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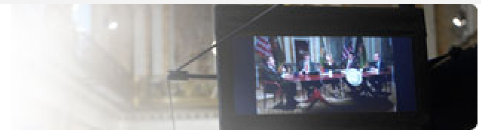

Phyllis R. Caldwell, Chief of the Treasury Homeownership Preservation Office Written Testimony before the House Committee on Oversight and Government Reform Domestic Policy Subcommittee

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“Foreclosures Continue:
What Needs to Change in the Administration’s Response”

Chairman Kucinich and Ranking Member Jordan, thank you for the opportunity to testify today on the Administration's comprehensive initiatives to stabilize the U.S. housing market and support homeowners. We recently marked the one-year anniversary of President Obama's Administration and the launch of Making Home Affordable© (MHA). Making Home Affordable is a key part of the Administration's broad housing initiatives, which have had a substantial impact in helping to stabilize the U.S. housing market and prevent avoidable foreclosures. The Home Affordable Modification Program SM (HAMP SM) is one of the central parts of Making Home Affordable. In one year, HAMP has made significant progress, achieving rapid implementation of the first nationwide mortgage modification program designed to prevent avoidable foreclosures. However, challenges remain and we need to do more to help American homeowners. HAMP was designed to be dynamic, and we continue to work to improve the program's efficiency and scope.

Unlike any previous foreclosure-mitigation effort, HAMP defines a standard for an affordable and sustainable modification across the industry, set at 31% of gross monthly income. Over 100 servicers are participating in HAMP. These servicers, when combined with thousands of Fannie Mae and Freddie Mac servicers participating in the program, service nearly 90% of eligible outstanding mortgage debt in all 50 states, the District of Columbia, and the U.S. territories. Nearly one million borrowers are now in trial or permanent modifications, with median savings of over $500 per month in mortgage payments. In aggregate, HAMP modifications have saved American homeowners over $2.2 billion already. Over 116,000 homeowners have permanent modifications, an additional 76,000 have pending permanent modifications, and the rate of conversions from temporary to permanent modifications continues to increase. HAMP is providing critical assistance to borrowers experiencing a range of financial hardships and who would otherwise be facing the loss of their homes.

HAMP is an important part of the Administration's broader, multi-pronged effort to stabilize the housing market. We have provided broad support to Fannie Mae and Freddie Mac to ensure confidence in those institutions and continued access to affordable mortgage credit across the market. Together, the Treasury Mortgage-Backed Securities (MBS) purchase program and the Federal Reserve have purchased over $1 trillion in agency MBS, helping to keep interest rates at historic lows. Millions of Americans have been able to refinance their mortgages into lower rate, 30-year fixed-rate mortgages, saving an average of $1,500 per year on a refinance . Thanks to the recently extended homebuyer tax credit, more Americans are now able to re-enter the housing market and stem the slide in home values. Through HUD's Neighborhood Stabilization Program, hundreds of communities across the country are taking important steps to restore and maintain properties in neighborhoods hardest hit by concentrated foreclosures and home price declines. Finally, the Administration last Friday announced that it will allocate $1.5 billion to work with state housing finance agencies (HFAs) to help address the foreclosure problems in the five states that have been hit the hardest by the aftermath of the burst of the housing bubble, as measured by housing prices.

There are clear signs that our efforts are having a substantial impact. While there are still risks, we are seeing signs of stabilization in housing, as housing inventories continue to fall. House prices, measured on a year-over-year basis, are declining less rapidly, with some house price measures posting increases in recent months. According to data just released by the Mortgage Bankers Association on February 19, 30-day delinquency rates on one-to-four unit residential mortgages fell in the fourth quarter along with the number of new foreclosures started.

We continue to improve HAMP implementation, understanding that we face many challenges: reaching more borrowers who are eligible for the program, but who often don't know how to get help or are not starting trial modifications even when approved; helping more borrowers in trial modifications convert to permanent modifications so sustainable help can be offered; and continuing to improve transparency and the borrower experience, so the public can be confident the program is assisting eligible homeowners as intended.

