseling service is completely free to borrowers and is offered in English and Spanish. The counselors have direct access to the lender/servicers through improved single points of entry that all HOPE NOW Alliance members have agreed to create. Providing this direct point of contact for non-profit counselors to loan servicers represents real and important progress by HOPE NOW members.

The Homeowner's HOPE Hotline is having a dramatic and positive impact for at-risk homeowners. The HOPE NOW Alliance will continue to expand the Hotline's capacity and promote it to reach more at-risk borrowers.

- To date, the Homeownership Preservation Foundation has received nearly 771,000 calls and counseled 260,000 homeowners.
- In April 2008, the Hotline received over 94,000 calls and counseled more than 25,000 borrowers.
- Lender/servicers are urging borrowers to call for counseling. Homeowners primarily hear about the Homeowner's HOPE hotline from their lender.
- More homeowners with ARMs are calling – 51 percent of callers in the first quarter of 2008 were ARM borrowers, up from 34 percent in the first quarter of 2007.

- The Counseling sessions produce results. In the first quarter of 2008, one third of homeowners counseled were referred to their lender for a recommended workout.
- **Texas homeowners counseled:** In 2007, over 3,500 Texas homeowners received counseling through the Hotline. From January 2008 through April 2008, almost 4,000 Texas homeowners have received counseling.

We are proud that the Homeowner's HOPE Hotline provides a resource for free, non-profit counseling to any homeowner, anywhere in the country. Publicity for the Homeowner's HOPE Hotline continues to increase and we want more homeowners to learn about it. President Bush and Treasury Secretary Paulson have called attention to the Homeowner's HOPE Hotline several times and they have urged homeowners in trouble to seek help. Members of Congress and state legislators have also highlighted the hotline. In addition, thirty-eight mayors from across the country recently created public service announcements for their local media markets urging borrowers to use the hotline. Anytime the Homeowner's HOPE Hotline is mentioned by public officials or on television, calls to the hotline increase dramatically. We welcome that support we are continuing to work to expand the counseling network for the hotline.

Elected officials, in an effort to help their constituents avoid foreclosure, have asked us on many occasions what they could do to help. Legislators and other community leaders can continue to assist in this critical effort to help people stay out of foreclosure by urging homeowners to seek help and publicize HOPE NOW efforts, particularly the Homeowner's HOPE Hotline, 888-995-HOPE. We would like to continue to work with your Committee to ensure that more homeowners are aware of the HOPE hotline and other assistance from the HOPE NOW Alliance.

The Homeownership Preservation Foundation, the HOPE NOW Alliance member managing the telephone network, has added trained, experienced counselors to the program to handle the increasing call volume from concerned homeowners. Tremendous progress has been made in just the last few months to increase counseling capacity. The hotline now has 450 trained counselors assisting borrowers, up from 64 at the beginning of 2007. The agencies providing counseling include Auriton Solutions, CCCS Atlanta, CCCS San Francisco, Novadebt, Springboard CCCS Central Florida, CCCS Dallas, By Design, Greenpath and Money Management International.

NeighborWorks America, known formally as the Neighborhood Reinvestment Corporation, is a Congressionally-chartered non-profit organization with a national network of more than 240 community-based organizations in 50 states. NeighborWorks is a leader in the HOPE NOW Alliance, and with its partners, is actively providing in-person counseling services to consumers across the country. NeighborWorks has also been the leader in working with the Ad Council on the national advertising campaign for the Homeowners' HOPE hotline, which includes television, radio and print materials.

HOPE NOW is working to add more non-profit agencies to the effort. HOPE NOW is working with HUD and HUD counseling intermediaries to review ways to include additional grass-roots counseling groups. We are working to broaden the HOPE NOW effort to ensure it is a model that works broadly for industry, non-profits and consumers to maximize the ability to reach troubled borrowers.

Servicers' ability to reach borrowers, either directly or through an intermediary is the key to helping them stay in their homes. The solutions will vary with the circumstances of the

borrower. Loan modifications, repayment plans and other types of workout options are all solutions that can help borrowers keep their homes and minimize losses to investors. The HOPE NOW Alliance is committed to pursuing all viable solutions to help people stay in their homes.

Assisting Homeowners in Need

The HOPE NOW mortgage servicers recognize that it also makes good economic sense to help borrowers who are in trouble. Borrowers who are not able to stay current on their loans are very costly to the servicer, who must forward principal and interest payments to investors as well as remit taxes and insurance payments, even if borrowers are not paying them. In addition, loan servicers must expend significant staff resources to contact the borrower, assess the situation, work on repayment plans and other loss mitigation solutions, and if these efforts do not resolve the situation, initiate and manage the foreclosure process.

