Speaker 1: Welcome and thank you for joining today's HARP webinar. With that, I'd like to turn it over to Megan Moore from FHFA. Megan, please go ahead.

Megan: Good afternoon and greetings from Washington, DC. I want to welcome you to the Federal Housing Finance Agency's webinar to discuss the Home Affordable Refinance Program otherwise known as HARP. My name is Megan Moore and I work at FHFA. I'm so pleased that so many folks were able to join today's webinar because we need your help to get the word out about HARP. In the past we've traveled to cities, but we're trying a new approach today with today's webinar. There's no need to travel. We will tell you all you need to know about HARP and other programs for homeowners from the convenience of your desk or home.

HARP enables underwater borrowers to refinance at today's historically low interest rates and reduce their monthly payment and/or reduce the term of their mortgage. Without HARP, underwater borrowers who owe more than the value of their home will be unable to refinance. Today I'm going to tell you a bit about HARP. We also have a great panel of experts who will talk more in depth about HARP, and because we know that HARP may not be for everyone, we'll also discuss other programs available for homeowners. Then we'll take questions from the audience.

Joining me today are friends and colleagues from Fannie Mae, Freddie Mac, the US Department of the Treasury, Quicken Loans, and NeighborWorks America. We appreciate their partnership and collaboration, so let's get started.

HARP will expire on December 31, 2016, and that's why we're really here today. The time is now. You're going to keep hearing me say that throughout today's presentation, but now is the time to talk about HARP and to let people know about the program before it expires. We've conducted outreach events across the country. We've crisscrossed from east to west to north to south, and a few photos from some of our travels and journeys along the way to tell more borrowers about HARP.

What is HARP? HARP was created by FHFA and the Treasury Department, Fannie Mae and Freddie Mac in 2009 at the height of the crisis to create refinance opportunities for borrowers with a solid payment history but who have lost significant equity in their homes. To date, over 3.4 million borrowers have taken advantage of HARP.

What can HARP do for you? HARP can do quite a bit, and let's first go over the eligibility requirements. First, your loan must be owned by Fannie Mae or Freddie Mac, and we'll tell you a little bit later how you can figure that out. Your current loan-to-value ratio must be greater than 80%. You must be current on your mortgage, but we also allow no late payments within the last 6 months and no more than one late payment in the past 12 months. Your home could be your primary residence, but it can also be a 1-unit second home or a 1-to-4-unit investment property, and the loan had to be originated before March 31, 2009. Don't worry. You can find all this information on HARP.gov, so no need to take notes. You can just listen along.

What can HARP do? There's really two great benefits to HARP. First, HARP allows you to reduce your monthly payment by refinancing into a lower rate mortgage. As of last Thursday, May 19th, the current rate for a 30-year fixed-rate mortgage is 3.58%, and for a 15-year mortgage it's 2.81%. It's really important to take advantage and refinance while rates are so low. That's the first benefit of HARP. The second is that you can reduce the term of your mortgage to rebuild equity faster. Why start over with a 30-year fixed-rate mortgage? You can refinance as a 20-year or 15-year to help build equity more quickly.

This is another illustrative way to show how you can save. As you can see, you can save money if your monthly payment was about $699 with a 7.5% interest rate, but today if you refinance at 3.5%, you could save over $200. In this example you could save $245 a month, not a year but a month. The second example is the benefits of refinancing to a shorter term, and look at all the money you can save by switching from a 30-year to a 15-year, and you can significantly save over the life of your loan.

We've been doing a lot of outreach over the last 2-1/2 years to talk about HARP, but we really want to reach the most critical borrowers who can benefit the most. We call these borrowers "in the money." They have a current interest rate that's 1-1/2 percentages points above current market rates. They have a remaining balance of more than $50,000. They have an unpaid principal balance of greater than 80% and have a remaining term that's greater than 10 years. This is that sweet spot of in-the-money borrowers who can really save from HARP.