Over the past months, we have released guidance designed to enhance the implementation of HAMP and to maximize the capacity of the program to assist eligible borrowers. In December, we launched a comprehensive conversion drive to ensure that borrowers in trial periods submitted complete documentation and received a final decision from the servicer in a timely manner.

HAMP is Achieving Real Results: Over One Million Homeowners Have Started Trial Modifications

When President Obama's modification initiative was launched in February 2009, we estimated that the program would provide a second chance for up to three to four million borrowers through the end of 2012. We are on pace to meet that goal.

Through the end of January, servicers report they have reached out to approximately 1.3 million borrowers to offer them an opportunity to be considered for HAMP, and sent out over 3.5 million letters containing information about HAMP to potentially eligible borrowers. Cumulatively, more than 1 million borrowers have started trial modifications since the program's inception. Through January, over 116,000 borrowers have received permanent modifications and more than 76,000 offers of permanent modifications have been sent to borrowers and are awaiting acceptance by the borrowers. Borrowers in permanent modifications have median savings of over $500 per month in mortgage payments.

HAMP mortgages provide significant relief in the near-term and noteworthy affordability for the long-term. Initially, borrowers benefit from a payment reduction to 31% of their gross monthly income. After five years, the rate steps up gradually to the prevailing interest rate at the time the modification became permanent, currently at historic lows. As a result, borrowers in permanent modifications will benefit from long-term affordability.

In addition, as we review the causes of hardship among borrowers in permanent modifications, we find that the majority of permanent modifications – approximately 57% – are helping people who have experienced a curtailment in income, for example, a reduction in hours or wages, or the unemployment of a spouse.

Though the modification program is making significant progress, we need to do more. We continue to work with servicers to improve their capacity to both evaluate eligible borrowers and provide conversion decisions in a timely manner. Since the announcement of the conversion campaign in December, the pace of conversions has doubled month-over-month. With the release of new program guidance at the end of January that requires greater upfront documentation, we took steps to ensure that the program does not experience a backlog of trial modifications going forward.

HAMP is One Component of the Administration's Overall Response to the Mortgage Crisis

On February 18, 2009, the Administration announced the *Homeowner Affordability and Stability Plan* – a broad set of programs, of which HAMP is a key component, designed to stabilize the U.S. housing market and help keep homeowners in their homes.

The Administration has taken broad action to stabilize the housing market, including providing support for mortgage affordability across the market. The Federal Housing Administration has played an important counter-cyclical role, stepping up with improved liquidity for housing purchases at a time when private lending declined. Continued support for Fannie Mae and Freddie Mac and the Treasury's Mortgage-Backed Securities (MBS) purchase program, along with MBS purchases by the Federal Reserve have helped to keep interest rates at historic lows. For example, on a median house purchase of $200,000, a one-percent reduction in the interest rates on a purchase or refinance saves a family over $120 per month – $1,500 per year – for the 30-year life of the loan – real help for America's homeowners.

The Administration also recognized that while many homeowners were paying their mortgages on time, they might not be able to refinance to take advantage of today's lower mortgage rates due to a decrease in the value of their homes. As part of MHA, the Administration announced expanded refinancing flexibilities for the GSEs, as well as the Home Affordable Refinance Program (HARP) for homeowners with mortgages up to 125% of the current value of their homes. Historically low interest rates along with expanded GSE refinancing flexibilities have helped over four million borrowers to refinance over the past year, many of whom would have otherwise not been able to refinance. Homeowners are saving an estimated $150 per month on average from each refinance and have saved more than $6.8 billion in total.

The Housing Finance Agencies Initiative announced on October 19, 2009, implemented under the Housing and Economic Recovery Act of 2008, supports state and local housing finance agencies in providing sustainable homeownership and rental resources for working Americans in all 50 states. The First Time Homebuyer Tax Credit has helped hundreds of thousands of Americans purchase homes. The American Recovery and Reinvestment Act of 2009 supported the Low Income Housing Tax Credit market by creating an innovative Tax Credit Exchange Program (TCEP) and providing gap financing through the HUD Tax Credit Assistance Program (TCAP). In combination, these two programs are estimated to provide over $5 billion in support for affordable rental housing.

