



**FOR IMMEDIATE RELEASE**

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**Over 2 Million Foreclosures Prevented In Past Year  
By Hope Now Alliance Members**

*Number of homeowners helped in July 2008 sets another monthly record*

Washington, D.C. (August 27, 2008) – HOPE NOW, the private sector alliance of mortgage servicers, counselors, and investors that has been working aggressively over the past year to prevent foreclosures today announced that over 2 million homeowners have avoided foreclosure and have been able to stay in their homes due to the unwavering efforts of HOPE NOW and the broader mortgage industry.

HOPE NOW also announced that the number of foreclosures prevented in July 2008 was at a record high for the second consecutive month, and was 6 percent higher than the number of foreclosures prevented in June. Compared to July 2007, the number of foreclosures prevented has increased by more than 54 percent.

In July 2008, HOPE NOW mortgage servicers helped homeowners avoid foreclosure by completing more than 192,000 mortgage workouts. Workouts include both modifications to the terms of existing mortgages and repayment plans. All workouts are intended to be permanent changes that, barring a life event such as a job loss, death, or illness, will enable the homeowner to stay in the home as long as he or she wishes to do so.

“The industry’s overwhelming commitment to helping homeowners avoid foreclosure and stay in their homes is undeniable and steadfast,” said HOPE NOW’s Executive Director Faith Schwartz. “Because of HOPE NOW’s vast and multifaceted efforts, more than 2 million families and the communities in which they live are much better off today than they otherwise would have been.”

The HOPE NOW report estimates that on an industry-wide basis:

- The total number of foreclosures prevented by mortgage servicers since July 2007 has risen to nearly 2.07 million.
- Mortgage servicers provided loan workouts for approximately 192,000 borrowers in July, an increase of 11,000 loan workouts over June.

- Approximately 112,000 of the homeowners with prime and subprime mortgages helped by servicers in July received repayment plans; approximately 80,000 received loan modifications.
- Nearly 52 percent of homeowners with subprime loans received modifications.

A summary table of the results is attached and can be found at [http://www.hopenow.com/media/press\\_release.php](http://www.hopenow.com/media/press_release.php).

According to Schwartz, the rapid pace of foreclosure prevention by HOPE NOW members is likely to accelerate further in the coming months due to the alliance's continuing efforts to reach out to millions of homeowners through mailings, the HOPE Hotline, and the regional homeowner workshops it has been holding around the country.

“At the same time Tropical Storm Fay was raging, more than 3,600 people attended the homeowner workshops held in Florida last week,” she said. “These targeted efforts led by the HOPE NOW alliance clearly demonstrates the sheer volume of homeowners that will continue to be helped in the coming months.”

Because of several factors, the numbers reported by HOPE NOW differ from those reported by the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), and other regulators. For example, OCC collects information from 9 nationally chartered banks, OTS collects information from 5 federally chartered thrifts, and HOPE NOW collects data from 23 companies with a variety of charters and regulators. HOPE NOW members report approximately 38 million loans, substantially more than the number included in either the OCC or OTS reports.

The HOPE NOW survey estimates the effort by the total mortgage lending industry to help homeowners avoid foreclosure. By contrast, OCC and OTS only provide data from the largest chartered institutions they oversee.

None of these differences invalidate the information in any of the reports. HOPE NOW also announced today the results of a separate survey of subprime adjustable rate mortgages with rates resetting in 2008. The results, reported by 9 companies representing approximately 60 percent of subprime loans, are as follows:

- Approximately 1.1 million subprime loans were scheduled to reset between January and July 2008.
- Since rates began to reset on these loans in January 2008, those loans that were current at reset and subsequently started the foreclosure process account for less than 1 percent of remaining loans.
- Nearly 80,000 of these loans have been modified. Over 74 percent of these modifications are for 5 years or longer.

- 436,000 of the subprime adjustable rate loans that were originally scheduled to reset during this period were paid in full when the homeowner refinanced the loan or sold the property.

## **ABOUT HOPE NOW**

**HOPE NOW** is an alliance between counselors, mortgage market participants, and mortgage servicers to create a unified, coordinated plan to reach and help as many homeowners as possible.

The Homeownership Preservation Foundation's HOPE Hotline (1-888-995-HOPE), which is available 24 hours a day, 7 days a week, and 365 days a year, receives an average of more than 4,000 calls a day. There is no cost to homeowners for using the HOPE Hotline.

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 18 percent of homeowners receiving the HOPE NOW-coordinated letters have contacted their servicer, six times more than the routine 2-3 percent response rate servicers receive when they send their own mailings.

In the past seven months, HOPE NOW has connected thousands of homeowners with their lender and/or a HUD-certified housing counselor at workshops in 20 different cities in California, Georgia, Illinois, Pennsylvania, Ohio, Nevada, New Jersey, Texas, Wisconsin, Tennessee, Florida, Massachusetts, Florida and Indiana. Additional workshops are being scheduled so that more troubled borrowers can be helped.

In addition, HOPE NOW members recently 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.

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# WORKOUT PLANS (Repayment Plans + Modifications) and FORECLOSURE SALES

July 2007 - July 2008

## BORROWER LOAN WORKOUT PLANS

	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 July	Total
<b>Repayment Plans</b>	322,909	333,393	312,225	301,894	111,993	<b>1,382,414</b>
Prime	120,254	136,364	146,586	141,126	57,822	602,152
Subprime	202,656	197,029	165,639	160,768	54,171	780,262
<b>Modifications</b>	75,326	140,401	170,090	220,100	80,042	<b>685,959</b>
Prime	29,999	37,162	48,022	55,907	22,115	193,204
Subprime	45,327	103,239	122,068	164,193	57,927	492,754
<b>Workout Plans</b>	398,236	473,794	482,315	521,994	192,034	<b>2,068,372</b>
Prime	150,253	173,526	194,607	197,033	79,937	795,356
Subprime	247,983	300,268	287,708	324,961	112,097	1,273,016

## FORECLOSURE SALES

	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 July	Total
<b>Foreclosure Sales</b>	135,330	151,403	202,970	245,688	91,752	<b>827,142</b>
Prime	53,760	59,750	82,819	107,661	44,090	348,079
Subprime	81,570	91,653	120,151	138,027	47,662	479,063

### Workout Plans = Repayment Plans + Modifications

**Repayment Plans:** A plan that allows the borrower to become current and catch up on missed payments that are appropriate to the borrower's circumstances, which involves deferring or rescheduling payments but the full amount of the loan is expected ultimately to be paid and within the original contractual maturity of the loan.

**Modifications:**

A modification occurs any time any term of the original loan contract is permanently altered. This can involve a reduction in the interest rate, forgiveness of a portion of principal or extension of the maturity date of the loan.