

# HAMP on Track to Reach Goals. No Update On Redefault Rate

By: Jann Swanson | Tue, Nov 10 2009, 4:42 PM

The Treasury Department announced Tuesday morning that its Making Home Affordable Program (HAMP) now has more than 650,000 mortgage modifications underway, a number that puts it on track to meet its goals over the next few years.

The report, which provides data on the program through October 31, is the first to provide state specific numbers on program participation.

The numbers of trial modifications processed through the program has increased dramatically each month since the program's inception early last spring. At the end of May only 50,130 borrowers were in the program; by the end of September the total was 487,081 and at the end of last month there were 650,994 loans in process.

Slightly more than 900,000 borrowers have been offered trial plans compared to 758,000 last month and servicers have sent out 2,777,000 requests for financial information to eligible borrowers.

While the number of borrowers the program is helping has dramatically increased over recent months, the effectiveness of the program is dependent upon the ability of borrowers to maintain a stable payment history after their loan is modified. Unfortunately the Treasury has yet to provide an update on the re-default rate amongst trial modifications.

Every state in the union has borrowers participating in the program with the most activity, as might be expected, in those states which experienced the greatest run-up in both home sales and in prices during the boom and subsequently have suffered the most foreclosures. California leads the list with 134,609 modifications in process followed by Florida with 82,614, Arizona (34,424), Illinois (33,514) and New York (27,773). The report did not give a state by state breakdown of modifications as a percent of eligible loans which would have been a more meaningful figure than the raw number.

The number of servicers now participating in the program has reached 71. These servicers cover 85 percent of HAMP eligible mortgage debt in the country. Participating servicers oversee loans owned or guaranteed by Fannie Mae or Freddie Mac, loans held in portfolio, or loans serviced by other investors.

In addition to the 71 servicers mentioned above, another 2,300 lenders service loans owned or guaranteed by Fannie Mae or Freddie Mac. These servicers are automatically eligible to participate in the program.

During October Saxon Mortgage Services had the highest percentage of its 60-day delinquencies in the modification program, 44 percent. Citibank was second with 40 percent of eligible borrowers participating.

HAMP has a goal of placing three to four million homeowners into a modification program over three years. Incentives are offered to servicers for implementing the program which employes several different mechanisms for lowering mortgage payments to not more than 31 percent of the borrower's monthly income

In releasing the report Treasury Assistant Secretary Michael S. Barr said "As this report demonstrates, struggling homeowners in every state now benefit from reduced monthly mortgage payments and have an opportunity to stay in their homes. The program is having a pronounced impact in areas particularly hard hit by the housing crisis. We're reaching borrowers at a larger scale than any other modification program to date, but there is still much more work to be done.

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