February 25, 2010

Testimony of

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Before the House Committee on Oversight and Government Reform Domestic Policy Subcommittee

"**Foreclosures Continue: What Needs to Change in the Administration's Response"**

Chairman Kucinich and Ranking Member Jordan, thank you for the opportunity to testify today on the Administration's comprehensive initiatives to stabilize the U.S. housing market and support homeowners. We recently marked the one-year anniversary of President Obama's Administration and the launch of Making Home Affordable (MHA). Making Home Affordable is a key part of the Administration's broad housing initiatives, which have had a substantial impact in helping to stabilize the U.S. housing market and prevent avoidable foreclosures. The Home Affordable Modification Program (HAMP) is one of the central parts of Making Home Affordable. In one year, HAMP has made significant progress, achieving rapid implementation of the first nationwide mortgage modification program designed to prevent avoidable foreclosures. However, challenges remain and we need to do more to help American homeowners. HAMP was designed to be dynamic, and we continue to work to improve the program's efficiency and scope.

Unlike any previous foreclosure-mitigation effort, HAMP defines a standard for an affordable and sustainable modification across the industry, set at 31% of gross monthly income. Over 100 servicers are participating in HAMP. These servicers, when combined with thousands of Fannie Mae and Freddie Mac servicers participating in the program, service nearly 90% of eligible outstanding mortgage debt in all 50 states, the District of Columbia, and the U.S. territories. Nearly one million borrowers are now in trial or permanent modifications, with median savings of over $500 per month in mortgage payments. In aggregate, HAMP modifications have saved American homeowners over $2.2 billion already. Over 116,000 homeowners have permanent modifications, an additional 76,000 have pending permanent modifications, and the rate of conversions from temporary to permanent modifications continues to increase. HAMP is providing critical assistance to borrowers experiencing a range of financial hardships and who would otherwise be facing the loss of their homes.

HAMP is an important part of the Administration's broader, multi-pronged effort to stabilize the housing market. We have provided broad support to Fannie Mae and Freddie Mac to ensure confidence in those institutions and continued access to affordable mortgage credit across the market. Together, the Treasury Mortgage-Backed Securities (MBS) purchase program and the Federal Reserve have purchased over $1 trillion in agency MBS, helping to keep interest rates at historic lows. Millions of Americans have

Conclusion

HAMP continues to improve and we still have much work to do in reaching borrowers and improving program efficiency. In January, the number of permanent modifications increased to more than 116,000 with an additional 76,000 offers of permanent modifications sent to borrowers. There have been nearly 1.3 million trial modification offers extended with over 1 million trial plans started since the program's inception. With each modification, the typical borrower saves over $500 per month, translating to more than $2.2 billion so far in aggregate savings from trial and permanent modifications.

The program, however, is not designed to prevent every foreclosure. HAMP does not offer assistance to investors and speculators nor is it available to wealthier Americans, defaulters in vacation homes, or borrowers who walked away. It is one part of a comprehensive Administration housing policy that in aggregate has reached millions of borrowers through providing opportunities for modifications, refinancings, new home purchases, and more stable neighborhoods and home prices. The goal of HAMP is to provide responsible homeowners eligible for the program a second chance to stay in their homes. HAMP has had a significant impact in reaching those struggling homeowners. Overall, the Administration's broad housing policies over the past year have helped to stabilize the housing market and prevent avoidable foreclosures. The outlook in the housing sector now depends largely on the continued improvement in the larger economy. We are starting to see signs of housing market stabilization and look forward to continued progress in the housing market.