

# Making Home Affordable Program

Servicer Performance Report Through August 2010

## Report Highlights

### **More Than 468,000 Permanent Modifications Granted to Homeowners**

- More than 33,000 new permanent modifications recorded in August.
- Homeowners in active permanent modifications realize a median monthly payment reduction of 36%, or more than \$500 per month.
- For homeowners in permanent modifications, their median first-lien housing expense falls from nearly 45% of their monthly income to 31%.

### **Backlog of Aged Trial Modifications Falls to Fewer Than 95,000**

- Fewer than half of the homeowners in active trial modifications have been in a trial for six months or longer, as servicers continue to make decisions on aged trials. The number of aged trials is expected to continue to decline in coming months.
- The most common causes of cancellations include insufficient documentation, missed trial payments, or primary housing expense that is already less than 31% of household income.
- Servicers reported that more than half of homeowners in canceled trials receive alternative modifications or become current. Fewer than 15% of homeowners in canceled trials are moving toward foreclosure.
- Verified documentation is required to initiate a trial modification on or after June 1, 2010. As a result of this change, the program conversion rate is expected to rise.

### **This Month: Quarterly Results of Compliance Reviews**

- Second Look reviews found that fewer than 5% of loans sampled from large servicers were evaluated incorrectly by the servicer. Where applicable, servicers are required to forestall foreclosure sales and reevaluate these homeowners under HAMP guidelines. Servicers are also required to suspend foreclosure sales on loans where results are under review.
- When Second Look results warrant, further servicer actions may be required, including: requiring servicers to reevaluate loans not offered HAMP modifications; submit further documentation; clarify loan status; engage in process remediation, training, or policy clarification; or take other actions as directed by Treasury.
- Treasury takes compliance seriously and continues to work with servicers to ensure that they are adhering to program guidelines.

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## HAMP Activity: All Servicers

		Total
<b>HAMP Eligibility</b> (As of July 31, 2010)	Eligible Delinquent Loans <sup>1</sup>	3,010,530
	Eligible Delinquent Borrowers <sup>2</sup>	1,334,548
<b>Trial Modifications</b>	Trial Plan Offers Extended (Cumulative) <sup>3</sup>	1,580,464
	All Trials Started	1,334,117
	Trials Reported Since July 2010 Report <sup>4</sup>	26,628
	Trial Modifications Canceled (Cumulative)	663,538
	Active Trials	202,521
<b>Permanent Modifications</b>	All Permanent Modifications Started	468,058
	Permanent Modifications Begun Since July 2010 Report	33,342
	Permanent Modifications Canceled (Cumulative) <sup>5</sup>	19,121
	Active Permanent Modifications	448,937

<sup>1</sup> Estimated eligible 60+ day delinquent loans as reported by servicers as of July 31, 2010, include conventional loans:

- in foreclosure and bankruptcy.
- with a current unpaid principal balance less than \$729,750 on a one-unit property, \$934,200 on a two-unit property, \$1,129,250 on a three-unit property and \$1,403,400 on a four-unit property.
- on a property that was owner-occupied at origination.
- originated on or before January 1, 2009.

Estimated eligible 60+ day delinquent loans exclude:

- FHA and VA loans.
- loans that are current or less than 60 days delinquent, which may be eligible for HAMP if a borrower is in imminent default.

For servicers enrolling after June 1, 2010 that did not participate in the 60+ day delinquency survey, the delinquency count is from the servicer registration form.

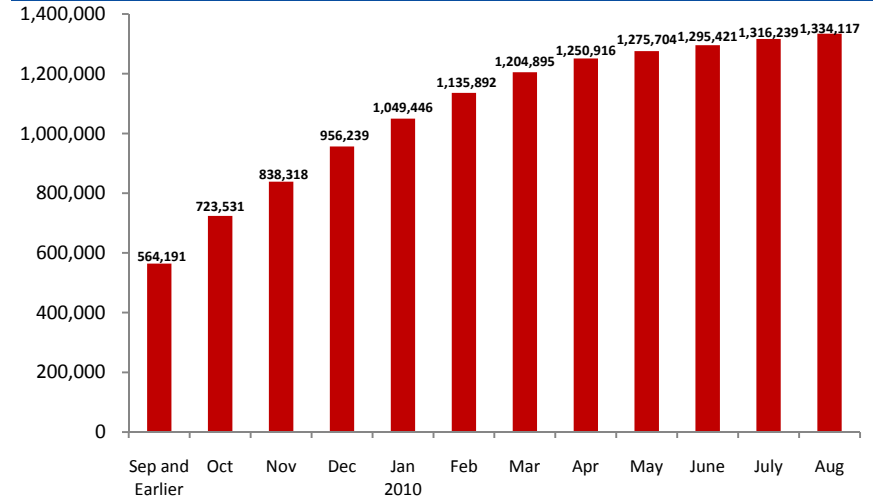
<sup>2</sup> The estimated eligible 60+ day delinquent borrowers are those in HAMP-eligible loans, minus estimated exclusions of loans on vacant properties, loans with borrower debt-to-income ratio below 31%, loans that fail the NPV test, properties no longer owner-occupied, manufactured housing loans with title/chatel issues that exclude them from HAMP, and loans where the investor pooling and servicing agreements preclude modification. Exclusions for DTI and NPV results are estimated using market analytics.

<sup>3</sup> As reported in the weekly servicer survey through September 2, 2010.

<sup>4</sup> Servicers may enter new trial modifications into the HAMP system of record anytime before the loan converts to a permanent modification.

<sup>5</sup> A permanent modification is canceled when the borrower has missed three or more consecutive monthly payments. Includes 348 loans paid off.

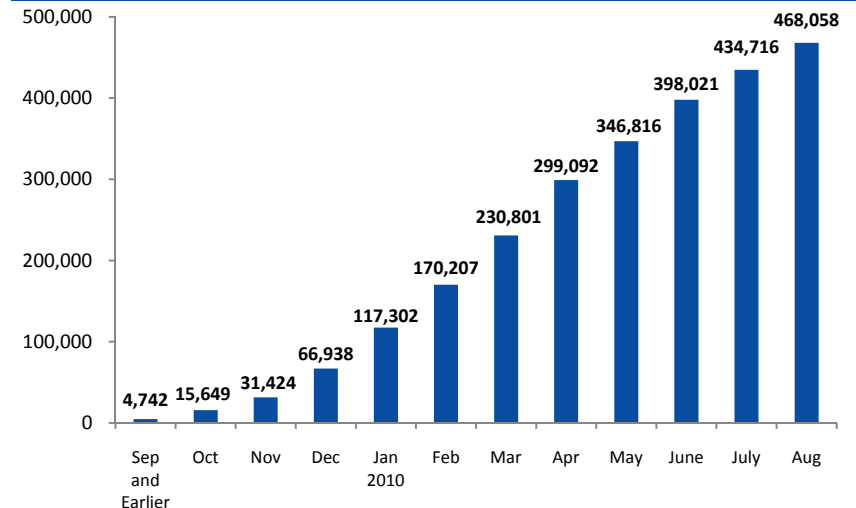
## HAMP Trials Started (Cumulative)



Source: HAMP system of record.

Note: Servicers may enter new trial modifications into the HAMP system of record anytime before the loan converts to a permanent modification. For example, 26,628 trials have entered the HAMP system of record since the prior report; of those, 17,878 were trials with a first payment recorded in August.

## Permanent Modifications Started (Cumulative)



Source: HAMP system of record.