Informal forbearance and repayment plans are generally the first tool servicers employ to help borrowers. Servicers allow mortgage borrowers to miss a payment, with the explicit understanding the payment(s) will be made up some time soon. If the situation is more involved than a short-term cash crunch due to temporary unemployment or illness, a servicer may turn to a special forbearance plan, which will typically combine a period of postponed or reduced payments followed by repayment of the arrearage over an extended time frame, but within the original term of the loan.

Loan modifications are the next level of loss mitigation options. A loan modification is a change in the underlying loan agreement. It might extend the term of the loan, change the interest rate, change repayment terms or make other alterations such as having a principal write down. Similarly, a servicer may attempt to refinance the delinquent borrower into a new loan. Loan modifications are one solution for borrowers who have an ability to repay a loan, and have the desire to keep their home, but may need some help in meeting this goal because the current loan terms are not sustainable for that borrower.

HOPE NOW members have worked aggressively to make all of the available tools as efficient as possible. In December 2007, the American Securitization Forum (ASF) announced a framework that allows servicers to more readily modify certain at-risk loans that are securitized in the secondary market. This effort has received the backing of the Departments of the Treasury and HUD, many Members of Congress, the federal banking agencies and state and local officials.

The focus of the ASF framework is to identify categories of current subprime hybrid ARM borrowers who can be streamlined into refinance or modifications. We believe that the ASF-established framework is adding to existing efforts to assist distressed borrowers. The key is to find solutions which help borrowers but do not violate the agreements with investors who now own the securities containing these loans.

The ASF has worked with servicers and investors to create and implement a process which identifies, in advance of loan resets, borrowers who would qualify for refinancing, loan modifications or other workout options. To ensure that investors accept and support far-reaching loan modification and other workout solutions, this process cannot violate pooling and servicing agreements with investors. The goal is to minimize the risk of legal action by investors against servicers who help borrowers.

The ASF framework covers securitized subprime adjustable rate mortgage loans, the so-called 2/28's and 3/27's that were originated between January 1, 2005 and July 31 2007 with an initial interest rate that resets between January 1, 2008 and July 31, 2010. In other words, the framework is for loans that have just begun to adjust. The ASF framework will help provide solutions for homeowners with these subprime hybrid ARMs who qualify for three different types of help: refinancing, modification and other loss mitigation efforts.

- *Refinancing:* One segment of borrowers is comprised of those who are current, likely to remain current even after reset, or likely to be able to refinance into available mortgage products, including the Federal Housing Administration (FHA), FHA Secure or industry products. Generally, the servicer will determine whether loans may be eligible for refinancing into various available products based on readily available data such as LTV, loan amount, FICO and payment history. The servicer will facilitate a refinance in a manner that avoids the imposition of prepayment penalties whenever feasible. HOPE NOW will continue to work with the alliance to ensure that all servicers have access to products and programs generally available in the market to refinance eligible borrowers.
- *Loan Modifications:* A second segment of borrowers is comprised of those with good payment records who will not qualify for refinancing for any variety of reasons, such as a drop in home equity or insufficient credit score. These borrowers will be targeted for streamlined loan modifications if the loan is a primary residence (i.e., not an investment or vacation property) and meets additional criteria. Borrowers in this category will be offered a loan modification under which the interest rate will be kept at the existing rate of the loan for five years. This fast track option does not in any way preclude a servicer from conducting a more individual in-depth review, analysis and unique modification for a borrower to determine if a longer term modification would be appropriate.

The fast track framework allows the servicer to make these decisions:

- Whether the borrower is unable to pay under the original loan terms after the upcoming reset and default is reasonably foreseeable, based on the size of the payment increase, and the current income if the borrower did not pass the FICO improvement test;
 - Whether the borrower will be able to pay a modified loan based on payment history prior to the reset date;
 - Whether the borrower is willing to pay a modified loan; and
 - Whether the modification will maximize the net present value of recoveries to the securitization trust and is in the best interests of investors in the aggregate, because refinancing opportunities are not available and the borrower is able and willing to pay under the modified terms.
- *Loss Mitigation:* This third segment of borrowers is comprised of those for whom the loan is not current and who will not be able to refinance into any available product. These borrowers are significantly behind in their payments before the loan resets and their situations need to be evaluated individually. It is especially important for us to reach this group of borrowers through efforts such as the HOPE NOW direct mail campaign and through the national advertising campaign for the Homeowner's HOPE hotline. For loans in this category, the servicer will determine the appropriate workout

