

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Obama Administration Releases May Housing Scorecard Featuring New Making Home Affordable Servicer Assessments, Regional Spotlight on Phoenix Housing Data

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**Administration finds Bank of America, J.P. Morgan Chase, Ocwen Loan Servicing, Wells Fargo in Need of Substantial Improvement under Making Home Affordable Program; Begins Withholding Financial Incentives for Three Servicers**

**WASHINGTON** - The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of the Treasury today released the May edition of the Obama Administration's Housing Scorecard. New to this month's report are detailed assessments for the 10 largest mortgage servicers participating in the Administration's Making Home Affordable Program, setting a new industry benchmark for disclosure on servicer assistance to struggling homeowners. In addition to providing greater transparency about servicer performance in the program, the new assessments are intended to prompt mortgage servicers to correct identified deficiencies to improve program implementation and more effectively reach eligible homeowners.

"While we continue to get tens of thousands of new homeowners into mortgage modifications each month, we need servicers to step up their performance to meet the needs of those still struggling," said acting Treasury Assistant Secretary for Financial Stability Tim Massad. "These assessments set a new benchmark by providing an unprecedented level of disclosure around servicer performance and will serve to keep the pressure on servicers to more effectively assist struggling families."

Since the inception of the Making Home Affordable Program, Treasury has required participating servicers to take specific actions to improve their servicing processes. The new Servicer Assessments summarize performance for the 10 largest Making Home Affordable participating servicers from reviews largely conducted throughout the first quarter of 2011 on three categories of program implementation: identifying and contacting homeowners; homeowner evaluation and assistance; and program reporting, management and governance.

Based on the reviews for this quarter, four servicers have been identified as needing substantial improvement and six servicers have been identified as needing moderate improvement. The servicers identified as in need of substantial improvement are:

- Bank of America, NA;
- J.P. Morgan Chase Bank, N.A.;
- Ocwen Loan Servicing, LLC; and
- Wells Fargo Bank, N.A.

While servicers are required to address all instances of non-compliance, beginning this month, the Treasury Department is withholding financial incentives for three servicers: Bank of America, NA; J.P. Morgan Chase Bank, NA; and Wells Fargo Bank, N.A. Treasury will not withhold financial incentives owed to Ocwen Loan Servicing, LLC for this quarter as their compliance results were substantially and negatively affected by a large servicing portfolio acquired during the compliance testing period.

Details on the review process and more information on the Administration's Servicer Assessments, which will be issued on a quarterly basis, can be found at [link](#).

As the Administration is taking additional steps to push servicers to provide more effective assistance to struggling homeowners through its foreclosure prevention programs, the continued fragility of the housing market demonstrates the need for the Administration's recovery efforts in hard hit communities:

- **The Administration's efforts have helped millions of families deal with the worst economic crisis since the Great Depression.** More than 4.8 million modification arrangements were started between April 2009 and the end of March 2011. While some homeowners may have received help from more than one program, the total number of agreements offered more than doubled the number of foreclosure completions for the same period (2 million). In April, 29,000 homeowners received a trial HAMP modification, and 29,000 additional homeowners received a permanent modification with a median payment reduction of 37 percent—or more than \$500 every month. [View the May HAMP Servicer Performance Report.](#)
- **Housing market remains fragile as data through May paint a mixed picture of recovery.** Home prices remain weak after several straight months of decline. However, CoreLogic reported a minor month-over-month increase for April, and mortgage delinquencies continued a downward trend compared to early 2010. Foreclosure starts and completions remain below peak, though as lenders continue to review internal procedures related to foreclosure processing many foreclosure actions may have been delayed.

Also featured this month is the Administration's first Housing Scorecard Regional Spotlight, which highlights recovery conditions in Phoenix, Arizona, one of the hardest hit areas in the nation following the housing market downturn and an area where the Administration's broad approach to stabilizing the housing market has been very active.

"The housing data in this month's Scorecard offer continued mixed signals and some signs of weakness in the market – despite growing evidence of progress in the broader economy," said HUD Assistant Secretary Raphael Bostic. "The Administration remains committed to helping all homeowners who have been hit hard during this housing crisis, and as the Regional Spotlight shows our efforts have helped over 100,000 families avoid foreclosure in Phoenix. But we have much more work to do to reach the many households who still face trouble and to help the market recover."

The new Housing Scorecard Regional Spotlight features data on the health of the Phoenix housing market and impact of efforts to help homeowners at the local level including:

- **Phoenix home prices showed signs of stabilizing during most of 2009 and the first half of 2010, but the overall sales market remains fragile.** The home sales market remains soft in Phoenix. Existing home sales rose from 2008 to 2009, though the boost was due in part to sales of distressed homes – foreclosures and short sales – which currently represent 56 percent of all existing homes sales in the MSA, compared with 35 percent nationally.
- **More than 100,000 Phoenix households have received mortgage modifications, many through direct Administration programs.** Since April 1, 2009 more than 65,000 mortgage assistance interventions have been offered to Phoenix area homeowners through the Administration's assistance programs and an estimated 40,000 to 42,000 proprietary modifications have been offered through Hope Now Alliance servicers – a total of 106,500 interventions for the metropolitan area. While some homeowners may have received help from more than one program, more assistance has been offered than foreclosures completed during this period (104,500).

The Housing Scorecard Regional Spotlight will be issued bi-monthly, focusing on other recovering housing markets.