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## Modification Characteristics

- Aggregate reductions in monthly mortgage payments for borrowers in active trial and permanent modifications total more than \$3.1 billion.
- The median savings for borrowers in permanent modifications is \$515.49, or 36% of the median payment before modification.

## Permanent Modifications by Modification Step

Interest Rate Reduction	100%
Term Extension	56.7%
Principal Forbearance	29.5%

## Select Median Characteristics of Permanent Modifications

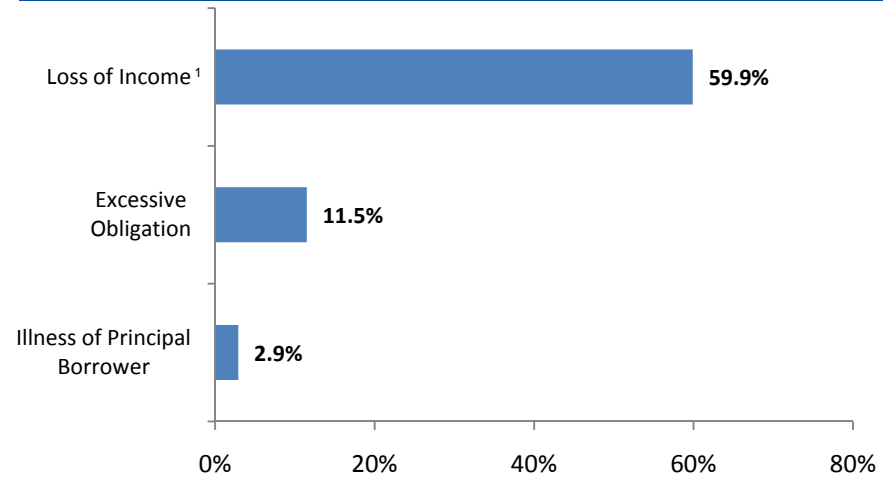
Loan Characteristic	Before Modification	After Modification	Median Decrease
Front-End Debt-to-Income Ratio <sup>1</sup>	44.9%	31.0%	-13.9 pct pts
Back-End Debt-to-Income Ratio <sup>2</sup>	79.9%	63.5%	-14.5 pct pts
Median Monthly Payment <sup>3</sup>	\$1,428.56	\$839.21	-\$515.49

<sup>1</sup> Ratio of housing expenses (principal, interest, taxes, insurance and homeowners association and/or condo fees) to monthly gross income.

<sup>2</sup> Ratio of total monthly debt payments (including mortgage principal and interest, taxes, insurance, homeowners association and/or condo fees, plus payments on installment debts, junior liens, alimony, car lease payments and investment property payments) to monthly gross income. Borrowers who have a back-end debt-to-income ratio of greater than 55% are required to seek housing counseling under program guidelines.

<sup>3</sup> Principal and interest payment.

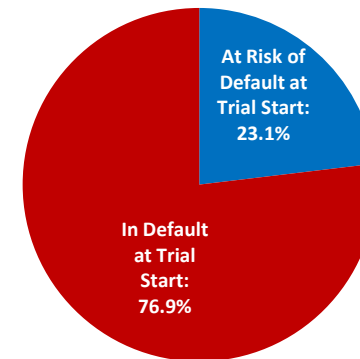
## Predominant Hardship Reasons for Permanent Modifications



<sup>1</sup> Includes borrowers who are employed but have faced a reduction in hours and/or wages as well as those who have lost their jobs.

Note: Does not include 17.5% of permanent modifications reported as Other.

## Loan Status Upon Entering Trial



Note: For all trial modifications started.

“At Risk of Default” includes borrowers up to 59 days delinquent at trial entry as well as those in imminent default. “In Default” refers to borrowers 60 or more days late at trial entry.

Note: Data on the performance and delinquency of permanent modifications, included in the June 2010 Servicer Performance Report, will be published quarterly.

# Making Home Affordable Program

Servicer Performance Report Through August 2010

## HAMP Modification Activity by Servicer

Servicer	As of July 31, 2010	Cumulative		As of August 2010	
	Estimated Eligible 60+ Day Delinquent Borrowers <sup>1</sup>	Trial Plan Offers Extended <sup>2</sup>	All HAMP Trials Started <sup>3</sup>	Active Trial Modifications <sup>3</sup>	Permanent Modifications <sup>3</sup>
American Home Mortgage Servicing Inc	46,270	28,373	24,043	10,445	11,949
Aurora Loan Services, LLC	32,057	50,970	44,422	2,496	15,103
Bank of America, NA <sup>4</sup>	383,482	410,054	316,421	72,851	79,859
CitiMortgage, Inc.	115,225	160,942	149,400	14,533	47,236
GMAC Mortgage, LLC	16,291	60,889	49,781	4,536	31,070
Green Tree Servicing LLC	5,088	7,622	6,627	1,476	3,134
HomeEq Servicing	13,965	7,483	6,184	908	4,948
J.P. Morgan Chase Bank, NA <sup>5</sup>	201,771	264,353	211,787	22,799	60,932
Litton Loan Servicing LP	43,957	37,606	35,063	1,782	8,305
Nationstar Mortgage LLC	16,846	27,053	23,276	2,367	10,206
Ocwen Financial Corp. Inc.	29,871	27,507	29,211	5,254	17,970
OneWest Bank	38,456	61,154	45,440	10,762	19,369
PNC Mortgage <sup>6</sup>	15,667	22,606	18,203	998	3,768
Saxon Mortgage Services, Inc.	23,115	45,798	35,126	2,689	11,199
Select Portfolio Servicing	14,934	63,200	38,361	1,937	15,880
US Bank NA	8,461	12,800	12,358	2,227	7,465
Wachovia Mortgage, FSB <sup>7</sup>	25,937	17,885	15,150	7,049	7,893
Wells Fargo Bank, NA <sup>8</sup>	139,342	255,986	180,180	13,230	48,830
Other SPA servicers <sup>9</sup>	14,220	18,183	17,924	4,107	10,128
Other GSE Servicers <sup>10</sup>	149,593	NA	75,160	20,075	33,693
<b>Total</b>	<b>1,334,548</b>	<b>1,580,464</b>	<b>1,334,117</b>	<b>202,521</b>	<b>448,937</b>

<sup>1</sup> Estimated eligible 60+ day delinquent borrowers as reported by servicers as of July 31, 2010, include those in conventional loans:

- in foreclosure and bankruptcy.
- with a current unpaid principal balance less than \$729,750 on a one-unit property, \$934,200 on a two-unit property, \$1,129,250 on a three-unit property and \$1,403,400 on a four-unit property.
- on a property that was owner-occupied at origination.
- originated prior to January 1, 2009.

Estimated eligible 60+ day delinquent borrowers excludes:

- Those in FHA and VA loans.
- Those in loans that are current or less than 60 days delinquent, which may be eligible for HAMP if a borrower is in imminent default.
- Those borrowers with debt-to-income ratios less than 31% or a negative NPV test.
- Owners of vacant properties or properties otherwise excluded.

Exclusions for DTI and NPV are estimated using market analytics.

For servicers enrolling after June 1, 2010 that did not participate in the 60+ day delinquency survey, the delinquency count is from the servicer registration form.

<sup>2</sup> As reported in the weekly servicer survey through September 2, 2010.

<sup>3</sup> Active trial and permanent modifications as reported into the HAMP system of record by servicers. Subject to adjustment based on servicer reconciliation of historic loan files.

<sup>4</sup> Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

<sup>5</sup> J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

<sup>6</sup> Formerly National City Bank.

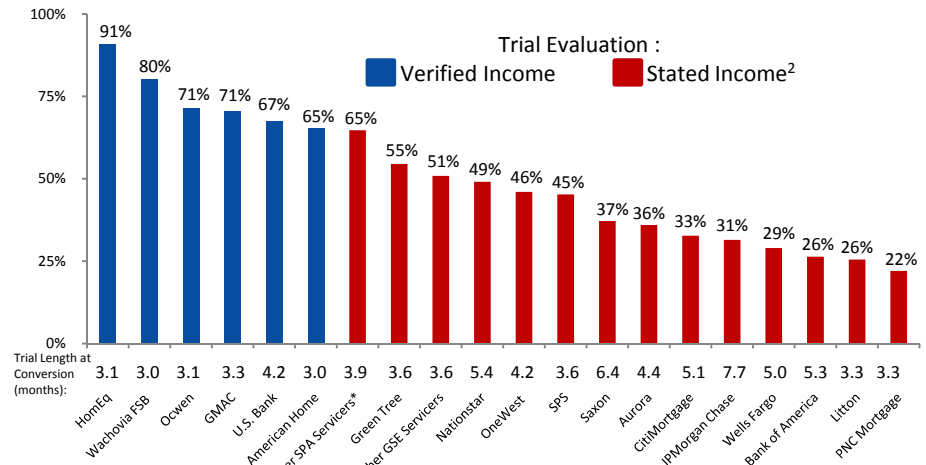
<sup>7</sup> Wachovia Mortgage, FSB consists of Pick-a-Payment loans.

<sup>8</sup> Wells Fargo Bank, NA includes a portion of the loans previously included in Wachovia Mortgage, FSB.

<sup>9</sup> Other SPA servicers are entities with less than 5,000 estimated eligible 60+ day delinquent borrowers as of July 31, 2010, that have signed participation agreements with Treasury and Fannie Mae. A full list of participating servicers is in Appendix A.

<sup>10</sup> Includes servicers of loans owned or guaranteed by Fannie Mae and Freddie Mac. Includes GSE loans transferred from SPA servicers.

## Conversion Rate<sup>1</sup>

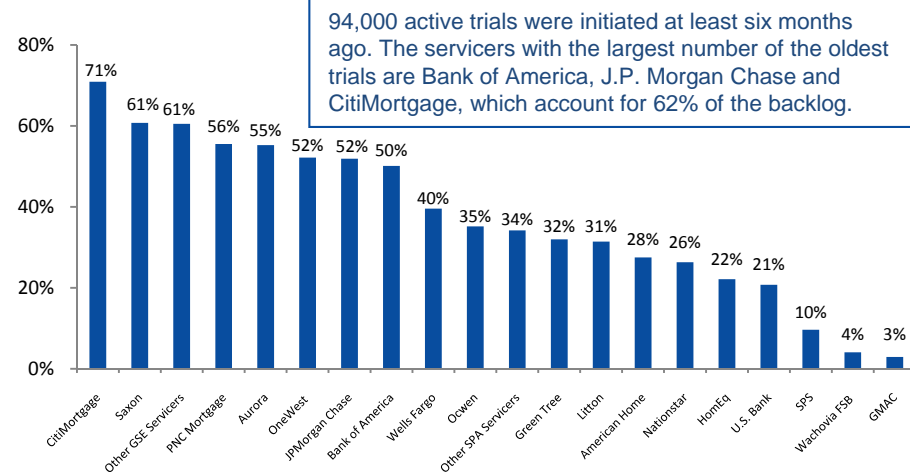


<sup>1</sup> As measured against trials eligible to convert – those three months in trial, or four months if the borrower was at risk of default.

<sup>2</sup> Per program guidelines, all servicers must be using verified income before starting trial modifications by June 1. Prior to June 1, these servicers initiated trials using stated income information.

\*Other SPA and Other GSE servicers represent a mix of verified and stated income trial starts. Permanent modifications transferred among servicers are credited to the originating servicer.

## Aged Trials<sup>1</sup> as Share of Active Trials



<sup>1</sup> As of August 31, 2010. Active trials initiated at least six months ago. Each month, the number of aged trials is reduced by the number of active trials that are converted to a permanent modification or canceled, and is increased by the number of active trials newly 6 months old.

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## Disposition Path Homeowners in Canceled HAMP Trial Modifications Through July 2010 (8 Largest Servicers)<sup>1</sup>

Homeowners Whose HAMP Trial Modification Was Canceled Who Are in the Process of:

Servicer	Action Pending <sup>2</sup>	Action Not Allowed – Bankruptcy in Process	Borrower Current	Alternative Modification	Payment Plan <sup>3</sup>	Loan Payoff	Short Sale/ Deed in Lieu	Foreclosure Starts	Foreclosure Completions	Total (As of July 2010)
American Home Mortgage Servicing Inc.	41	8	103	622	1	175	35	34	3	1,022
Bank of America, NA <sup>4</sup>	63,382	3,196	7,552	35,638	11,889	1,311	15,556	8,062	1,543	148,129
CitiMortgage Inc.	20,264	7,490	8,979	36,224	1,277	277	1,223	6,351	612	82,697
GMAC Mortgage, LLC	2,009	340	1,057	8,169	117	474	323	1,365	521	14,375
JP Morgan Chase Bank NA <sup>5</sup>	14,631	504	1,705	59,149	135	2,185	2,376	16,089	3,368	100,142
Litton Loan Servicing LP	3,336	472	1,774	13,552	309	96	823	2,400	475	23,237
OneWest Bank	2,223	329	284	5,320	70	14	698	1,221	969	11,128
Wells Fargo Bank NA <sup>6</sup>	8,720	540	9,536	58,144	986	2,432	4,485	17,882	4,067	106,792
<b>TOTAL (These 8 Servicers)</b>	<b>114,606</b> <b>23.5%</b>	<b>12,879</b> <b>2.6%</b>	<b>30,990</b> <b>6.4%</b>	<b>216,818</b> <b>44.5%</b>	<b>14,784</b> <b>3.0%</b>	<b>6,964</b> <b>1.4%</b>	<b>25,519</b> <b>5.2%</b>	<b>53,404</b> <b>11.0%</b>	<b>11,558</b> <b>2.4%</b>	<b>487,522</b> <b>100%</b>

The most common causes of trial cancellations are:

- Insufficient documentation
- Trial plan payment default
- Ineligible borrower: first-lien housing expense is already below 31% of household income

Note: Data is as reported by servicers for actions completed through July 31, 2010.

<sup>1</sup> As defined by cap amount.

<sup>2</sup> Trial loans that have been canceled, but no further action has yet been taken.

<sup>3</sup> An arrangement with the borrower and servicer that does not involve a formal loan modification.

<sup>4</sup> Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

<sup>5</sup> J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

<sup>6</sup> Wells Fargo Bank, NA includes a portion of the loans previously included in Wachovia Mortgage, FSB. Excludes Wachovia Mortgage FSB Pick-a-Payment Loans.

Note: Excludes cancellations pending data corrections.