The Recovery Act provided $2 billion in support for the Neighborhood Stabilization Program (NSP) in addition to $4 billion provided for the program in the Housing and Economic Recovery Act. The Recovery Act funds were awarded on a competitive basis, designed to rebuild value in areas struggling with foreclosures and blight. These targeted funds were distributed nationwide, but with a strong emphasis on cities most in need and with the strongest capacity to rebuild. The five states that received the highest per-capita awards under NSP were: Michigan ($224 million); Florida ($348 million); Arizona ($117 million); Ohio ($175 million); and Illinois ($160 million).

Last Friday, the Administration announced plans to allocate $1.5 billion from TARP to work with state housing finance agencies (HFAs) to help address the housing problems in the states that have been hit the hardest by the aftermath of the burst of the housing bubble. The states that received funding are those which had average housing price declines of over 20% since the peak, and the allocation among those states is based on house price decline and the unemployment rate in each state. Eligible HFAs may use the funding on a number of programs to support homeowners and prevent avoidable foreclosures, including programs to target unemployed borrowers, programs to lighten the burden of negative equity, and programs to address challenges arising from second liens.

HAMP Guiding Principles

HAMP is built around three core concepts, designed to help the large segment of at-risk homeowners where foreclosure is both avoidable and where the homeowner wants to stay in the home.

First, the program focuses on affordability, in an effort to ensure that borrowers who want to remain in their homes will be able to afford the modified mortgage payment structure. Every modification under the program must lower the borrower's monthly mortgage payment to 31% of the borrower's monthly gross income. The borrower's modified monthly payment of 31% debt to income (DTI) will remain in place for five years, provided the borrower remains current. We believe HAMP creates newly modified loans that homeowners can both afford and understand.

Second, HAMP's "pay for success" structure aligns the interests of servicers, investors and borrowers in ways that encourage loan modifications that will be both affordable for borrowers over the long term and cost-effective for taxpayers. HAMP offers "pay for success" incentives to servicers, investors and borrowers for successful modifications. Servicers receive an up-front payment of $1,000 for each successful modification after completion of the trial modification period, and "pay for success" fees of up to $1,000 per year for three years, provided the borrower remains current. Homeowners may earn up to $1,000 towards principal reduction each year for five years if they remain current and pay on time. HAMP also matches reductions in monthly payments dollar-for-dollar with the investor from 38% to 31% DTI. This requires the investor to take the first loss in reducing the borrower payment down to a 38% DTI, ensuring that investors share in the burden of achieving affordability. To encourage the modification of current loans expected to default, HAMP provides additional incentives to servicers and investors after current loans are modified.

Third, participating servicers are required to evaluate every eligible loan using a standard Net Present Value (NPV) test. If the test is positive, the servicer must modify the loan. This requirement both ensures that modifications are economically beneficial and helps prevent mortgage servicers from engaging in "adverse selection" and denying assistance to borrowers at greater risk of foreclosure.

HAMP Goals and Structure

Today, many borrowers are delinquent on their mortgages, on the verge of default, or are facing foreclosure due to one or more of the following reasons:

- Some were put in unsustainable loans;
- Many have seen their incomes decline;
- And some just bought too much home in the hopes of being able to refinance or sell after further appreciation.

HAMP is designed to help an important segment of these borrowers who are currently at-risk of foreclosure or who will be at risk prior to the end of 2012. The program is targeted to help homeowners who:

- Occupy their home as their primary residence;
- Have a loan balance less than $729,750;
- Took out their mortgage prior to Jan. 1, 2009;
- Have a mortgage payment that is greater than 31% of their gross monthly income; and
- Can afford to make a reasonable payment on a modified mortgage.

For the millions of homeowners who may be eligible for HAMP, the program provides a critical opportunity to stay in their homes, and as a result it is helping to maintain stability in communities across the country. However, it will not reach the many borrowers who do not meet the eligibility criteria and was not designed to help every struggling homeowner. We unfortunately should expect millions of foreclosures that HAMP cannot prevent due to long-term unemployment, jumbo mortgages, and other factors, as President Obama made clear when he announced the program last February.

Implementing a Comprehensive Compliance Framework

The HAMP Compliance Program is designed to ensure that servicers are satisfying their obligations under the HAMP Servicer Participation Agreements (SPAs).

Freddie Mac is the Compliance Agent for HAMP and has established a separate and independent division to conduct its compliance activities, named MHA-C. Treasury works closely with MHA-C to design and refine the compliance program and conducts quality assessments of the activities performed by MHA-C. Four major activities comprise the compliance program, which are conducted by MHA-C using an integrated and risk-based approach. The four activities include:

- On-site Reviews – These reviews consist of assessing servicers' internal controls and processes associated with the implementation of HAMP requirements.
- Loan file Reviews – These reviews are conducted on-site or off-site with the purpose of:

o Assessing whether the documentation in the loan file supports the servicers' conclusion regarding HAMP eligibility; and o Comparing selected information in the loan files with data in the servicers' systems and *IR2*, the database containing HAMP loan-level information.

- NPV testing and assessments – These assessments consist of testing servicers' proprietary systems to determine if HAMP NPV requirements were appropriately implemented. Because NPV calculations are a key component to eligibility, Treasury requires servicers to participate in NPV testing with MHA-C before using the servicers' own applications. MHA-C has created a pre-implementation testing mechanism as well as a post-implementation compliance regime to help ensure servicers' NPV calculations and processes meet HAMP requirements.
- Targeted Reviews – These reviews focus on one or more specific processes or types of reviews listed above based on compliance trends, risk analysis or actual compliance activities results.

MHA-C has reported in servicer reviews that quality control activities, anti-fraud programs and other internal controls specific to HAMP continue to develop as the servicers' HAMP-related processes mature during their implementation of the program. Generally, MHA-C has found that servicers are following HAMP guidelines. Where anomalies occur, Treasury assesses the severity based on information provided by MHA-C as well as other sources and determines further courses of action.

Testing of each servicer's NPV process before implementation, as described above, requires the servicers' results to be within strict thresholds of NPV processes. In addition, Freddie Mac conducts post-implementation NPV process reviews. These reviews have found some anomalies at servicers. Based on the anomalies, servicers are required to revert to the NPV tool available through the HAMP portal to ensure borrowers are not disadvantaged.

Stages of HAMP Implementation

HAMP has established a national, standardized modification program--one that has led the way in setting an industry standard for affordable and sustainable mortgage modification. HAMP has been a catalyst for change by incentivizing servicers to develop the capacity and resources necessary to execute modifications on a large scale. In addition, HAMP's eligibility criteria and standardized way of looking at applications created for the first time a systematic and quantitative framework for evaluating large numbers of individual borrowers for modifications. Nearly 90% of the outstanding mortgage debt in the country is now covered by HAMP. In the last quarter of 2009, the number of participating servicers increased from 63 to 102 and is now 110. In addition, about 2,300 lenders servicing loans owned or guaranteed by Fannie Mae or Freddie Mac are required to consider those loans for HAMP.

To provide a context for the evolution of HAMP, it is important to remember that p rior to its establishment, there was a lack of industry consensus on standards for valuing mortgage modifications within the loss mitigation waterfall. This meant that the industry neither agreed on nor possessed a standard process for mortgage modifications, an affordability standard or standard timelines by which modifications would be processed. By setting affordability standards, sound underwriting guidelines, a waterfall approach (which refers to a specific sequence of steps to follow when modifying a loan), and a defined timeframe for responding to modification requests, HAMP has begun to systematize across servicers the method and process for modifying loans. This has brought more efficiency and transparency to modifications, though challenges clearly remain.

Below, we provide further details about the progress of HAMP implementation and how Treasury continues to update HAMP guidance.

March through November 2009: HAMP Ramp Up

The MHA programs were announced on February 18, 2009 and detailed guidelines for HAMP modifications were released on March 4, 2009. Supplemental Directive 09-01: *Introduction of the Home Affordable Modification Program* was released on April 6, 2009. The first servicer agreements to participate in HAMP were signed by servicers beginning in April 2009.

