

U.S. DEPARTMENT OF THE TREASURY

Press Center

Statement by Secretary Henry M. Paulson, Jr. on Announcement of New Private Sector Alliance – HOPE NOW

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Washington, DC--Thank you, Secretary Jackson, for being here today. And thank you to everyone here today with one common objective – helping homeowners stay in their homes. We all know well the turmoil in today's mortgage markets. A combination of stagnant or falling house prices, low down payment mortgages and resetting adjustable-rate mortgage rates are creating real challenges for many American homeowners. More and more homeowners are having trouble meeting their monthly mortgage payments, and foreclosure rates have risen in recent quarters. Foreclosures are painful not only for families, but also for neighborhoods, for mortgage servicers, for mortgage investors, and for the economy as a whole. This morning, I welcome you all here to applaud a new alliance of mortgage market participants who recognize that cost, and are stepping up efforts to prevent it for as many families as possible.

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On August 31, President Bush announced a foreclosure prevention initiative. He asked Secretary Jackson and me to spearhead an effort to identify struggling homeowners and help as many as possible to keep their primary residences. We have been meeting with the nation's leading mortgage counselors, mortgage servicers, lenders, investors and other industry experts to explore their ideas on how to reach and help homeowners.

We learned that many individual participants are already actively engaged. Leading mortgage servicers have increased their outreach to borrowers who may need help. Mortgage counselors have been working hard to support the large numbers of homeowners who are calling them and asking for help. State and local governments across the country have started innovative programs targeted at people and neighborhoods hit worst by the market downturn.

Each of these steps is critical, and each has an impact. But we also know that we will not be nearly as effective as we need to be unless everyone is working together. Only through better integration of their efforts can mortgage counselors and mortgage servicers reach the greatest number of borrowers facing payments they can't meet and only with increased coordination can they be more effective in finding solutions for those homeowners.

Today, for the first time, 11 of the largest mortgage servicers representing 60 percent of the mortgages in America, several of the leading mortgage counselors, investors, and large trade organizations have come together and formed a partnership to help more Americans keep their homes. These leaders recognize that by working together, coordinating and scaling up their activities, they will be able to work toward the goal to help more homeowners.

Their partnership, called HOPE NOW, has put together an aggressive plan to reach more homeowners and help them find a way to stay in their homes. And I'm glad to see the American Securitization Forum, representing investors as well as servicers, is joining this alliance, recognizing that mortgage investors also have an interest in expanding the reach of mortgage counselors to prevent foreclosures whenever possible.

This coalition has a lot of work to do – I applaud you for running toward this challenge. I'm pleased that in my discussions with members of Congress on this initiative I've heard bipartisan support for this effort. I also hope to see this alliance grow. Although, the servicers here represent 60 percent of mortgages outstanding, we need greater participation if we are going to get to all those that need help as quickly as possible. Others have good reason to join this alliance, because minimizing foreclosures benefits lenders and investors as well as homeowners.

Thank you all for what you are doing, and keep up the effort. I know you are working to develop standardized metrics to track your progress and effectiveness in reaching and helping borrowers. I am also convinced that only by working together do we have any chance of being as successful as we need to be. A unified strategy and better integration will mean homeowners get better help with their mortgages, servicers get better responses when they reach out to people, and our communities will see fewer foreclosures.

Let me be clear. I'm not announcing we have solved this problem. What we're announcing is a necessary step toward a very important objective. We all have a lot more work to do. And we at Treasury look forward to working with this group and with Congress as we continue to confront this challenge.

The alliance members standing here with us today will give you more detail on their plans. But first, let me turn the microphone to Secretary Jackson, and let me put in a plug for his agency. As we all know, the sooner a troubled borrower reaches out to explore financial options, the more likely he or she will be able to find an affordable mortgage solution. Anyone worried today – please call your lender or go on the HUD website to find a mortgage counselor and ask for help. I'm sure Secretary Jackson will say that too – but it bears repeating.