# Making Home Affordable Program

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## Disposition Path Homeowners Not Accepted for HAMP Trial Modifications Through July 2010 (8 Largest Servicers)<sup>1</sup>

Homeowners Not Accepted for a HAMP Trial Modification Who Are in the Process of:

Servicer	Action Pending <sup>2</sup>	Action Not Allowed – Bankruptcy in Process	Borrower Current	Alternative Modification	Payment Plan <sup>3</sup>	Loan Payoff	Short Sale/ Deed in Lieu	Foreclosure Starts	Foreclosure Completions	Total (As of July 2010)
American Home Mortgage Servicing Inc.	2,164	370	4,230	30,282	285	565	1,296	3,106	159	42,457
Bank of America, NA <sup>4</sup>	19,387	2,673	2,954	10,532	2,403	1,021	22,282	22,278	6,261	89,791
CitiMortgage Inc.	5,378	2,055	8,497	8,410	1,819	3,775	909	3,046	1,048	34,937
GMAC Mortgage, LLC	21,297	3,590	21,691	30,373	2,660	4,738	2,523	13,559	4,589	105,020
JP Morgan Chase Bank NA <sup>5</sup>	27,616	1,939	72,291	66,584	332	9,030	3,071	11,725	2,569	195,157
Litton Loan Servicing LP	8,706	3,537	7,283	10,016	1,093	323	3,298	8,407	2,388	45,051
OneWest Bank	8,224	1,463	5,540	4,679	393	147	2,601	3,941	4,450	31,438
Wells Fargo Bank NA <sup>6</sup>	10,868	976	15,621	35,807	1,101	2,557	2,894	10,267	4,304	84,395
<b>TOTAL (These 8 Servicers)</b>	<b>103,640 16.5%</b>	<b>16,603 2.6%</b>	<b>138,107 22.0%</b>	<b>196,683 31.3%</b>	<b>10,086 1.6%</b>	<b>22,156 3.5%</b>	<b>38,874 6.2%</b>	<b>76,329 12.1%</b>	<b>25,768 4.1%</b>	<b>628,246 100%</b>

The most common causes of trials not accepted are:

- Ineligible borrower: first-lien housing expense is already below 31% of household income
- Insufficient documentation
- Imminent default not evidenced by borrower

Note: Data is as reported by servicers for actions completed through July 31, 2010.

<sup>1</sup> As defined by cap amount.

<sup>2</sup> Homeowners who were not approved for a HAMP trial modification, but no further action has yet been taken.

<sup>3</sup> An arrangement with the borrower and servicer that does not involve a formal loan modification.

<sup>4</sup> Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

<sup>5</sup> J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

<sup>6</sup> Wells Fargo Bank, NA includes a portion of the loans previously included in Wachovia Mortgage, FSB. Excludes Wachovia Mortgage FSB Pick-a-Payment Loans.

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## Selected Homeowner Outreach Measures

Homeowner Outreach Events Hosted Nationally by Treasury and Partners (cumulative)	44
Homeowners Attending Treasury-Sponsored Events (cumulative)	44,969
Servicer Solicitation of Borrowers (cumulative) <sup>1</sup>	5,824,832
Page views on <a href="http://MakingHomeAffordable.gov">MakingHomeAffordable.gov</a> (August 2010)	3,281,857
Page views on <a href="http://MakingHomeAffordable.gov">MakingHomeAffordable.gov</a> (cumulative)	96,086,409
Percentage to Goal of 3-4 Million Modification Offers by 2012 <sup>2</sup>	40-53%

<sup>1</sup> Source: survey data provided by SPA servicers. Servicers are encouraged by HAMP to solicit information from borrowers 60+ days delinquent, regardless of eligibility for a HAMP modification.

<sup>2</sup> In 2009, Treasury set a goal of offering help to 3-4 million borrowers through the end of 2012.

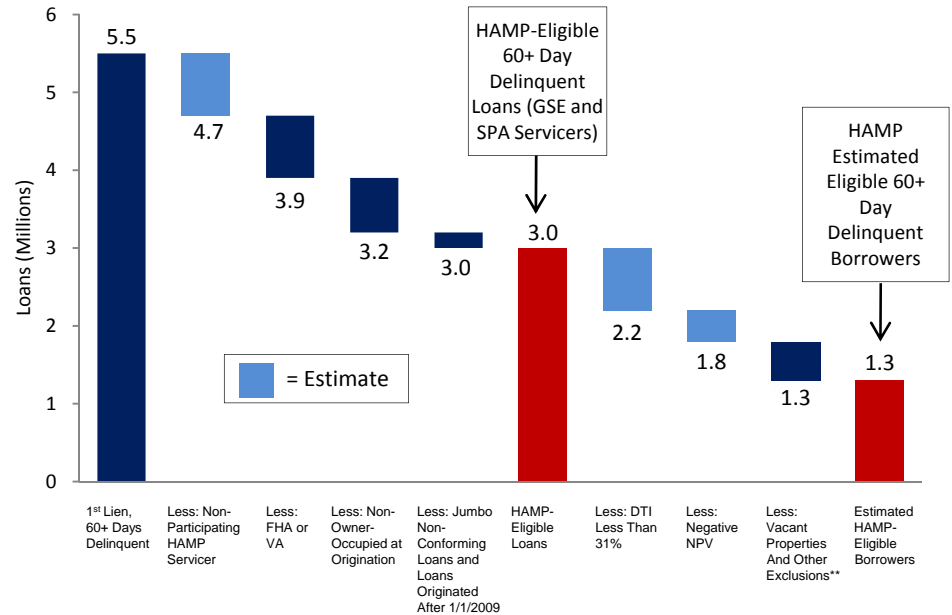
## Call Center Volume

	Cumulative	August
Total Number of Calls Taken at 1-888-995-HOPE (since program inception)	1,495,637	118,542
Borrowers Receiving Free Housing Assistance Through the Homeowner's HOPE™ Hotline	725,429	46,831

Source: Homeowner's HOPE™ Hotline.

## Waterfall of Eligible Borrowers

Not all 60-day delinquent loans are eligible for HAMP. Other characteristics may preclude homeowner eligibility. Based on the estimates, of the 5.5 million homeowners who are currently 60+ days delinquent, 1.3 million homeowners are eligible for HAMP. As this represents a point-in-time snapshot of the delinquency population and estimated HAMP eligibility, we expect that more homeowners will become seriously delinquent between now and the end of 2012, and some of those homeowners will be eligible for HAMP.



\* Other exclusions include: no longer owner-occupied; investor's pooling and servicing agreement precludes modification; and manufactured housing loans with titling/chattel issues that exclude them from HAMP.

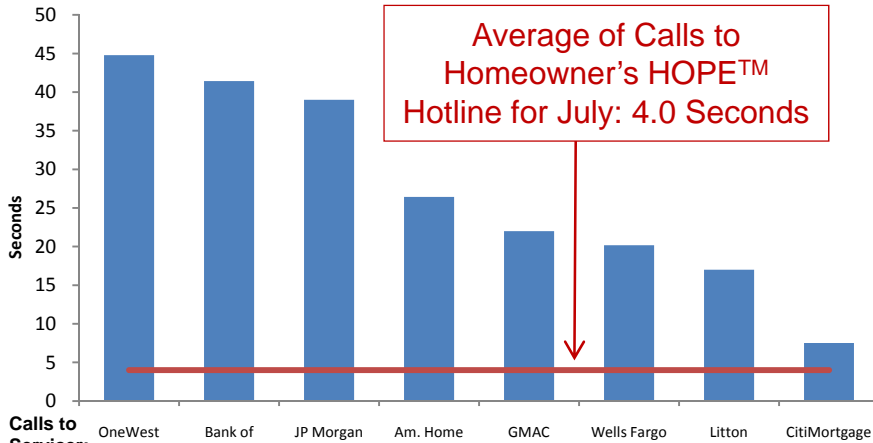
Sources: Fannie Mae; monthly survey of participating servicers for July 31, 2010. Total 60+ day delinquency figure derived from 2<sup>nd</sup> Quarter 2010 MBA National Delinquency Survey. Excluded loans are as reported by large servicers by survey who have signed a servicer participation agreement for HAMP.

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## Homeowner Experience (8 Largest Servicers)\*

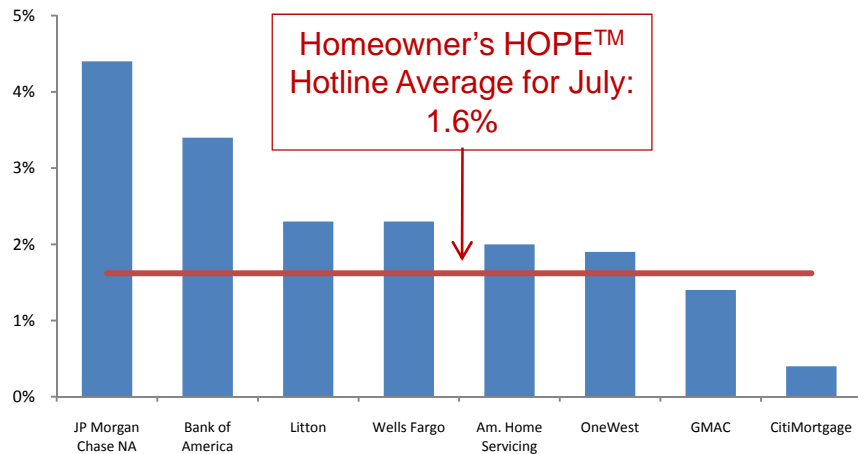
### Average Speed to Answer Homeowner Calls (July)



Calls to Servicer: OneWest, Bank of America NA, JP Morgan Chase NA, Am. Home Servicing, GMAC, Wells Fargo, Litton, CitiMortgage

Source: Survey data through July 31, 2010, from servicers on call volume to loss mitigation lines.

### Call Abandon Rate (July)

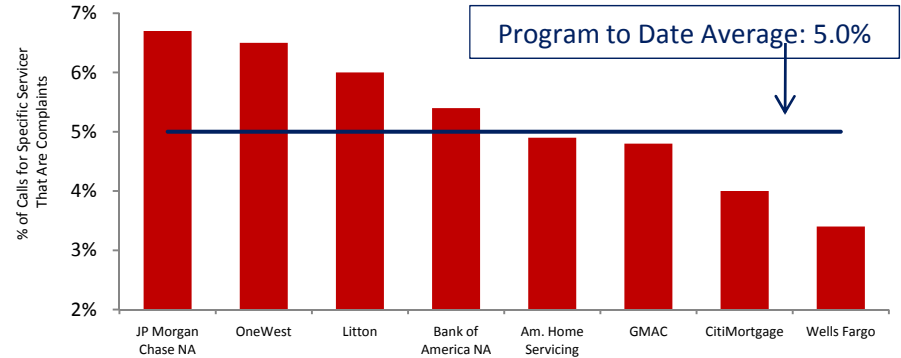


Source: Survey data through July 31, 2010, from servicers on call volume to loss mitigation lines.

\*As defined by cap amount.

### Servicer Complaint Rate to Homeowner's HOPE™ Hotline (Program to Date, Through August)

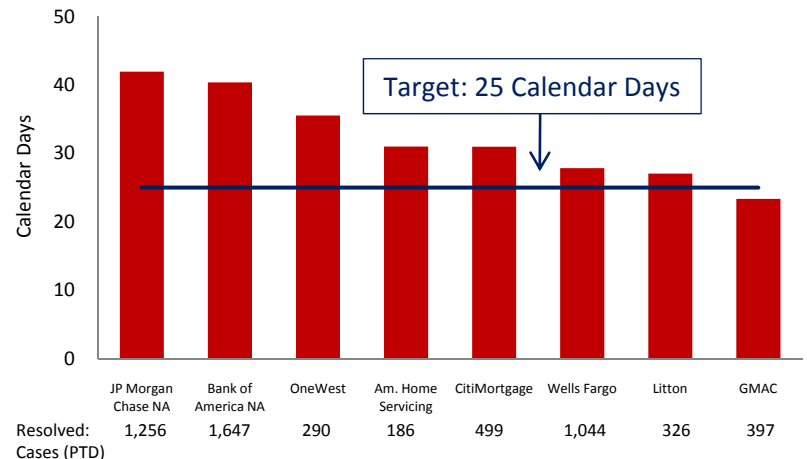
Program to date, there have been 707,681 calls to the Homeowner's HOPE™ Hotline regarding a specific SPA servicer, of which 5.0% included complaints. Below shows specific complaint rates.



Source: Homeowner's HOPE™ Hotline.

Note: Complaint rate is the share of a specific servicer's call volume that are complaints (i.e., for all calls about JP Morgan Chase, 6.7% included complaints.)

### Servicer Time to Resolve Third-Party Escalations (Program to Date, Through August)



Source: HAMP Solutions Center. Target of 25 calendar days includes an estimated 5 days processing by HAMP Solutions Center.



# Making Home Affordable Program

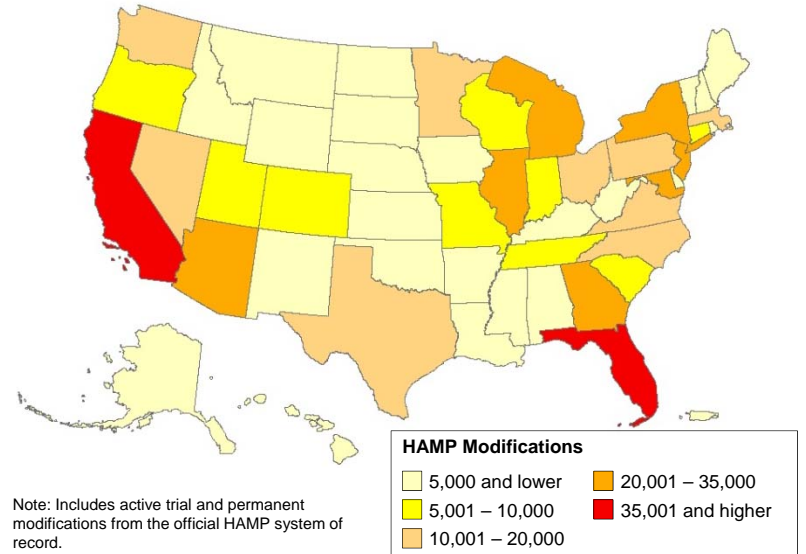
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## HAMP Activity by State

