

U.S. DEPARTMENT OF THE TREASURY

Press Center



Obama administration Kicks off Mortgage Modification Conversion Drive

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WASHINGTON – The U.S. Department of the Treasury and Department of Housing and Urban Development (HUD) today kick off a nationwide campaign to help borrowers who are currently in the trial phase of their modified mortgages under the Obama Administration's Home Affordable Modification ProgramSM (HAMPSM) convert to permanent modifications. The modification program, which has helped over 650,000 borrowers, is part of the Administration's broader commitment to stabilize housing markets and to provide relief to struggling homeowners and is a primary focus of financial stability efforts moving forward. Roughly 375,000 of the borrowers who have begun trial modifications since the start of the program are scheduled to convert to permanent modifications by the end of the year. Through the efforts being announced today, Treasury and HUD will implement new outreach tools and borrower resources to help convert as many trial modifications as possible to permanent ones.

"We are encouraged by the pace at which trial modifications are now being made to provide immediate savings to struggling homeowners," said the new Chief of Treasury's Homeownership Preservation Office (HPO), Phyllis Caldwell. "We now must refocus our efforts on the conversion phase to ensure that borrowers and servicers know what their responsibilities are in converting trial modifications to permanent ones." In her new role, Caldwell will lead HPO's conversion drive efforts.

"Encouraging borrowers to move through the process of converting trial modifications to permanent modifications remains a top priority for HUD," said HUD Assistant Secretary for Housing and FHA Commissioner David Stevens. "As a part of our continuing efforts to improve the execution of the HAMP program, HUD is committed to working with servicers, borrowers, housing counselors and others dedicated to homeownership preservation to improve the transition of distressed homeowners into affordable and sustainable mortgages."

With tens of thousands of trial modifications being made each week, the Administration is now working to ensure that eligible borrowers have the information and the assistance needed to move from the trial to the permanent modification phase. (All mortgage modifications begin with a trial phase to allow borrowers to submit the necessary documentation and determine whether the modified monthly payment is sustainable for them.) As the first round of modifications convert from the trial to permanent phase, the Administration has identified several strategies for addressing the challenges that borrowers confront in receiving permanent modifications.

In addition to the conversion drive that kicks off today, the Obama Administration has already taken several steps to make the transition from trial to permanent modification easier and more transparent by:

- Extending the period for trial modifications started on or before September 1st to give homeowners more time to submit required information;
- Streamlining the application process to minimize paperwork and simplify the submission process; meeting regularly with servicers to identify necessary improvement to borrower outreach and responsiveness;
- Developing operational metrics to hold servicers accountable for their performance, which will soon be reported publicly;
- Enhancing borrower resources on the MakingHomeAffordable.gov website and the Homeowner's HOPETM Hotline (888-995-HOPE) to provide direct access to tools and housing counselors.

The Mortgage Modification Conversion Drive will include the following:

- **Service Accountability.** As part of the Administration's ongoing efforts to hold servicers accountable for their commitment to the program and responsibility to borrowers, the following measures will be added
 - Top servicers will be required to submit a schedule demonstrating their plans to reach a decision on each loan for which they have documentation and to communicate either a modification agreement or denial letter to those borrowers. Treasury/Fannie Mae "account liaisons" are being assigned to these servicers and will follow up daily as necessary to monitor progress against the servicer's plan. Daily progress will be aggregated by the end of each business day and reported to the Administration
 - Servicers failing to meet performance obligations under the Servicer Participation Agreement will be subject to consequences which could include monetary penalties and sanctions.
 - The December MHA Servicer Performance Report will include the data on permanent modifications as well as the number of active trial period modifications that may convert by the end of the year if all borrower documents are successfully submitted, sorted by servicer and date.
 - Servicers will be required to report to the Administration the status of each modification to provide additional transparency about situations where borrowers face obstacles to moving to the permanent phase.
- **Web tools for borrowers.** Because the document submission process can be a challenge for many borrowers, the Administration has created new resources on www.MakingHomeAffordable.gov to simplify and streamline this step. New resources include:
 - Links to all of the required documents and an income verification checklist to help borrowers request a modification in four easy steps

- o Comprehensive information about how the trial phase works, what borrower responsibilities are to convert to a permanent modification, and a new instructional video which provides step by step instruction for borrowers
- o A toolkit for partner organizations to directly assist their constituents
- o New web banners and tools for outreach partners to drive more borrowers to the site and Homeowner's HOPE™ Hotline (888-995-HOPE).
- Engagement of state, local and community stakeholders. Through the conversion drive, the Administration is engaging all levels of government - state, local and county – to both increase awareness of the program and expand the resources available to borrowers as they navigate the modification process.
 - o HUD will engage staff in its 81 field offices to distribute outreach tools. HUD will also encourage its 2700 HUD-Approved Counseling Organizations to distribute outreach information to participating borrowers.
 - o By engaging the National Governors Association (NGA), National League of Cities (NLC) and National Association of Counties (NACo) the Administration is connecting with the thousands of state, local, and county offices on the frontlines in large and small communities across the country who are hardest hit by the foreclosure crisis. These offices will now have the tools to increase awareness of the program, connect with and educate borrowers and grassroots organizations on how to request a modification and take the additional steps to ensure they are converted to permanent status; and serve as an additional trusted resource for borrowers who are facing challenges with the program.
 - o In partnering with the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, state regulators will now have enhanced tools to assist borrowers who are facing challenges in converting to a permanent modification and to report to the Administration on the progress and challenges borrowers and servicers are facing on the ground. Regulators will also be empowered to work directly with escalation and compliance teams to ensure that HAMP guidelines are consistently applied.

More information about the Obama Administration's mortgage modification program can be found at www.MakingHomeAffordable.gov.

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