<u>Building Capacity and Meeting Demand:</u>

During the first several months of the program, Treasury and its financial agent, Fannie Mae, focused on signing servicers up for HAMP and expanding the reach of the program into all sectors of the mortgage market – GSE, private label securities, and portfolio mortgages.

During the early months of the program, we urged servicers to quickly ramp up operations, expand their call centers and build out their support staff. By July 2009, about 20,000 to 25,000 homeowners were starting trial modifications each week. In July, we set the goal of 500,000 trial modifications started by November 1. The program surpassed that goal in early October – nearly one month ahead of schedule.

<u>Comprehensive Outreach – 2009</u>

Treasury launched an aggressive borrower outreach campaign focusing on raising awareness, educating partners and the general public, and housing counselor training. In June, Treasury began an aggressive multi-city outreach tour which started in Miami, and has now been to over 23 cities reaching over 25,000 borrowers. These events include counselor training seminars, partner roundtables with community leaders and locally elected officials, and events for borrowers to meet with servicers and counselors to determine whether they are eligible and, if so, submit their HAMP application documents.

In addition, Treasury also developed the MakingHomeAffordable.gov website as the main portal for borrowers, counselors, and others to learn about the program and obtain the necessary paperwork to complete a modification request.

Continued Implementation

We have also continued to implement the various parts of HAMP, including:

- **Home Price Decline Payments** – In May 2009 the Administration announced that HAMP would include Home Price Decline Protection (HPDP) incentives, designed to provide additional incentives for modifications where home price declines have been most severe . On July 31, 2009, we announced detailed guidelines for implementing HPDP. Servicers were required to include the HPDP incentives in their NPV calculations as of September, allowing more borrowers in the geographic areas hardest hit by home price declines to obtain modifications.

[See *Supplemental Directive 09-04: Home Price Decline Protection Incentives*]

- **Second Lien Program** – In April 2009, the Administration announced the Second Lien Modification Program (*2MP*), which creates a comprehensive solution to help borrowers achieve greater affordability by lowering payments on both first lien and second lien mortgage loans. In addition to providing the basis for lien holders to share the cost of modifications, 2MP also supports efforts to reduce total borrower indebtedness by providing the option for second lien holders to receive lump sum payments to extinguish liens entirely. Through this option, borrowers may be able to improve their equity position.

Servicers of a majority of second liens in the country have committed to participate in 2MP. As part of 2MP, we have developed a new technology platform that will allow first and second liens on the same property to share information – an innovation in the mortgage servicing industry that will improve transparency in the market as a whole.

[See *Supplemental Directive 09-05: Introduction of the Second Lien Modification Program*]

- **Enhanced Data Collection** – In September 2009, we announced additional details and guidelines defining servicers' data collection responsibilities. Servicers are, among other things, required to collect data on the race and ethnicity of borrowers that may provide insights into the program's effect on different communities. Additionally, servicers were required to establish data fields indicating reasons why borrowers were not approved for the HAMP, which is a critical aid to verifying that servicers have complied with program rules.

[See *Supplemental Directive 09-06: Data Collection and Reporting Requirements Guidance*]

- **Streamlined Documentation** – On October 8, 2009, Treasury announced streamlined documentation requirements to simplify and speed up the modification process for both borrowers and servicers. This streamlined application process implements internet capabilities that allow borrowers to fill-in, download and print standardized documents to send to their servicer.

[See *Supplemental Directive 09-07: Streamlined Borrower Evaluation Process*]

- **Required Written Non-Approval Notices** – On November 3, 2009, Treasury issued guidance to require that written borrower notices, providing specific details about the reason for non-approval and contact information to follow-up on or appeal the decision, be sent to every borrower that has been evaluated for HAMP but is not offered a trial modification or a permanent HAMP modification. Borrower notices improve the quality of communication with servicers and provide borrowers with information about appealing a non-approval decision.

