

Press Releases

May 14, 2009

Obama Administration Announces New Details on Making Home Affordable Program

FOR IMMEDIATE RELEASE: May 14, 2009

CONTACT: Treasury Public Affairs (202) 622-2960

SECRETARIES GEITHNER, DONOVAN ANNOUNCE NEW DETAILS OF MAKING HOME AFFORDABLE PROGRAM, HIGHLIGHT IMPLEMENTATION PROGRESS

*Just Over Two Months after Release of Program Guidelines,
Homeowners Realizing Relief under Administration Plan
Join Secretaries to Share Personal Stories*

To view the Program Update Fact Sheet: Foreclosure Alternatives and Home Price Decline Protection Incentives, please visit [link](#)

To view the Making Home Affordable Progress Report Fact Sheet, please visit [link](#)

To read biographical sketches of homeowners attending today's event, please visit [link](#)

(Go to: http://makinghomeaffordable.gov/pr_051409.html to click on live links)

WASHINGTON – With the Making Home Affordable (MHA) program delivering much-needed relief to homeowners and to our economy just over two months after the release of program guidelines, Treasury Secretary Tim Geithner and Housing and Urban Development (HUD) Secretary Shaun Donovan today provided an update on the program's impact on stemming the housing crisis and keeping families in their homes and announced new options for homeowners facing foreclosure. The announcement and update came following a meeting with housing counselors from the National Community Reinvestment Coalition (NCRC) and with homeowners Nicholas Tekperthey of Reston, VA, and Warren Rohn of Lewiston, CA, who shared their success stories since participating in the Home Affordable Modification program.

"In just over two months, the Making Home Affordable program is up and running, helping our economy recover and making a difference in the lives and livelihoods of thousands of American homeowners. Historically low interest rates are allowing Americans to refinance and save money, and modifications are helping homeowners avoid foreclosure," said Secretary Geithner. "Today we are announcing a new program component to help homeowners obtain modifications in areas suffering from home price declines. If a modification is not possible, we are also announcing steps to encourage the quick private sale or voluntary transfer of property, which will save homeowners money and protect their financial future. These are critical steps in stemming the foreclosure crisis and stabilizing the housing market, both of which are critical to our economic recovery."

"I can't stress enough how important our HUD-approved counseling agencies are to the success of the Making Home Affordable program, and ultimately, to helping to keep American families in their homes," Secretary Donovan said. "That's why HUD has requested a \$100 million investment in our Housing Counseling Assistance Program for fiscal year 2010, a \$35 million increase from our 2009 budget. This investment will help further support the work of our 2,600 HUD-approved housing counselors across the nation, just like those at NCRC, who play a key role in ensuring that borrowers can take part in the modification and refinancing options made available through Making Home Affordable."

The Secretaries announced new details on the Making Home Affordable program:

Foreclosure Alternatives provide incentives for servicers and borrowers to pursue short sales and deeds-in-lieu (DIL) of foreclosure in cases where the borrower is generally eligible for a MHA modification but does not qualify or is unable to complete the process, which helps prevent costly foreclosures and minimizes the damage that foreclosures impose on borrowers, financial institutions and communities. The new details will simplify and streamline the process of pursuing short sales and deeds-in-lieu, which will facilitate the ability of more servicers and borrowers to utilize the program. The program provides a standard process flow, minimum performance timeframes and standard documentation, and it offers financial incentives to servicers and borrowers to pursue these alternatives to foreclosure.

Home Price Decline Protection Incentives will provide lenders additional incentives for modifications where home price declines have been most severe and lenders fear these declines may persist. To encourage the modification of more mortgages and enable more families to keep their homes, the Administration, building on insights pioneered by Chairman Bair and the FDIC, has developed an innovative payment that provides compensation based on recent home price declines. Together the incentive payments on all modified homes will help cover the incremental collateral loss on those modifications that do not succeed. HPD P payments will be linked to the rate of recent home price decline in a local housing market, as well as the average cost of a home in that market.

Since the launch of Making Home Affordable, more than one million Americans have now refinanced, due to historically low interest rates, and thousands of underwater borrowers have refinanced under the Home Affordable Refinance Program. Fannie Mae has had over 233,000 eligible refinance applications through its refinancing program, with more than 51,000 of these having loan-to-value ratios between 80% and 105%. More than 55,000 Home Affordable Modification offers have been extended to qualifying borrowers. Additionally, servicers have mailed more than 300,000 letters to homeowners who are potential candidates for the program. The refinance application volumes and modifications underway make clear the desire of homeowners to take advantage of the Administration's program.

Homeowners Nicholas Tekperley and Warren Rohn have already seen the impact of the MHA modification program. In March, Tekperley heard about the Home Affordable Modification from a friend, called his lender, faxed in his documents, and was qualified with relative ease. With this modification, he saves almost \$600 per month and his payment is now affordable, with an annual total savings of \$7,154. Warren Rohn received a Home Affordable Modification offer from his lender and was able to modify his loan with a 2% interest rate for five years.

"In February, I was facing foreclosure," Tekperley said. "Making Home Affordable changed my situation, and gave me my home back. All homeowners who are worried about their mortgage payments should do what I did. Go to the website like I did. See if you qualify. This program is real, and this program works."

"This program saved my bacon," Rohn said. "Losing my trucking business was tough enough, but I'm not sure what I would have done if I lost my home. I want to say something to all the homeowners out there -- this program has made a real difference in my life. It's given me and my wife the security to know we're not going anywhere."

Making Home Affordable, a comprehensive plan to stabilize the U.S. housing market, was first announced by the Administration on February 18. The three part program includes aggressive measures to support low mortgage rates by strengthening confidence in Fannie Mae and Freddie Mac; a Home Affordable Refinance Program, which will provide new access to refinancing for up to 4 to 5 million homeowners; and a Home Affordable Modification Program, which will reduce monthly payments on existing first lien mortgages for up to 3 to 4 million at-risk homeowners. Two weeks later, the Administration published detailed guidelines for the Home Affordable Modification Program and authorized servicers to begin modifications under the plan immediately. Fourteen servicers, including the five largest, have now signed contracts and begun modifications under the program. Between loans covered by these servicers and loans owned or securitized by Fannie Mae or Freddie Mac, Home Affordable Modification participants now account for more than 75 percent of all loans in the country.