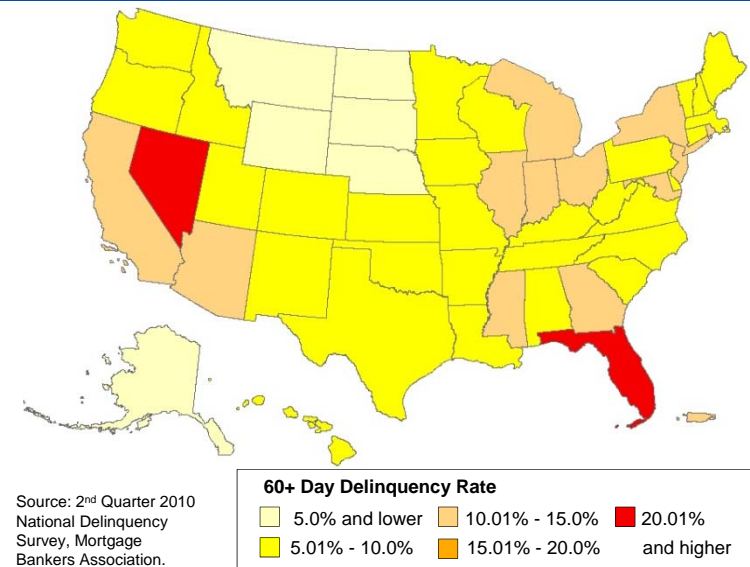
State	Active Trials	Permanent Modifications	Total	% of Total	State	Active Trials	Permanent Modifications	Total	% of Total
AK	86	184	270	0.0%	MT	269	479	748	0.1%
AL	1,272	2,673	3,945	0.6%	NC	3,594	8,604	12,198	1.9%
AR	446	1,096	1,542	0.2%	ND	40	82	122	0.0%
AZ	9,262	23,390	32,652	5.0%	NE	257	614	871	0.1%
CA	47,266	101,760	149,026	22.9%	NH	919	2,132	3,051	0.5%
CO	2,555	6,469	9,024	1.4%	NJ	6,655	14,626	21,281	3.3%
CT	2,507	5,825	8,332	1.3%	NM	718	1,415	2,133	0.3%
DC	350	749	1,099	0.2%	NV	5,650	12,029	17,679	2.7%
DE	634	1,451	2,085	0.3%	NY	10,083	19,054	29,137	4.5%
FL	24,339	53,777	78,116	12.0%	OH	4,593	10,092	14,685	2.3%
GA	7,393	16,385	23,778	3.6%	OK	537	1,044	1,581	0.2%
HI	791	1,684	2,475	0.4%	OR	2,186	4,968	7,154	1.1%
IA	505	1,157	1,662	0.3%	PA	4,272	9,462	13,734	2.1%
ID	829	1,707	2,536	0.4%	RI	965	2,338	3,303	0.5%
IL	10,455	24,126	34,581	5.3%	SC	1,812	4,427	6,239	1.0%
IN	1,948	4,502	6,450	1.0%	SD	90	167	257	0.0%
KS	520	1,083	1,603	0.2%	TN	2,061	4,763	6,824	1.0%
KY	797	1,750	2,547	0.4%	TX	6,295	11,260	17,555	2.7%
LA	1,133	2,271	3,404	0.5%	UT	1,844	4,209	6,053	0.9%
MA	4,787	11,332	16,119	2.5%	VA	4,889	11,305	16,194	2.5%
MD	6,382	15,051	21,433	3.3%	VT	146	367	513	0.1%
ME	563	1,251	1,814	0.3%	WA	3,929	8,779	12,708	2.0%
MI	6,571	15,266	21,837	3.4%	WI	1,963	4,520	6,483	1.0%
MN	3,094	8,744	11,838	1.8%	WV	267	714	981	0.2%
MO	2,199	4,976	7,175	1.1%	WY	119	220	339	0.1%
MS	696	1,710	2,406	0.4%	Other*	988	898	1,886	0.3%

\* Includes Guam, Puerto Rico and the U.S. Virgin Islands.

## Modification Activity by State



## Mortgage Delinquency Rates by State



# Making Home Affordable Program

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## 15 Metropolitan Areas With Highest HAMP Activity

Metropolitan Statistical Area	Active Trials	Permanent Modifications	Total HAMP Activity	% of All HAMP Activity
Los Angeles-Long Beach-Santa Ana, CA	13,735	28,982	42,717	6.6%
New York-Northern New Jersey-Long Island, NY-NJ-PA	13,195	26,421	39,616	6.1%
Riverside-San Bernardino-Ontario, CA	10,057	23,974	34,031	5.2%
Chicago-Joliet-Naperville, IL-IN-WI	10,058	23,288	33,346	5.1%
Miami-Fort Lauderdale-Pompano Beach, FL	9,797	20,289	30,086	4.6%
Phoenix-Mesa-Glendale, AZ	7,619	19,385	27,004	4.1%
Washington-Arlington-Alexandria, DC-VA-MD-WV	6,812	15,953	22,765	3.5%
Atlanta-Sandy Springs-Marietta, GA	5,978	13,303	19,281	3.0%
Las Vegas-Paradise, NV	4,706	9,847	14,553	2.2%
Detroit-Warren-Livonia, MI	4,072	9,237	13,309	2.0%
Orlando-Kissimmee-Sanford, FL	3,824	8,939	12,763	2.0%
Boston-Cambridge-Quincy, MA-NH	3,397	8,077	11,474	1.8%
San Francisco-Oakland-Fremont, CA	3,910	7,020	10,930	1.7%
Sacramento-Arden-Arcade-Roseville, CA	3,212	7,648	10,860	1.7%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	3,289	7,443	10,732	1.6%

A complete list of HAMP activity for all MSAs is available at <http://www.financialstability.gov/docs/MSA%20Data%20Aug%202010.pdf>

## Modifications by Investor Type (Large Servicers)

Servicer	GSE	Private	Portfolio	Total
Bank of America, NA <sup>1</sup>	98,687	46,804	7,219	152,710
JP Morgan Chase NA <sup>2</sup>	39,016	31,931	12,784	83,731
Wells Fargo Bank, NA <sup>3</sup>	44,115	11,429	6,516	62,060
CitiMortgage, Inc.	41,660	3,934	16,175	61,769
GMAC Mortgage, LLC	20,998	6,362	8,246	35,606
OneWest Bank	15,024	12,892	2,215	30,131
Ocwen Financial Corporation, Inc.	6,187	16,710	327	23,224
American Home Mortgage Servicing Inc	1,168	21,226	0	22,394
Select Portfolio Servicing	434	15,524	1,859	17,817
Aurora Loan Services, LLC	10,732	6,650	217	17,599
Wachovia Mortgage, FSB <sup>4</sup>	161	72	14,709	14,942
Saxon Mortgage Services Inc.	1,138	12,149	601	13,888
Nationstar Mortgage LLC	8,495	4,073	5	12,573
Litton Loan Servicing LP	1,021	9,066	0	10,087
US Bank NA	6,458	15	3,219	9,692
HomEq Servicing	2	5,560	294	5,856
PNC Mortgage <sup>5</sup>	4,156	195	415	4,766
Green Tree Servicing LLC	4,259	330	21	4,610
Remainder of HAMP Servicers	56,023	6,143	5,837	68,003
<b>Total</b>	<b>359,734</b>	<b>211,065</b>	<b>80,659</b>	<b>651,458</b>

<sup>1</sup> Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loans Services and Wilshire Credit Corporation.

<sup>2</sup> J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

<sup>3</sup> Wells Fargo Bank, NA includes a portion of the loans previously included in Wachovia Mortgage, FSB.

<sup>4</sup> Wachovia Mortgage, FSB consists of Wachovia Mortgage FSB Pick-a-Payment loans.

<sup>5</sup> Formerly National City Bank.