Where do they live? We have a very cool interactive map on HARP.gov, and it shows where these borrowers are by state, county, MSA, and even all the way down to Zip Code. Right now we know that there are approximately 325,000 borrowers who are "in the money" who could save significantly if they refinanced through HARP. Not only can they save, but they can save up to $2,400 a year, and we really do try to focus on the top states that have the highest eligibility and highest concentration of borrowers who can benefit from the program. Those top 10 states are Florida, Illinois, Michigan, Ohio, Georgia, California, Pennsylvania, New Jersey, New York, and Maryland. Not only do we know where they live in the top 10 states, we have it further broken out by MSA. You can see here that there's a lot of borrowers out there who could benefit, and that's why we're having this webinar today so you can reach out to them and let them know about the great benefits of HARP.

I'm going to turn it over to my friends and colleagues now. I'm going to turn it over to Blake Hampton from Fannie Mae who's going to talk about some of the myths and facts about HARP.

Blake: Thank you, Megan. I appreciate the opportunity to be on the call today. We're excited to talk to folks about the HARP program. As you mentioned, although there have been 3.4 million borrowers to take advantage of this program inception to date, there's still around 325,000 borrowers out there who haven't taken advantage of it, and that's even with the understanding they can save up to $2,400 a year or shorten the term of their mortgage. It's a real opportunity for these borrowers, and yet they're not taking advantage of it. We've done some consumer research at Fannie Mae, and what we've found from the borrowers who are not taking advantage of the program is it's consistently with several reasons why they're not taking advantage of it, and we refer to these as the myths about HARP. We'd like to enlist the folks on the call to go out and help us be the myth busters and get the word out about the program and help us debunk these myths and really help the borrowers get more informed to be willing to take advantage of the program.

The first one here is that HARP is a scam. I think that probably resonates a lot with folks here and on the call. You get a message in the mail about a program with no LTV cap and other things and it seems like it's too good to be true. We hear that a lot from folks, so we try to get in touch with trusted advisors and others who can get through to borrowers and help them understand it's not a scam. It is a legitimate product. You mentioned HARP.gov. That's a great place to go and get information about the program. This is a legitimate government product. We do want the word to get out about the program.

The next two myths kind of go hand-in-hand. When we rolled HARP out originally, we observed how it was working. We took some feedback and we made some changes to the program to make it more effective. Those changes, after they went into effect, have really helped us broaden the appeal of the program, but some borrowers now think they're perhaps too far underwater, that the value of their home has declined too much to take advantage of HARP, and that's not true. Being significantly underwater does not disqualify you from HARP. In fact, there is no loan-to-value cap for the HARP program. That was one of the changes we made, and that also ties into the next myth, which is, "I've been turned down for HARP before. Why would I go for it and try it again?" Because of the LTV change and other changes, there's a good chance that a borrower who's been turned down before may now be able to qualify, so they should check again to see if they're now eligible for the program.

The last myth on this page is, "I can wait to HARP. This program's been out there for awhile. I can continue to wait to see what's going to happen, see what changes in my situation," and this is the message we really try to hammer to folks that HARP expires at the end of this year. The time to act is now. The program and the process here, in terms of talking to borrowers, getting them to come forward, getting their documents together, getting the application in could take longer than they think, and rates can change. The time to do it is now. Don't wait until people go away on summer vacation and come back and forget to take advantage of this program. We're urging folks to get out there and get the word to the borrowers now, while they can, so they can take advantage of this great program, save the $2,400 a year.

Moving on, one particular myth I wanted to call everyone's attention to is that if someone's been through a modification they would not be eligible for HARP, and that's just not true. Borrowers who've been modified can still refinance. The programs are not mutually exclusive. If the borrower's been through a completed modification and is making their payments now, meets the payment criteria that Megan alluded to earlier, that can make you eligible for the HARP program. The question comes up of why would a borrower want to take advantage of HARP, and there's a couple of reasons here. There's a possibility that a borrower could refinance today, given the new term of the mortgage and where rates are today, and actually see a payment savings right away.

