



## **Remarks by Faith Schwartz, Executive Director, HOPE NOW**

Good morning.

My name is Faith Schwartz and I am the executive director of the HOPE NOW alliance. Thank you for having me here today. I would like to thank Treasury Secretary Paulson and HUD Secretary Jackson for their leadership and continued focus on bringing the industry together to forge solutions to keep people in their homes.

Housing industry partners - investors, lenders, servicers, and non-profit housing counselors such as Neighborworks America, Housing Partnership Network, Homeownership Preservation Foundation, and all the HUD housing counseling intermediaries - have come together to identify and create solutions to prevent foreclosure and to keep people in their homes. Our message is clear: homeowners who have been having difficulty making their mortgage payments should contact their servicers as soon as possible in order to explore all alternatives. In the case of those who would prefer a trusted third party, we recommend they call the Homeowner's HOPE hotline at 1-888-995-HOPE. This hotline is now fielding approximately 4,000 calls a day and utilizes several HUD approved counseling intermediaries with approximately 400 housing counselors. All counseling is free of charge for homeowners.

Since its inception on October 10, 2007, the HOPE NOW Alliance has expanded to include 25 of the most diversified large lenders/servicers, which cover over 90% of the subprime market and the vast majority of the prime market. HOPE NOW released initial data on loan modifications and repayment plans through the second half of 2007. Our data revealed that an estimated 870,000 borrowers were helped in the second half of 2007. Over half a million of those were subprime borrowers and they obtained either a modification or repayment plan to help them stay in their home. Modifications also doubled in the 4<sup>th</sup> quarter. This month, we expect that trend will continue due to implementation of the rate freeze and streamlined modifications through the American Securitization Forum (ASF) guidance. HOPE NOW will be reporting results on a national basis monthly and a state basis quarterly.

We will also be measuring the results of our outreach letters to at risk borrowers. Over the past three months, November through January, HOPE NOW servicers mailed in 774,814 letters letter to at risk homeowners who had no contact with their servicer and were seriously delinquent. Initial response rates have indicated 16% from our first month of mailings to borrowers. HOPE NOW will be measuring our outreach responses and reporting on them as well.

HOPE NOW is not just focused on subprime adjustable rate mortgages. Bank of America just spoke about an additional outreach effort, Project Lifeline. This is yet another step forward for the industry, and it shows significant attention is being placed on the most at-risk homeowners for all types of loans. This effort includes prime, subprime, Alt A and second liens. I applaud Bank of America, Chase, Citi, Countrywide, Washington Mutual, and Wells Fargo, which account for about 50% of mortgage servicing, for taking this step to provide additional options to avoid foreclosure for the most at-risk homeowners. We are confident more loan servicers will adopt this effort, and I encourage all HOPE NOW Alliance members to do so.

The announcement today is another way that the industry can reach borrowers at-risk. If you are a borrower and receive a letter from your mortgage company, the steps are straightforward. Follow the steps outlined by Bank of America and, if appropriate, the homeowner may receive a pause in foreclosure and a modification solution. This announcement provides transparency to the market and clearly communicates to homeowners additional solutions if they contact their servicer. It is continued efforts like this that will save homeowners from foreclosure and preserve homeownership.

Special thanks to all of the industry participants, housing counselors, and HOPE NOW Alliance members who have made this progress possible.

Thank you.