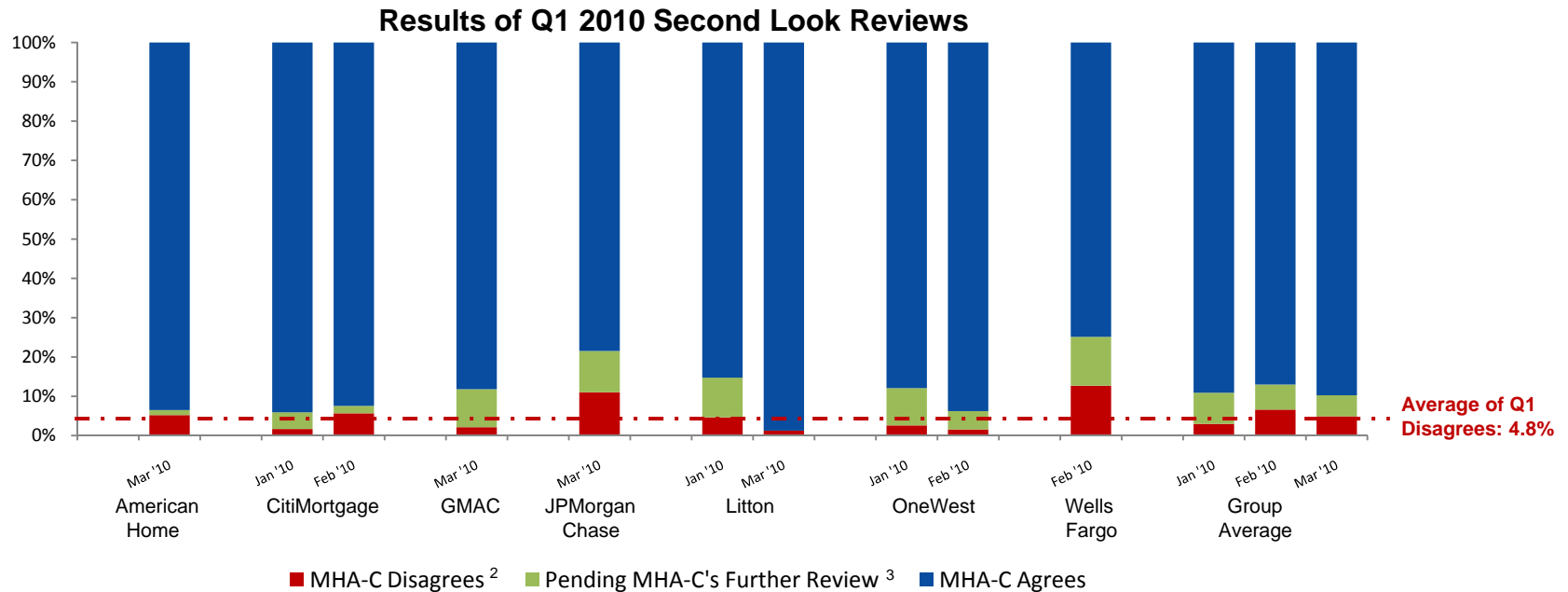
Note: Figures reflect active trials and permanent modifications.

# Making Home Affordable Program

Servicer Performance Report Through August 2010

## Results of Compliance Second-Look Reviews (Q1 2010)

Making Home Affordable-Compliance (MHA-C) conducts Second Look<sup>1</sup> reviews of homeowners that were not solicited or evaluated for HAMP modifications to ensure that the servicer's actions were appropriate. In an average of 4.8% of the cases, MHA-C disagreed with the servicer's actions. When Second Look results warrant, further servicer actions may be required, including: requiring servicers to reevaluate loans not offered HAMP modifications; submit further documentation; clarify loan status; engage in process remediation, training, or policy clarification; or take other actions as directed by Treasury.



<sup>1</sup> Second Look Results are derived from a statistical sample of loan files for borrowers not offered a HAMP modification (typically 100 loan files). Chart shows results for largest servicers; an additional 30 servicers were evaluated in the 1<sup>st</sup> quarter.

<sup>2</sup> Cases where the borrower was not appropriately solicited or evaluated for HAMP.

<sup>3</sup> Cases where MHA-C was unable to determine if the servicer's actions were appropriate without further information from the servicer.

The results of Second Look reviews help determine the types of other compliance activities and frequency with which those activities will be conducted. (See Appendix B1). Servicers are required to reconsider loans in the "Disagree" category, and submit additional information for loans in the "Pending MHA-C's Further Review" population. Importantly, where MHA-C disagrees with the disposition of a loan or is unable to determine if the loan was evaluated properly, servicers are reminded to continue forestalling foreclosure of the loan until these items are resolved.

The frequency of Second Look loan file reviews performed during the 1<sup>st</sup> quarter of 2010 varied by servicer due to a number of factors: changes in MHA-C sampling methodology, more stringent data submission deadlines, and coordination with overall compliance activity.

Beginning in the 3<sup>rd</sup> quarter sampling period, MHA-C revised its sampling strategy to sample monthly from all large servicers in order to provide more consistent trending by

servicer and greater comparability of results between servicers.

As noted in the chart, non-compliance rates for both Wells Fargo Bank and JP Morgan Chase were above the average and resulted in requiring the servicers to make changes to their solicitation and eligibility processes. Additionally, MHA-C conducted further compliance activities to help ensure the servicers were making the changes required.

The Second Look chart does not include results for Bank of America because other compliance activities were conducted in this time period that included the same processes (e.g. solicitation, eligibility) evaluated during Second Look reviews. Those activities identified required changes to Bank of America's solicitation and eligibility processes. MHA-C conducted further compliance activities to help ensure required changes were being implemented.

Please see Appendix B for a detailed description of compliance activities.

# Making Home Affordable Program

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## Appendix A: Non-GSE Participants in HAMP

Allstate Mortgage Loans & Investments, Inc.	Green Tree Servicing LLC	Purdue Employees Federal Credit Union
American Eagle Federal Credit Union	Hartford Savings Bank	QLending, Inc.
American Home Mortgage Servicing, Inc	Hillsdale County National Bank	Quantum Servicing Corporation
AMS Servicing, LLC	HomEq Servicing	Residential Credit Solutions
Aurora Loan Services, LLC	HomeStar Bank & Financial Services	RG Mortgage Corporation
Bank of America, N.A. <sup>1</sup>	Horicon Bank	Roebing Bank
Bank United	Horizon Bank, NA	RoundPoint Mortgage Servicing Corporation
Bay Federal Credit Union	Iberiabank	Saxon Mortgage Services, Inc.
Bay Gulf Credit Union	IBM Southeast Employees' Federal Credit Union	Schools Financial Credit Union
Bayview Loan Servicing, LLC	IC Federal Credit Union	SEFCU
Bramble Savings Bank	Idaho Housing and Finance Association	Select Portfolio Servicing
Carrington Mortgage Services, LLC	iServe Residential Lending LLC	Servis One Inc., dba BSI Financial Services, Inc.
CCO Mortgage	iServe Servicing Inc.	ShoreBank
Central Florida Educators Federal Credit Union	J.P.Morgan Chase Bank, NA <sup>2</sup>	Silver State Schools Credit Union
Central Jersey Federal Credit Union	Lake City Bank	Sound Community Bank
CitiMortgage, Inc.	Lake National Bank	Specialized Loan Servicing, LLC
Citizens 1st National Bank	Litton Loan Servicing	Spirit of Alaska Federal Credit Union
Citizens First Wholesale Mortgage Company	Los Alamos National Bank	Stanford Federal Credit Union
Community Bank & Trust Company	Marix Servicing, LLC	Sterling Savings Bank
CUC Mortgage Corporation	Metropolitan National Bank	Suburban Mortgage Company of New Mexico
DuPage Credit Union	Midwest Bank & Trust Co.	Technology Credit Union
Eaton National Bank & Trust Co	Mission Federal Credit Union	Tempe Schools Credit Union
Farmers State Bank	MorEquity, Inc.	The Golden 1 Credit Union
Fidelity Homestead Savings Bank	Mortgage Center, LLC	U.S. Bank National Association
First Bank	Mortgage Clearing Corporation	United Bank
First Financial Bank, N.A.	National City Bank	United Bank Mortgage Corporation
First Keystone Bank	Nationstar Mortgage LLC	Urban Trust Bank
First National Bank of Grant Park	Navy Federal Credit Union	Vantium Capital, Inc.
Franklin Credit Management Corporation	Oakland Municipal Credit Union	Verity Credit Union
Fresno County Federal Credit Union	Ocwen Financial Corporation, Inc.	Vist Financial Corp.
Glass City Federal Credit Union	OneWest Bank	Wells Fargo Bank, NA <sup>3</sup>
GMAC Mortgage, LLC	ORNL Federal Credit Union	Wealthbridge Mortgage Corp.
Golden Plains Credit Union	Park View Federal Savings Bank	Wescom Central Credit Union
Grafton Suburban Credit Union	Pathfinder Bank	Yadkin Valley Bank
Great Lakes Credit Union	PennyMac Loan Services, LLC	
Greater Nevada Mortgage Services	PNC Bank, National Association	