and loss mitigation approach on a loan-by-loan basis. Referrals from counselors if the borrowers contact the Homeowners' HOPE hotline will also be important. Approaches for these borrowers may include loan modification (including longer-term rate reductions, capitalization of arrearages and term extensions), forbearance, short sale, deeds in lieu of foreclosure or foreclosure. Because these borrowers are already behind in their payments, and may face challenges such as a loss of income or other issues, they require a more intensive analysis, including current debt and income analysis, to determine the appropriate loss mitigation approach.

Servicers, however, can only help borrowers who come forward for help. Borrowers must respond to servicers' notices and phone calls. That is why the outreach effort is so important. If borrowers do not respond, at some point the servicer has to assume the homeowner has no intention of paying off the obligation. It is also important to note that the options for helping borrowers who purchased homes as investments are limited. During the housing boom of the last several years, there were many speculators and investors looking to profit from price appreciation. The strength of our economy relies on the willingness of people to take risks, but risk means that you do not always win. During this time, a majority of these properties were purchased to try to capitalize on appreciating home values or to use rents as a source of investment income, or some combination of both. With the downturn in the housing market, a number of these investors are walking away from their properties and defaulting on their loans.

HOPE NOW is seeking to help all borrowers at risk, not just subprime ARM borrowers eligible for fast track refinance or modifications. The ASF framework for a streamlined, scalable solution for current borrowers facing a reset allows servicers to give more detailed attention to at-risk, hard-to-reach, delinquent borrowers. Servicers will be able to work closely with housing counselors and/or homeowners to ensure all options are explored to avoid foreclosures. The scalable outreach and modification effort in no way precludes on-going workout solutions for the highest risk delinquent borrowers. By having this framework in place, human capital and other resources are able to focus on the cases that require the most attention.

Project Lifeline

HOPE NOW members are continuing to work to develop new methods and programs to assist at-risk homeowners. Project Lifeline is an additional effort to help the most at-risk borrowers – those borrowers who are 90 days or more late on their mortgage and face the greatest risk of losing their home. HOPE NOW servicers are adopting the principles of this effort to reach the most at risk borrowers (90-day plus delinquent), work with agreed upon steps with borrowers and if appropriate, put a 30-day “pause” on foreclosures. Project Lifeline is initiated by servicers sending a letter to seriously delinquent homeowners. This program reaches most loans, Prime, Alt-A, Subprime, and second liens. The servicers will reach out to homeowners with the following straightforward message and steps that may qualify them for a loan modification:

1. Call your mortgage servicer
2. Tell the servicer you received a letter, you want to stay in your home and you are willing to seek counseling, if necessary.
3. Provide updated financial information so the servicer can explore a suitable solution.

4. If appropriate, any pending foreclosure will be 'paused' for up to 30 days during the review process until a formal decision is made and a plan is created.
5. If a workout plan is established and the homeowner follows the plan for three consecutive months, their loan will be formally modified as they have demonstrated their ability to meet their requirements.

Measuring HOPE NOW's Results

The members of HOPE NOW recognize that results are the key to this national effort to assist at-risk homeowners. We are regularly collecting data and updating our results on the efforts to help homeowners. I am pleased to share with you the latest results from HOPE NOW servicers on their efforts. This latest HOPE NOW data shows that additional homeowners are continuing to receive assistance to avoid foreclosure and remain in their homes.

National Results:

- From July 2007 to April 2008, nearly 1.6 million borrowers avoided foreclosure through loan workouts, including loan modifications and repayment plans.
- In April 2008, HOPE NOW servicers provided loan workouts to approximately 183,000 borrowers.
- This is an increase of 23,000 from the number of workouts in March and is the largest number of workouts completed in any month since HOPE NOW's inception.
- 77,000 prime and subprime borrowers received loan modifications in April and 106,000 received repayment plans to enable them to stay in their homes.

Texas Data on Loan Workouts:

- From July 2007 through April 2008, 112,410 Texas homeowners avoided foreclosure through loan workouts.
- Of those, 25,007 Texas homeowners received loan modifications: 10,328 prime borrowers and 14,679 subprime borrowers.
- 87,403 Texas homeowners received repayment plans: 40,141 prime borrowers and 47,262 subprime borrowers.
- Attached please find more information about workouts, delinquencies, and foreclosures in Texas.

Data on Foreclosure Activity

In addition, HOPE NOW is continuing to collect information on foreclosure activity and trends. There is no doubt that foreclosures are a serious issue that HOPE NOW members are trying to address. It is also important to carefully review and understand data on foreclosures initiated and foreclosures completed. Less than half of those initiated actually result in a completed sale. It is possible to find solutions to avoid foreclosures before they are completed. Frequently borrowers do not respond to their servicer's attempts to contact them until they receive their first legal action notice. HOPE NOW's borrower outreach initiatives are intended to reach borrowers and try to get them to respond before a foreclosure action is initiated. In addition, efforts continue to be made after a foreclosure is initiated to avoid a foreclosure sale whenever possible. Foreclosures are a serious issue and will continue to be for the

foreseeable future. However, HOPE NOW's efforts are dedicated to trying reduce foreclosures and we will continue to do so.

Texas Data on Foreclosure Activity:

- In April 2008, the delinquency rate in Texas for all loans was 3.58%; 2.06% for prime loans and 10.13% for subprime loans.
 - This is compared to a national average of 3.42% for all loans; 1.88% for prime loans and 14.00% for subprime loans.
- In comparison, in third quarter 2007, the delinquency rate in Texas for all loans was 3.35%; 2.01% for prime loans and 8.68% for subprime loans.
 - In July 2007, the national delinquency rate was 2.36% for all loans; 1.19% for prime loans and 10.05% for subprime loans.
- In April 2008, 7,629 loans were in foreclosure and 3,251 loans completed the foreclosure process.
 - In third quarter 2007, there were 19,869 loans in foreclosure with 8,043 loans completing the foreclosure process.

Data Efforts Will Continue

We are tracking and measuring outcomes through HOPE NOW and other efforts. In addition to the data reported here, we are measuring trends in delinquencies and resolution outcomes (i.e. reinstatement, repayment plans, modifications, short sales, deeds in lieu of foreclosure, partial claims and foreclosure). We want to provide consistent and informative data reports based on common definitions and to provide information that provides insights into the nature and extent of the current mortgage crisis that will help in the development of workable solutions that avoid foreclosure whenever possible.

As our data collection efforts continue and the data are validated, we will provide more detailed information nationally and on a state by state basis. Our participating servicers have been engaged in developing standard definitions for key loss mitigation data. The data collection effort is an enormous undertaking, which will take time to develop fully and perfectly. We are confident, however, that we will be able to deliver systematic information at the state level that will help measure what servicers are doing to resolve difficult situations and to assist homeowners.

Conclusion

The HOPE NOW Alliance and those working with it are committed to enhanced and on-going efforts to contact at-risk homeowners and to offer workable solutions. Our top priority is to keep people in their homes and to avoid foreclosures whenever possible. As I reported today, close to 1.6 million homeowners were helped through modifications or work-outs since July 2007 and the rate of loan modifications continues to increase. We are working to help many more at-risk homeowners.

We need the active involvement of all public officials to alert constituents that help is available when they contact either their lender/servicers or a non-profit counselor through the Homeowner's HOPE Hotline.

The HOPE NOW Alliance will continue its work until the problems in the housing and mortgage markets abate. My testimony today includes results that show a significant increase in the

number of homeowners who have been helped. It is not a perfect solution, but it is very significant that over a million homeowners have been helped to avoid foreclosure.

We understand this effort must continue and be expanded and we will provide updates on our progress to concerned policymakers in the coming weeks.

We want to work with the members of the Committee to ensure that homeowners are aware of and can take advantage of the assistance offered by HOPE NOW.

Thank you for this opportunity to share this information on our efforts with the Committee.



HOPE NOW: Texas Information June 2008

HOPE NOW Mission Statement

Maximize the preservation of homeownership while minimizing foreclosures. 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.

Homeowner's HOPE Hotline 888-995-HOPE

Nationwide: To date, the Homeownership Preservation Foundation has received nearly 771,000 calls and counseled 260,000 homeowners. In April 2008, the Hotline received over 94,000 calls and counseled more than 25,000 borrowers.

Texas: In 2007, over 3,500 Texas homeowners were counseled through the HOPE Hotline. From January through April 2008, over 3,900 Texas homeowners were counseled.