[See *Supplemental Directive 09-08: Borrower Notices*]

Foreclosure Alternatives – First announced in May 2009, foreclosure alternatives, known as short sales and deeds-in-lieu, are a key component of MHA. On November 30, 2009, Treasury published detailed guidance for the Foreclosure Alternatives program. This guidance requires servicers to commit to a written policy determining how short sales or deeds-in-lieu will be offered under this program. This program streamlines the short sale and deed-in-lieu processes, and offers incentives to lenders and borrowers for pursuing these alternatives to foreclosure .

[See *Supplemental Directive 09-09: Introduction of Home Affordable Foreclosure Alternatives* SM]

Conversion Campaign: December 2009- January 2010

On November 30, 2009, Treasury launched a comprehensive conversion campaign focused on reaching homeowners who are eligible for permanent mortgage modifications. The mortgage modification conversion drive included several key elements:

- We required the seven largest HAMP servicers (representing nearly 90% of all trial modifications) to submit conversion plans demonstrating their ability to reach a decision on each loan for which they have documentation and to communicate a decision to those borrowers on or before January 31, 2010. We also required HAMP servicers to submit their strategy for obtaining documentation from borrowers who are currently making payments under a trial modification but have not submitted all of their documentation. Treasury reviewed the adequacy of these plans and required servicers to correct any deficiencies.
- Treasury and Fannie Mae staff were assigned to perform on-site reviews at the top seven servicers. The embedded teams monitored daily progress against the servicers' plans and helped resolve policy issues that were impeding the conversion process. Daily progress was aggregated at the end of each business day and reported to the Administration.
- We also enhanced communication tools for borrowers on our website to make conversion easier. Newly added features include: an instructional video, which provides step by step instructions for borrowers; links to all of the required documents and an income verification checklist to help borrowers request a modification in four easy steps; a conversion guide for borrowers who are in a trial modification; and an outreach toolkit for housing counselors, and state, local and community leaders to use in their direct outreach to constituents.
- To help facilitate these direct outreach activities, Treasury engaged all levels of government to both increase awareness of the program and expand their available resources to borrowers as they navigate the modification process. We have been working with groups including the National Governors Association (NGA), National League of Cities (NLC) and National Association of Counties (NACo) to connect with thousands of offices stationed on the frontlines in large and small communities across the country that have been hardest hit by the foreclosure crisis.

As a result of our implementation efforts, the number of borrowers entering into permanent modifications almost quadrupled from just over 30,000 at the beginning of December to over 116,000 permanent modifications and 76,000 pending permanent modifications at the end of

January.

Upfront Documentation

At the end of January, Treasury released Supplemental Directive 10-01: *Program Update and Resolution of Active Trial Modifications* , which requires more income documentation prior to beginning a trial modification. A simple and standard package of documents will be required prior to the servicer's evaluation of the borrower for a trial modification. This process will be required for all new HAMP modifications that become effective after June 1, although mortgage servicers may implement it sooner.

Reaching Borrowers, Bankruptcy, and Foreclosure

Treasury anticipates releasing guidance soon which will include a set of improved protections for borrowers in the HAMP mortgage modification program. Notably, the package will standardize outreach required to borrowers who fall behind in their mortgages, and make an offer to include them in HAMP if they qualify. Changes would likely be incorporated as the HAMP program moves to upfront documentation requirements this spring.

HAMP guidelines have always prohibited homes from going to foreclosure sale while borrowers are being evaluated for a modification. Foreclosure processes differ among states, and the process is often confusing to homeowners already facing distress. Treasury has been reviewing guidelines around outreach and the foreclosure process as part of its continual assessment of program effectiveness and transparency.

Improving Transparency

As more detailed data is collected from servicers and validated through Treasury's data processing systems, Treasury intends to release reports with greater detail on servicer performance. Later this year, the public reports will include operational metrics to measure the performance of each servicer in categories such as average time to pick up incoming borrower calls and the percent of borrowers personally contacted.