<sup>1</sup> Bank of America, NA includes Bank of America, NA, BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

<sup>2</sup> J.P. Morgan Chase Bank, NA includes EMC Mortgage Corporation.

<sup>3</sup> Wells Fargo Bank, NA includes Wachovia Mortgage FSB and Wachovia Bank NA.

# Making Home Affordable Program

Servicer Performance Report Through August 2010

## Appendix B1: Description of Compliance Activities

*Note: Areas of compliance emphasis and servicer-specific compliance data will be updated quarterly.*

### **Description of Compliance Activities**

Freddie Mac, serving as Compliance Agent for Treasury's Home Affordable Modification Program (HAMP), has created a separate division known as Making Home Affordable - Compliance (MHA-C). Using a risk-based approach, MHA-C conducts a number of different types of compliance activities to assess servicer compliance with HAMP guidelines for those servicers that have signed a servicer participation agreement with Treasury and for those loans for which Treasury pays incentives (non-GSE loans), as described below.

### **On Site Reviews: Readiness & Governance** –

Reviews performed by MHA-C to assess the servicer's preparedness for complying with new/future HAMP requirements, or to research a trend or potential implementation risk. Reviews are performed as needed, determined by frequency of new program additions.

**NPV Reviews** – Reviews conducted by MHA-C to determine the servicer's adherence to the HAMP NPV guidelines. For those servicers that have elected to recode the NPV model into their own systems (recoders), the testing process is designed

to ensure the servicer's NPV model is accurately calculating NPV and that the model usage is consistent with directives. At a minimum, recoders are subject to quarterly off-site testing and semi-annual for on-site reviews. For servicers using the Treasury NPV Web Portal, reviews of data submissions are performed on a monthly basis.

**On Site Reviews: Implementation** – Review conducted by MHA-C covering the servicer's overall execution of the HAMP program. Areas covered include, among other things, solicitation, eligibility, underwriting, document management, payment processing, reporting, and governance. Reviews are performed at a minimum for larger servicers on a semi-annual schedule and for smaller servicers on an annual schedule.

**Loan File Review** – A review performed by MHA-C of a servicer's non-performing loan portfolio primarily to assess completeness of relevant documentation and appropriate loan modification decisioning. This includes reviews of loans which have successfully converted to a permanent modification to ensure they meet the HAMP guidelines, as well as loans that have not been offered HAMP modifications to ensure that the exclusion was appropriate ("Second Look"). Larger servicers are on an alternating permanent

modifications and Second Look monthly loan file review cycle. These Loan File reviews consist of a statistical sample (typically 100- 150 loan files per larger servicer). Smaller servicers are also statistically sampled on a quarterly or semi-annual cycle.

**Incentive Payment Reviews** – Reviews performed by MHA-C to determine the accuracy and validity of borrower and investor incentive payments, and to assess whether borrower payments are appropriately allocated to borrowers' loan principal in accordance with HAMP guidelines. They are performed at a minimum annually on the top 21 servicers.

*(See next page for Areas of Compliance Emphasis)*

# Making Home Affordable Program

Servicer Performance Report Through August 2010

## Appendix B2: Areas of Compliance Emphasis

In the coming months, following will be areas of emphasis for MHA-C, to ensure ongoing compliance.

### **Program Changes: HAFA, 2MP, Unemployment and Principal Reduction**

Servicers are required to be prepared prior to the implementation of new programs. At the outset of new programs, servicers should focus on making necessary changes to processes, policies, procedures, and controls in order to implement the new requirements effectively. To the extent that systematic controls are not fully implemented, it is important that servicers design and fully communicate to staff any alternative processes (manual or otherwise) that will help ensure eligible borrowers are considered and provided the opportunity to participate in the programs, where appropriate.

With several recently implemented or new programs including HAFA, 2MP, Unemployment, and Principal Reduction, MHA-C will emphasize in the coming quarter both policy design and overall program execution. Specific attention will be given to transitional alternative processes required in advance of full systems integrations of new programs.

### **NPV Model Management and 4.0 Model Preparation**

Proper and consistent use of the Net Present Value model is essential in assuring that potentially eligible borrowers are appropriately evaluated for the HAMP program. Servicers who do not utilize the Treasury NPV Portal model (Recoders) are required to have their recorded model tested and certified by MHA-C before use, establish and maintain documentation of their internal controls and governance processes and periodically test their model and controls to help

ensure that the recoded model produces results consistent with the Portal model.

As of October 1, Servicers will be required to begin using a new version (4.0) through the Portal or in their recoded model. Conversion to 4.0 is expected to add additional control challenges and servicers are expected to review and appropriately enhance their current NPV procedures and controls. As with any NPV model change, Recoders are required to obtain certification from MHA-C prior to utilizing a recoded 4.0 model.

In the coming quarter, MHA-C will remain focused on servicers' NPV Model management practices. Additionally, and in consideration of the conversion to NPV version 4.0, MHA-C will evaluate conversion preparation and contingency planning. Recoding servicers with complex systems may face unusual challenges in returning to Portal use in the event that their recoded version 4.0 NPV model cannot be certified by the required timeframe. Accordingly, MHA-C will expect servicers to prepare to implement contingency plans, including; detailed contingency plans for return to Portal use and revalidation through the Treasury Portal, where necessary.

### **IR2 Data Integrity**

Servicers are required to timely report accurate information to the Program Administrator's IR2 database. The information reported is used for both public reporting and in deriving the incentive payments. Because of the importance of this data, Servicers must maintain controls which assure that information in the database is accurate and consistent with source documentation utilized to process the modification.

In the recent quarter, MHA-C has continued to focus on Servicer governance processes and associated controls over the accuracy and integrity of IR2 data. This focus will continue. Specifically, MHA-C will evaluate controls over data mapping and governance processes designed to assure consistency of data between loan files, servicer systems of record, and the IR2 database.

### **Governance**

Strong governance practices (policies, procedures, training, and internal assessments) are essential to maintaining the integrity of the HAMP program. Such governance helps assure eligible borrowers are considered for the program, ineligible borrowers are excluded, and that accurate information is reported to the Program Administrator.

In coming quarters, MHA-C will focus on governance policies, procedures, and practices, and in particular quality assurance activities. The objective of these assessments will be to ensure that the governance processes include an evaluation of potential areas of HAMP risk (e.g. appropriate exclusion as well as appropriate inclusion of borrowers), adequate testing programs, sufficient documentation of testing results, and appropriate action plans to address identified areas for remediation.