HOPE NOW: Outreach to At-Risk Homeowners

Nationwide: Since November 2007, HOPE NOW servicer members have sent over 1.4 million letters to at-risk homeowners who have not been in contact with their mortgage servicer. Letters were sent to both prime and nonprime borrowers. On average, 20% of those receiving the letter contact their servicer, far more than the typical 2-3% response rate which servicers get when sending their own mailing. In addition, the Homeownership Preservation Foundation reports that in the first quarter of 2008, over 11% of people calling the Hotline heard about it from a HOPE NOW outreach letter.

Texas Homeowners: From November 2007 through April 2008, almost 84,640 letters were sent to at-risk homeowners in Texas.

HOPE NOW: Data on Loan Workouts

Nationwide: 21 HOPE NOW servicers covering almost two-thirds of the mortgage industry, both prime and subprime loans, provided this data. This data is then adjusted for all HOPE NOW servicers. Nearly 1.6 million homeowners have received loan workouts since July 2007. In April 2008, HOPE NOW servicers provided loan workouts to approximately 183,000 borrowers. This is an increase of 23,000 from the number of workouts in March and is the largest number of workouts completed in any month since HOPE NOW's inception. 77,000 prime and subprime borrowers received loan modifications in April and 106,000 received repayment plans to enable them to stay in their homes.

Texas: From July 2007 through April 2008, 112,410 Texas homeowners avoided foreclosure through loan workouts. 87,403 Texas homeowners received repayment plans: 40,141 prime borrowers and 47,262 subprime borrowers. In that same time period, 25,007 Texas

homeowners received loan modifications: 10,328 prime borrowers and 14,679 subprime borrowers.

Texas Loan Workouts: Repayment Plans and Modifications

	April 2008	1 st Quarter 2008	4 th Quarter 2007	3 rd Quarter 2007
Total (Prime & Subprime)	6,736 repayment plans 4,205 modifications	22,496 repayment plans 9,087 modifications	28,816 repayment plans 7,547 modifications	29,355 repayment plans 4,168 modifications
Prime	3,853 repayment plans 1,532 modifications	13,084 repayment plans 3,453 modifications	12,270 repayment plans 2,763 modifications	10,934 repayment plans 2,580 modifications
Subprime	2,883 repayment plans 2,673 modifications	9,412 repayment plans 5,634 modifications	16,546 repayment plans 4,784 modifications	18,421 repayment plans 1,588 modifications

HOPE NOW: Texas Delinquency and Foreclosure Data

Delinquency:

	April 2008	1 st Quarter 2008	4 th Quarter 2007	3 rd Quarter 2007
Total (Prime & Subprime)	3.58% (100,159 loans)	3.60% (99,583 loans)	3.60% (89,913 loans)	3.35% (82,087 loans)
Prime	2.06% (46,758 loans)	2.05% (46,070 loans)	2.17% (47,892 loans)	2.01% (43,122 loans)
Subprime	10.13% (53,401 loans)	10.41% (53,513 loans)	9.57% (42,021 loans)	8.68% (38,965 loans)

Foreclosure Starts:

	April 2008	1 st Quarter 2008	4 th Quarter 2007	3 rd Quarter 2007
Total (Prime and Subprime)	7,629 loans	21,909 loans	22,104 loans	19,869 loans
Prime	2,752 loans	8,099 loans	8,945 loans	7,301 loans
Subprime	4,877 loans	13,810 loans	13,159 loans	12,568 loans

Foreclosure Sales:

	April 2008	1 st Quarter 2008	4 th Quarter 2007	3 rd Quarter 2007
Total (Prime and Subprime)	3,251 loans	9,181 loans	8,354 loans	8,043 loans
Prime	1,229 loans	3,690 loans	3,157 loans	2,949 loans
Subprime	2,022 loans	5,491 loans	5,197 loans	5,094 loans



HOPE NOW Membership

Counselors

- ACORN Housing Corporation
- Catholic Charities USA
- Citizens' Housing and Planning Association, Inc.
- Consumer Credit Counseling Service of Atlanta
- HomeFree- USA
- Homeownership Preservation Foundation
- Housing Partnership Network
- Mission of Peace
- Mississippi Homebuyer Education Center-Initiative
- Mon Valley Initiative
- Money Management International, Inc.
- National Association of Real Estate Brokers- Investment Division, Inc.
- National Council of La Raza
- National Credit Union Foundation
- National Foundation for Credit Counseling, Inc.
- National Urban League
- NeighborWorks America
- Rural Community Assistance Co.
- Structured Employment Economic Development Co.
- West Tennessee Legal Services, 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)
- HomEq Servicing
- HSBC Finance
- Indymac Bank
- LandAmerica Financial Group, Inc./LoanCare Servicing Center
- Litton Loan Servicing
- MERS
- 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

