

## Obama administration kicks off Mortgage Modification Conversion Drive

Written by

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WASHINGTON – The U.S. Department of the Treasury and Department of Housing and Urban Development (HUD) last week kicked off a nationwide campaign to help borrowers who are currently in the trial phase of their modified mortgages under the Obama Administration’s Home Affordable Modification Program (HAMP) convert to permanent modifications. The modification program, which has helped over 650,000 borrowers, is part of the Administration’s broader commitment to stabilize housing markets and to provide relief to struggling homeowners and is a primary focus of financial stability efforts moving forward.

Roughly 375,000 of the borrowers who have begun trial modifications since the start of the program are scheduled to convert to permanent modifications by the end of the year. Through the efforts being announced today, Treasury and HUD will implement new outreach tools and borrower resources to help convert as many trial modifications as possible to permanent ones.

“We are encouraged by the pace at which trial modifications are now being made to provide immediate savings to struggling homeowners,” said the new Chief of Treasury’s Homeownership Preservation Office (HPO), Phyllis Caldwell. “We now must refocus our efforts on the conversion phase to ensure that borrowers and servicers know what their responsibilities are in converting trial modifications to permanent ones.” In her new role, Caldwell will lead HPO’s conversion drive efforts.

“Encouraging borrowers to move through the process of converting trial modifications to permanent modifications remains a top priority for HUD,” said HUD Assistant Secretary for Housing and FHA Commissioner David Stevens. “As a part of our continuing efforts to improve the execution of the HAMP program, HUD is committed to working with servicers, borrowers, housing counselors and others dedicated to homeownership preservation to improve the transition of distressed homeowners into affordable and sustainable mortgages.”

With tens of thousands of trial modifications being made each week, the Administration is now working to ensure that eligible borrowers have the information and the assistance needed to move from the trial to the permanent modification phase. (All mortgage modifications begin with a trial phase to allow borrowers to submit the necessary documentation and determine whether the modified monthly payment is sustainable for them.) As the first round of modifications

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convert from the trial to permanent phase, the Administration has identified several strategies for addressing the challenges that borrowers confront in receiving permanent modifications.

In addition to the conversion drive that kicked off last week, the Obama Administration had already taken several steps to make the transition from trial to permanent modification easier and more transparent by:

- Extending the period for trial modifications started on or before September 1st to give homeowners more time to submit required information;
- Streamlining the application process to minimize paperwork and simplify the submission process; meeting regularly with servicers to identify necessary improvement to borrower outreach and responsiveness;
- Developing operational metrics to hold servicers accountable for their performance, which will soon be reported publicly;
- Enhancing borrower resources on the [MakingHomeAffordable.gov](http://MakingHomeAffordable.gov) website and the Homeowner's HOPETM Hotline (888-995-HOPE) to provide direct access to tools and housing counselors.

The Mortgage Modification Conversion Drive will include the following:

- Servicer Accountability. As part of the Administration's ongoing efforts to hold servicers accountable for their commitment to the program and responsibility to borrowers, additional measures will be added.
- Web tools for borrowers. Because the document submission process can be a challenge for many borrowers, the Administration has created new resources on [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov) to simplify and streamline this step.
- Engagement of state, local and community stakeholders. Through the conversion drive, the Administration is engaging all levels of government - state, local and county – to both increase awareness of the program and expand the resources available to borrowers as they navigate the modification process.

More information about the Obama Administration's mortgage modification program can be found at [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov).