

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Interim Assistant Secretary for Financial Stability Neel Kashkari Remarks on GSE, HOPE NOW Streamlined Loan Modification Program

11/11/2008

HP-1264

Washington - Stabilizing our financial system will require not only strengthening our financial institutions so they are able to lend to our communities, but also helping homeowners avoid preventable foreclosures. As Secretary Paulson has repeatedly said, there is no silver bullet to address the housing downturn. We are experiencing a necessary correction and the sooner we work through it, the sooner housing can again contribute to our economic growth. We must explore all tools to help homeowners and increase the availability of mortgage finance.

Since last year, Treasury has worked with leading housing counselors, mortgage servicers and investors through the HOPE NOW Alliance to reach and help homeowners who both want to keep their homes and have the basic financial wherewithal to do so. In that time, industry and government have developed several new tools to help homeowners. The industry is now helping over 200,000 homeowners a month avoid foreclosure with a loan workout.

Today's announcement by FHFA, the GSEs, and HOPE NOW is an important step forward to make sure the system has capacity to help all qualifying homeowners who are reaching out for help. We commend FDIC Chairman Sheila Bair for her leadership in developing a systematic loan modification protocol at IndyMac Bank. FHFA, the GSEs and HOPE NOW relied heavily on the IndyMac model in developing this new protocol. With such broad adoption, this new protocol will be a standard for the industry to quickly move homeowners into long-term sustainable mortgages.

The adoption of this streamlined modification framework is an additional tool that servicers will now have to help avoid preventable foreclosures. This framework will not only help those homeowners who receive a streamlined modification, it will also further address servicer capacity concerns by freeing up resources, helping ensure that borrowers do not fall through the cracks because servicers aren't able to get to them.

We commend Director Lockhart and FHFA along with Fannie Mae and Freddie Mac for taking the lead in developing and adopting this streamlined approach to loan modifications and helping establish these important new industry standards. We also commend Hope Now for their continued leadership in bringing the industry together for a common solution. It is important to note the powerful example large lenders are providing by applying this protocol to their own mortgage portfolios.

The Treasury Department is committed to continuing to take strong action to stabilize our financial system and we welcome this important announcement to help homeowners avoid preventable foreclosures.

-30-