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## **HOPE NOW JOINS WITH GOVERNMENT TO CREATE STREAMLINED MORTGAGE MODIFICATION PLAN**

### *SMP Is Important New Tool to Prevent Foreclosures*

Washington, D.C. (November 11, 2008) – HOPE NOW, the private sector alliance of mortgage servicers, non-profits, counselors, and investors that has already helped almost 2.5 million homeowners avoid foreclosure, today announced that, working with the U.S. Treasury, the Federal Housing Finance Agency, Fannie Mae, Freddie Mac, and a number of major mortgage loan servicers, it has helped develop a new program that will make it easier and faster for the most at-risk homeowners to modify their mortgages and stay in their homes.

The “Streamlined Modification Plan,” or SMP, which is an expansion of what many lenders are already doing, will be implemented by December 15, 2008.

“This is an important effort by the mortgage industry to help homeowners,” said Faith Schwartz, HOPE NOW’s executive director. “This is a big step forward that will make it easier to modify loans for the most at-risk homeowners so they will be able to avoid foreclosure and stay in their homes.”

Under the new SMP, lenders will use an expedited process to modify, or restructure, a mortgage so that the homeowner can afford the monthly payments. The streamlined process will apply to at-risk borrowers who are 90 days or more late on their existing mortgages and whose loans are owned by Freddie Mac, FNMA or participating balance sheet lenders/servicers.

After compiling the homeowner’s information, lenders will use a simple process that reduces the homeowner’s monthly payment to no more than 38 percent of the borrower’s monthly income. This may include in any combination (1) extending the number of

years of the loan, (2) reducing the interest rate, and/or (3) forbearing part of the principal. If these steps are cannot reduce a homeowner's monthly payment to that affordable level, the borrower will receive an additional loan-by-loan review that will include all other options to prevent foreclosure.

While many lenders have used some combination of these SMP components up to now, the real benefit of the program will be the systematic and uniform approach that lenders will now apply to modifications. This is expected to streamline the process significantly.

According to Schwartz, SMP's consistent guidelines and standards will make it much easier and faster for homeowners to get the assistance they need. "This effort compliments those being made by other institutions and should provide homeowners with real confidence that the mortgage lending industry wants to help them avoid foreclosure," she said. "SMP will help stabilize the housing market."

## ABOUT HOPE NOW

HOPE NOW is the alliance of counselors, mortgage market participants, and mortgage servicers that is working to help as many homeowners as possible avoid foreclosure and stay in their homes. For more information, including a full list of members, go to [www.hopenow.com](http://www.hopenow.com)

HOPE NOW coordinates a nationwide campaign to reach homeowners who may be at risk of losing their homes. So far, HOPE NOW has sent almost 1.9 million letters. About 17 percent of homeowners receiving the HOPE NOW-coordinated letters have contacted their servicer, 6 times more than the routine 2-3 percent response rate servicers receive when they send their own mailings.

In the past nine months, HOPE NOW has connected thousands of homeowners with their lender and/or a HUD-certified housing counselor at workshops in more than 20 cities. Additional workshops are being scheduled around the country.

In addition, HOPE NOW members have agreed to make substantial additional efforts to contact homeowners whose mortgages will reset in the coming months and to further expedite the process used to determine how best to keep them in their homes.

The Homeownership Preservation Foundation, a HOPE NOW member, operates the Homeowner's HOPE™ Hotline (888-995-HOPE™), which is available 24 hours a day, 7 days a week, and 365 days a year. The Homeowner's HOPE™ Hotline receives an average of more than 7,000 calls a day. There is no cost to homeowners for contacting a nonprofit advisor by calling 888-995-HOPE™.

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## HOPE NOW: Streamlined Modification Program Fact Sheet

<b>Start Date:</b>	December 15, 2008.
<b>Goal of SMP:</b>	Help the most at-risk borrowers stay in their homes through a streamlined process to establish an affordable monthly housing payment. The goal is to reach a monthly housing payment (which includes capitalized past due payments, principal, interest, taxes, insurance and HOA/condo fees) that is no more than 38% of the borrower's monthly gross household income.
<b>How SMP Works:</b>	Participating servicers work with eligible qualified borrowers to reach a more affordable mortgage payment through extending the term of the loan, lowering the interest rate, and/or forbearing principal. All outstanding late fees are waived.
<b>Eligible Borrowers:</b>	90 days or more past due on mortgage, can be in foreclosure, must not be in bankruptcy, owns and occupies the property, and the property is a single family residence.
<b>90% or Higher LTV:</b>	Borrower's current loan-to-value ratio must be 90% or higher. The property value will be determined by the servicer, Fannie Mae or Freddie Mac, depending on ownership of the loan.
<b>Mandatory Escrow:</b>	Escrows for real estate taxes and homeowners' insurance must be set up under this program if they are not currently escrowed.
<b>Required Documentation:</b>	A hardship statement, verification of monthly gross household income, and a signed modification agreement. The homeowner must make the first payment at the modified terms when he or she submits these documents.
<b>3 Months of Payments:</b>	For modification to be complete, borrower must make 3 payments within 90 days at the new modified payment level and be current at day 90.
<b>Counseling Encouraged:</b>	Participating servicers and investors encourage borrowers to seek housing counseling at HUD-approved housing counseling agencies. They can receive free counseling by calling the Homeowner's HOPE Hotline™, 888-995-HOPE or visit <a href="http://www.hud.gov">www.hud.gov</a> to find a counselor.
<b>Participating Investors:</b>	Fannie Mae, Freddie Mac, and majority of HOPE NOW portfolio lenders/servicers.
<b>Reaching Borrowers:</b>	Participating servicers will send letters to eligible borrowers. Borrowers may also call their servicer to see if they qualify.
<b>Reaching Servicers:</b>	Servicers are encouraged to dedicate separate toll-free numbers and faxes for borrowers interested in SMP. When established, those numbers will be publicized by HOPE NOW and participating investors and servicers.
<b>Reporting:</b>	Participating servicers are required to report on implementation and success of SMP. HOPE NOW will release data on this program on an ongoing basis.
<b>Additional Tool:</b>	SMP is an additional tool to assist homeowners avoid foreclosure. It is compatible with and does not replace other on-going efforts by servicers and investors. If a borrower does not qualify for SMP, they are eligible for a case-by-case review.

# STREAMLINED MODIFICATION PROGRAM: STEP-BY-STEP FOR CONSUMERS

