

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Making Home Affordable Program on Pace to Offer Help to Millions of Homeowners Public Release of Data Provides Transparency on Servicer Performance

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**WASHINGTON** – Today, the Obama Administration released its first monthly Servicer Performance Report detailing the progress to date of the Making Home Affordable<sup>®</sup> (MHA) loan modification program. The purpose of the report is to document the number of struggling homeowners already helped under the program, provide information on servicer performance and expand transparency around the initiative.

On February 18, the Obama Administration announced its comprehensive plan to stabilize the U.S. housing market. Two weeks later on March 4, the Administration published detailed program guidelines and authorized servicers to begin modifications immediately. MHA provides \$75 billion for sustainable mortgage modifications through the Home Affordable Modification Program<sup>SM</sup> (HAMP<sup>SM</sup>).

MHA has made rapid progress in a few short months. Servicers covering more than 85 percent of loans in the country are already modifying loans under the program. More than 400,000 modification offers have been extended and more than 230,000 trial modifications have begun. This pace of modifications puts the program on track to offer assistance to up to 3 to 4 million homeowners over the next three years, our target on February 18.

Today's report discloses performance on a servicer-by-servicer basis in order to increase transparency for participating institutions. The data show that servicer performance has been uneven. The Administration has asked servicers to ramp up implementation to a cumulative 500,000 trial modifications started by November 1, 2009. This would more than double in three months the number of trial modifications started in the first five months of the program.

The Administration is taking additional steps to improve performance. On July 9, Treasury Secretary Tim Geithner and Housing and Urban Development Secretary Shaun Donovan wrote the CEOs of participating servicers calling upon them to redouble their efforts to increase staffing, improve borrower response times and streamline the application process. Senior Administration officials discussed the importance of these steps in a face-to-face meeting with servicer executives on July 28. The Administration will develop more exacting metrics to measure the quality of borrower experience, such as average borrower wait time for inbound inquiries, completeness and accuracy of information provided applicants, and response time for completed applications. As an additional protection for borrowers, the Administration has asked the program compliance agent, Freddie Mac, to develop a "second look" process to audit MHA modification applications that have been declined on an ongoing basis.

### Making Home Affordable

#### MHA On Pace to Offer Help to Millions of Homeowners

#### 1. Program On Pace to Help up to 3-4 Million Homeowners Over the Next Three Years

- More Than 230,000 Trial Modifications Started
- More Than 85 Percent of Mortgage Market Covered by Participating Servicers

#### 2. Performance Metrics Aimed at Improving Consistency of Servicer Performance

- Description of Metrics Used to Measure Servicer Performance
- Servicer Performance Metrics Show Uneven Progress in Implementation
- Target of 500,000 Cumulative Trial Modifications Started by November 1, 2009

#### 3. Public Report Increases MHA Program Transparency

#### 1. Program On Pace to Help up to 3-4 Million Homeowners Over the Next Three Years

- More Than 230,000 Trial Modifications Started

No program has previously attempted to modify so many mortgages at such affordable terms for borrowers. The Administration is seeing real results – modifications that provide long-term solutions for borrowers.

- o In 2008, 42 percent of modifications by the largest servicers lowered monthly payments. Under the MHA modification program, 100 percent of borrowers starting trial modifications have had their payments reduced.

- More Than 85 Percent of Mortgage Market Covered by Participating Servicers

- o Thirty-eight servicers have signed Servicer Participation Agreements (SPAs) to participate in the program. These 38 servicers service many types of loans, including Fannie Mae and Freddie Mac loans, private label loans and loans in portfolio.

- o Approximately 2300 servicers that service Fannie Mae and Freddie Mac loans are automatically participating in HAMP.

## 2. Performance Metrics Aimed at Improving Consistency of Servicer Performance

- Description of Metrics Used to Measure Servicer Performance

The Administration has established a servicer-by-servicer performance metric to enhance overall program performance.

- o The report includes the absolute number of trial modifications begun by each servicer.
- o The report also includes a simple performance metric which measures each servicer's performance relative to an estimate of the servicer's HAMP eligible loans.
  - The performance metric used in the report is trial modification starts as a share of estimated HAMP eligible loans.
  - Many loans are eligible for HAMP that are not included in the estimated HAMP eligible loans in the public report, including current borrowers in imminent default.
  - This measure of estimated HAMP eligible loans was developed solely to provide a common denominator across which to compare performance of servicers.

- Servicer Performance Metrics Show Uneven Progress in Implementation

The metric measuring comparative servicer performance shows uneven ramp-up, and substantial variation in the pace of modifications. To improve performance, the Administration has asked servicers to commit to starting 500,000 trial modifications by November 1, 2009 and to establishing exacting metrics to monitor servicer specific program performance.

## 3. Public Report Increases HAMP Program Transparency

Today's report will provide transparency into program results on a servicer specific basis.

- Reports Will Be Issued on a Monthly Basis

The Administration expects to issue reports detailing the progress of modifications under the HAMP program each month. This report will be updated to include additional metrics and results as the program progresses and more data becomes available.

The Servicer Performance Report is available here: [http://www.treas.gov/press/releases/docs/MHA\\_public\\_report.pdf](http://www.treas.gov/press/releases/docs/MHA_public_report.pdf) 

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