Servicers/Lenders/Mortgage Market Participants

- Acqura Loan Services
- Assurant, Inc.
- Aurora Loan Services
- Avelo Mortgage, LLC.
- Bank of America
- Carrington Mortgage Services
- Chase
- Citigroup, Inc.
- Countrywide Financial Corporation
- EMC Mortgage 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

HOMEOWNER'S HOPE
HOTLINE:

888-995-HOPE



Servicer Contact Numbers for Homeowners

Below are the customer contact telephone numbers of HOPE NOW servicer members. If you are a homeowner having trouble with your mortgage, please call your servicer's hotline for assistance (please have your account number ready when calling).

If you would like to talk to a HUD-approved homeownership counselor, please call the Homeowner's HOPE Hotline, 888-995-HOPE, operated by the Homeownership Preservation Foundation. Free counseling is available 24 hours a day, 7 days a week. You can also visit www.995hope.com for more assistance.

<u>Servicer</u>	<u>Hotline</u>
Aurora Loan Services	800-550-0509
Avelo Mortgage, LLC.	866-992-8356
Bank of America	800-846-2222
Carrington Mortgage Services	800-790-9502
CitiFinancial/Citi Trust Bank	800-422-1498
CitiMortgage/ Loss Mitigation	866-272-4749
CitiResidential Customer Care	800-430-5262
Countrywide Home Loans	800-669-6650
EMC Mortgage, Inc.	877-362-6631
First Horizon Home Loans	800-364-7662
GMAC/Homecomings/ResCap	800-799-9250
Home Loan Services, Inc. (d/b/a First Franklin Loan Services and NationPoint Loan Services)	800-500-5022
HomEq Servicing	888-270-6663
HSBC Consumer Lending	800-333-5848
HSBC Mortgage Services	800-365-6730
HSBC Mortgage Corporation	888-648-3124
Indymac Bank	800-880-6848
JPMorgan Chase Prime Loans	800-446-8939
JPMorgan Chase Non-Prime	877-838-1882
JPMorgan Chase Home Equity	866-582-5208
JPMorgan Chase Default HPO Help Line	866-345-4676
LandAmerica Financial Group	800-909-9525
Litton Loan Servicing	800-999-8501

Servicer**Hotline**

National City Mortgage Corporation	800-523-8654
Nationstar Mortgage, LLC.	888-480-2432
Ocwen Loan Servicing, LLC.	877-596-8580
Option One Mortgage Corporation	888-275-2648
Saxon Mortgage Services	888-325-3502
Select Portfolio Servicing	888-818-6032
SunTrust Mortgage, Inc.	800-443-1032
Washington Mutual, Inc.	866-926-8937
Wells Fargo Home Mortgage	877-216-8448
Wells Fargo Financial	800-275-9254
Wilshire Credit Corporation	888-917-1050



HOPE NOW Alliance 2008 Homeownership Preservation Workshops

The Homeownership Preservation Workshops are key outreach initiatives designed to allow homeowners at risk of foreclosure an opportunity to meet with their mortgage servicer and a local foreclosure counseling organization face-to-face.

In 3 months, the Alliance has held events in thirteen (13) cities across the country impacted by an increase in foreclosures. HOPE NOW servicers, Fannie Mae, Freddie Mac, local non profit counselors, mortgage insurers, and other industry partners have all contributed to the events' success. To date, the Alliance has met with over 4500 homeowners in need, many receive workout solutions and find the events very beneficial.

More borrowers will obtain assistance as we continue our efforts throughout 2008. The Alliance will be developing a schedule focused on the fall and winter of 2008 in coming weeks. For more information on Homeownership Preservation Workshops, contact Larry Gilmore at (202) 589-2444.

Date	Cities	State	# of Servicers	Borrowers Reached
March 3rd	Riverside	CA	10	227
March 5th	Anaheim	CA	10	267
March 7th	Stockton	CA	12	411
March 30th	Columbus	OH	12	170
April 1st	Philadelphia	PA	14	328
April 19th	Atlanta	GA	13	696
April 21st	Milwaukee	WI	10	501
April 22nd	Indianapolis	IN	14	312
April 24th	Chicago	IL	17	642
May 3rd	Memphis	TN	9	232
May 5th	Jacksonville	FL	12	237
June 9th	Dallas	TX		
June 10th	San Antonio	TX		
June 12th	Houston	TX		
July	Las Vegas	NV		
Total				4,023