Transparency of the NPV model – a key component of the eligibility test – is also important. Treasury has worked to increase understanding of the NPV model among housing advocates, consumer groups, and the general public. The program's administrative website, www.HMPadmin.com, contains two documents – an NPV white paper and more in-depth documentation of the current NPV Base Model – that are publicly available for download. These documents provide extensive details describing the model's analytical framework and equations.

Additionally, guidance issued in November 2009 requires servicers to report a list of certain input fields used in a borrower's NPV test if the borrower (or the borrower's advocate) requests those values within 30 calendar days of receiving a notice of non-approval. The servicer must provide the inputs to the borrower within 10 calendar days of the request and the servicer may not complete a foreclosure sale until 30 calendar days after delivering the NPV values to the borrower. This will allow the borrower time to make a request to correct any values that may have been inaccurate.

Treasury is continuing to work on ways to increase access to a functional NPV model for housing counselors. One of the key challenges here is creating a standardized, broad-based online tool that accurately approximates the results of a specific servicer's NPV test, which relies on certain proprietary information. An inaccurate public model is of limited use to counselors as a tool to screen borrowers, and it may also confuse rather than inform the public about the HAMP NPV test. With these challenges in mind, we continue to explore options for a counselor tool. We are meeting with housing counselors to discuss their concerns and provide them with the tools they need to assist distressed homeowners applying for modifications.

Borrower Portal

In early 2010, HUD-approved housing counselors will be able to take advantage of web capabilities offered by HOPE NOW's new web portal – the HOPE LoanPort. According to HOPE NOW, the new portal will allow counselors to help borrowers collect the necessary HAMP documents, upload the completed package directly to servicers and track the status of a borrower's application.

Borrower Outreach 2010

As we enter 2010, we have strengthened our outreach activities in an effort to reach even more borrowers, and to prompt them to seek help more quickly. In the spring, Treasury will be launching a Public Service Announcement (PSA) campaign in partnership with the Ad Council. This campaign will feature PSAs on television, radio, outdoor signage, and the Internet, as well as flyers and other print promotional materials.

An important part of our 2010 outreach is the continuation of our multi-city outreach tour. To reach more borrowers even more efficiently, we are working collaboratively with Fannie Mae, Freddie Mac, HOPE NOW, and NeighborWorks America. 2010 events include, but are not limited to, stops in the following cities:

- Ft. Myers and Ft. Lauderdale, Florida
- Sacramento, San Bernardino, and Anaheim, California
- Reno and Las Vegas, Nevada

- Phoenix and Tucson, Arizona
- Houston, Texas
- Seattle, Washington
- Portland, Oregon

For 2010, we are trying to go deeper and broader into markets where we can make a real difference. Too many homeowners wait until they are 60 or 90 days delinquent before they raise a hand for help. And too many homeowners are being duped by scam artists who offer limited help or make matters worse. We want to reach people earlier and get them to reach back earlier, so they can get the help they need to avoid foreclosure.

Conclusion

HAMP continues to improve and we still have much work to do in reaching borrowers and improving program efficiency. In January, the number of permanent modifications increased to more than 116,000 with an additional 76,000 offers of permanent modifications sent to borrowers. There have been nearly 1.3 million trial modification offers extended with over 1 million trial plans started since the program's inception. With each modification, the typical borrower saves over $500 per month, translating to more than $2.2 billion so far in aggregate savings from trial and permanent modifications.

The program, however, is not designed to prevent every foreclosure. HAMP does not offer assistance to investors and speculators nor is it available to wealthier Americans, defaulters in vacation homes, or borrowers who walked away. It is one part of a comprehensive Administration housing policy that in aggregate has reached millions of borrowers through providing opportunities for modifications, refinancings, new home purchases, and more stable neighborhoods and home prices. The goal of HAMP is to provide responsible homeowners eligible for the program a second chance to stay in their homes. HAMP has had a significant impact in reaching those struggling homeowners. Overall, the Administration's broad housing policies over the past year have helped to stabilize the housing market and prevent avoidable foreclosures. The outlook in the housing sector now depends largely on the continued improvement in the larger economy. We are starting to see signs of housing market stabilization and look forward to continued progress in the housing market.