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HOPE NOW: May Mortgage Loan Data Shows 2nd Straight Month of Declines in Foreclosure Sales

85K Permanent Loan Mods for Homeowners Completed for the Month

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

According to the survey data, foreclosure sales nationwide were approximately 68,000, down from 73,000 in the month of April, representing a decrease of 7%. Foreclosure starts were up for the month, with 176,000 reported versus 163,000 for the month of April, an increase of 8%.

For the month, permanent loan modifications for homeowners were approximately 85,000, virtually unchanged from the month of April (86,000). Of the total number, approximately 53,000 were proprietary modifications and 32,398 were completed under the Home Affordable Modification Program (HAMP).

A breakdown of proprietary modifications showed 78% (41,000) included reduced principal and interest payments, 88% (47,000) had a fixed interest rate of five or more years and 57% (30,000) had reduced principal and interest payments of more than 10%.

Here is the full breakdown of the May 2011 data:

- Loan modifications:
 - Loan modifications completed under HAMP were 32,398, up from 28,867 in April – an increase of 12%.

- Proprietary modifications for the month were approximately 53,000, down from 57,000 in April– a decrease of 7%.
- Proprietary loan modification characteristics:
 - Loan modifications with reduced principal and interest payments accounted for approximately 78% (41,000) of all proprietary modifications.
 - Loan modifications with reduced principal and interest payments by 10% or greater accounted for approximately 57% (30,000) of all proprietary modifications.
 - Fixed-rate modifications (initial fixed period of 5 years or more) accounted for 88% (47,000) of all proprietary modifications.
- Loan modification performance:
 - Proprietary loan modifications with 90+ day delinquency (recidivism) remained flat with just a 1% increase from the previous month - 244,000 vs. 240,000 on active loan modifications.
- Foreclosures:
 - Foreclosure starts for the month were 176,000, up from the 163,000 reported for April 2011 – an increase of 8%.
 - Completed foreclosure sales for the month were approximately 68,000, down from the 73,000 reported for April 2011 – a decrease of 7%.
- Delinquencies:
 - 60+ days delinquencies remained relatively flat for the month at 2.67 million, compared to 2.65 million reported in April 2011, an increase of 1%.

Faith Schwartz, Executive Director, issued this statement:

“HOPE NOW’s monthly data report is designed to provide a comprehensive overview of mortgage market trends and industry efforts to help homeowners avoid foreclosure. While we have seen loan modifications flatten out in recent months, the overall numbers continue to illustrate the size and scope of what mortgage servicers, and their non-profit and government partners, have achieved on behalf of at-risk homeowners.

Despite increases in foreclosure starts and a decrease in proprietary modifications this month, there were still a few bright spots in fewer foreclosure sales, an increase in HAMP loan modifications and the third straight month of relatively flat 60+ day delinquencies.

Additionally, performance of proprietary loan modifications remains strong, with 78% including reduced principal and interest payments and almost 90% including a fixed interest rate of five or more years. These facts translate into affordable and sustainable loan modifications for homeowners.

Loan servicers now have more tools at their disposal to assist homeowners. Several government initiatives have been recently introduced as well, to augment the programs already available. These include the HUD Emergency Homeowner Loan Program (EHLPP) targeting unemployed homeowners in 31 States, the US Treasury's Hardest Hit Fund program deployed in 19 states and the District of Columbia, and the recent announcement of forbearance for up to 12 months or more for unemployed borrowers who are currently in an FHA loan program. These programs geared towards unemployed borrowers are increasingly important as the nation's unemployment rate hovers around 9%, with much higher rates in some of the harder hit markets.

This combination of new tools and extraordinary outreach efforts has resulted in the most comprehensive set of solutions available to at-risk homeowners to date.

Since 2007, mortgage servicers have completed 4.6 million permanent loan modifications for the nation's homeowners and there has been no slow down in the efforts to keep as many families as possible in their homes. Going forward, the industry, and its partners, remains committed to comprehensive homeowner outreach, improved customer experience, use of new technology and expansive education about all of the options available to struggling homeowners."



Snapshot

Industry Extrapolations and HAMP Metrics

	Q3-2010	Q4-2010	Q1-2011	Mar-2011	Apr-2011	May-2011
Total Completed Modifications	444,787	345,197	300,145	113,018	85,901	85,280
HAMP Permanent Modifications ¹	97,877	83,752	90,536	36,432	28,867	32,398
Proprietary Modifications Completed ²	346,910	261,445	209,609	76,586	57,034	52,882

Proprietary Modifications Completed

Reduced P&I Modifications	294,190	217,700	169,452	61,710	46,547	41,177
<i>% of Proprietary Modifications</i>	85%	83%	81%	81%	82%	78%
Fixed Rate Modifications ³ (initial fixed period of 5 years or more)	284,815	236,519	168,343	58,028	44,562	46,760
<i>% of Proprietary Modifications</i>	82%	90%	80%	76%	78%	88%
Reduced P&I Modifications (10% or greater)	185,015	177,976	119,422	39,502	30,312	30,255
<i>% of Proprietary Modifications</i>	53%	68%	57%	52%	53%	57%

Foreclosure Starts	709,119	656,904	601,363	217,413	162,860	175,587
Foreclosure Sales	313,949	180,818	219,708	84,662	73,105	67,827
60+ Days Delinquency	3,172,424	3,019,282	2,755,776	2,595,041	2,654,421	2,674,492

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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