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HOPE NOW: April Mortgage Data Shows Declines in Foreclosure Starts & Sales

Industry Completed 57K Proprietary Loan Mods for the Month

(WASHINGTON, DC) – HOPE NOW, the voluntary, private sector alliance of mortgage servicers, investors, mortgage insurers and non-profit counselors, released its April 2011 mortgage industry data, which estimates declines in foreclosure sales, foreclosure starts, and modification activity for the month of April.

Foreclosure starts nationwide were approximately 163,000, down from 217,000 in the month of March, a decrease of 25%. Completed foreclosure sales dropped to 73,000 for April, compared with 85,000 in March, representing a decrease of 14%.

For the month, permanent proprietary loan modifications for homeowners were 57,000, down from 77,000 in March, representing a 26% decline.

However, characteristics of these completed modifications remained strong – approximately 47,000 (82%) had reduced principal and interest payments, 45,000 (78%) had fixed interest rates of five years or more, and 30,000 (53%) had reduced principal and interest payments of 10% or greater.

These modifications include Fannie Mae, Freddie Mac, Federal Housing Administration (FHA), US Department of Veterans Affairs (VA) and others not modified under the Home Affordable Modification Program (HAMP).

Additionally, HOPE NOW's April data showed that, over a 12 month period, recidivism of proprietary loan modifications has averaged 80% of the borrowers performing, meaning that approximately 20% of homeowners have re-defaulted

after 90 days. This metric was slightly higher in April at 81% performing and 19% re-defaulting after 90 days. Data on recidivism is based on loans that have performed satisfactorily for at least six months prior to default and includes loans modified up to 18 months ago.

The April HOPE NOW data does not yet include loan modifications done under the Home Affordable Modification Program (HAMP), which have not been reported for the month.

Here are some of the highlights of the April 2011 data:

- Loan modifications:
 - Proprietary modifications for the month were approximately 57,000, down from 77,000 in March— a decrease of 26%.
- Loan modification characteristics:
 - Loan modifications with reduced principal and interest payments accounted for approximately 82% (47,000) of all proprietary modifications.
 - Loan modifications with reduced principal and interest payments by 10% or greater accounted for approximately 53% (30,000) of all proprietary modifications.
 - Fixed-rate modifications (initial fixed period of 5 years or more) accounted for 78% (45,000) of all proprietary modifications.
- Loan modification performance:
 - Proprietary loan modifications with 90+ day delinquency (recidivism) represented 19% (240,000) of active modification inventory, which was unchanged from the month of March.
- Foreclosures:
 - Foreclosure starts for the month were 163,000, down from the 217,000 reported for March 2011 – a decrease of 25%.
 - Completed foreclosure sales for the month were approximately 73,000, down from the 85,000 from March 2011 – a decrease of 14%.
- Delinquencies:
 - 60+ days delinquencies remained relatively flat for the month at 2.69 million, compared to 2.63 million reported in March 2011, an increase of 2%.

Faith Schwartz, Executive Director, issued this statement:

“The characteristics and performance of proprietary loan modifications have remained steady as we view this month’s data. Performance has remained strong in the areas of principal and interest payment reduction, fixed rate offerings and recidivism. This includes FHA, Fannie Mae, Freddie Mac and private loan modifications that fall outside of HAMP modifications.

We are particularly encouraged by stable trends in recidivism, or re-defaults, on loan modifications. Our data shows that permanent proprietary loan modifications remained less than 90 days past due for 80% of the modifications, based on data reported from May 2010 to April 2011.

This is very significant since it illustrates that servicers have used more tools at their disposal than ever before - lower rate, extended terms and principal forbearance or write down - to create sustainable modifications for homeowners at risk.

We understand though that not every homeowner will qualify for a loan modification, whether it is through HAMP or a proprietary product.

To that end, the industry, the non-profit community and the government have gone to great lengths to educate struggling homeowners about their options. All parties involved will continue to ramp up their borrower outreach efforts in the form of collaborative face to face events, regional servicer one-stop shops and advanced home retention technologies, such as HOPE LoanPort®.

HOPE NOW is working to ensure the industry uses all tools available to work with unemployed homeowners and is focused on the Treasury Hardest Hit Funds programs as well as the upcoming HUD / Dodd Frank Emergency Homeowner Loan Program (EHLP) for unemployed homeowners.

HOPE NOW is convinced that the efforts of its public, private, and non-profit partners to assist at-risk homeowners are making a significant difference during this difficult time for the nation’s housing market. We believe that each additional homeowner helped is worth the effort.”



**Snapshot
Industry Extrapolations and HAMP Metrics**

	Q3-2010	Q4-2010	Q1-2011	Feb-2011	Mar-2011	Apr-2011
Total Completed Modifications	444,787	345,197	300,145	86,980	113,018	N/A
HAMP Permanent Modifications ¹	97,877	83,752	90,536	26,147	36,432	N/A
Proprietary Modifications Completed ²	346,910	261,445	209,609	60,833	76,586	57,034

Proprietary Modifications Completed

Reduced P&I Modifications	294,190	217,700	169,452	49,204	61,710	46,547
<i>% of Proprietary Modifications</i>	85%	83%	81%	81%	81%	82%
Fixed Rate Modifications ³ (initial fixed period of 5 years or more)	284,815	236,519	168,343	49,172	58,028	44,562
<i>% of Proprietary Modifications</i>	82%	90%	80%	81%	76%	78%
Reduced P&I Modifications (10% or greater)	185,015	177,976	119,422	35,541	39,502	30,312
<i>% of Proprietary Modifications</i>	53%	68%	57%	58%	52%	53%

Foreclosure Starts	709,119	656,904	601,363	179,732	217,413	162,860
Foreclosure Sales	313,949	180,818	219,708	62,500	84,662	73,105
60+ Days Delinquency	3,202,259	3,047,691	2,787,255	2,780,798	2,626,673	2,688,537

¹Source - Making Home Affordable. Estimated.

²Extrapolated. Modifications Completed was revised in December 2009 to include Current Modifications and specifically exclude HAMP.

*Survey data may be restated from time to time based on servicers' collection and reporting. HOPE NOW reports and extrapolates data as provided by servicers to a third-party data aggregation vendor. Any data changes will be reflected in monthly reporting.

HOPE NOW is the industry-created alliance of mortgage servicers, investors, counselors, and other mortgage market participants, brought together by the Financial Services Roundtable, Housing Policy Council and Mortgage Bankers Association, that has developed and is implementing a coordinated plan to help as many homeowners as possible prevent foreclosure and stay in their homes. For more information go to www.HopeNow.com or call the free Homeowner's HOPE™ Hotline at (888) 995-HOPE™.

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