There's also the benefit of moving into a more stable product, a 30-year fixed-rate loan with no rate resets, so if a borrower can get into a product today and make the payments, they know they're going to make that payment for the rest of the term of the mortgage. We're trying to help the borrowers out who've been through the HAMP program, get them into stable products. Again, the HARP program expires at the end of this year. If you're one of those borrowers who can make the payment today at 3.5%, you can make it at a new mortgage rate of 4%, let's say, let's not stay in there until the rate goes to 5 or 5-1/2 and HARP has expired and you're not able to take advantage of this great program. We want to make sure people know they're eligible. They can go from one program to the next and really get their situation improved, save money, and be more stable.

With that, I'm going to turn it over to Alan Hitchcock, who's a Product Development Director at Freddie, to talk about how we get started with HARP.

Alan: Thanks, Blake. The first thing you should do to get started with HARP is find out if your loan is owned by Freddie Mac or Fannie Mae. You can do that by going to the Freddie Mac My Home website or the Fannie Mae Know Your Options website at the addresses noted on the slide. You'll enter your property address and the last four digits of your Social Security Number. The websites will tell you whether or not the loan is owned by Freddie or Fannie and the date the loan was closed. The loan closing date is important. As Megan mentioned earlier, it's one of the criteria for HARP eligibility, and your loan must have been closed on or before May 31st. In addition, moving forward, you must be current on your mortgage, not have any 30-day-lates in the last 6 months or no more than 1 in the last 12.

Once you check your eligibility, you should gather your information. The information necessary to obtain a loan may depend on whether you're using your current servicer or a new servicer for getting a HARP refinance. There may be fewer requalification steps if you choose to use your existing servicer. Regardless of which lender you choose, I'd recommend gathering recent pay stubs and any quarterly statements you have that reflect income from other sources.

If you don't want to contact your current lender or want to contact additional lenders, both Freddie and Fannie have lists of lenders on their websites that offer HARP loans. They can be found, again, on Freddie Mac's My Home webpage or Fannie Mae's Know your Options web page. These lenders don't necessarily represent or include all of the lenders that offer HARP, so if you know lenders that you'd like to talk to, you should feel free to reach out to them.

For success stories, every holiday Freddie Mac talks about conversations that are valuable to have with families, friends, or neighbors regarding our mission and the activities we're engaged in to help borrowers in their communities. In the last several years, HARP has been at the forefront of those conversations. Josh and Kelly and Vicki and Steve are actual borrowers who I talked to last 4th of July at a party, and they agreed to share their story with you all. As you can see, they were able to lower their interest rates substantially and have savings of over $400 and $500, respectively, even though they were substantially underwater on their mortgages.

With that, I'm going to hand it off to Katrina Beaubien. She's a Senior Product Manager with Quicken Loans.

Katrina: Thanks, Alan. Hello, everyone. Thanks for having me.

We've covered some of the great benefits to HARP and why a customer should take advantage, even if they've been told no in the past. We've also covered how a customer determines whether or not they're eligible. What I'd like to discuss now is some of the additional, more expansive benefits of HARP because I believe most customers are unaware of the guideline flexibilities that HARP provides, and that's okay. The important part is to make sure that there's an awareness that HARP can help, potentially even in the most challenging of scenarios.

To help illustrate how HARP can help, I'm going to touch on three of the major blockades in lending: credit, income, and property. First off, let's focus on the credit. It's easy to assume that a customer with a less-than-perfect credit history believes they're just not eligible for new financing. Why? Well, maybe they've recently filed for bankruptcy. Perhaps they've had a foreclosure or short sale. Even maybe they have multiple collections. Traditionally, these types of significant derogatory events have meant that customers need to wait, especially if they were told no in the past or they weren't aware that they are qualified for HARP. The key here is that, with HARP, the standard waiting period, say for example, anywhere between two and seven years depending on the derogatory event that occurred, they don't apply. Your customer may qualify for a HARP refi, even if they're in an active bankruptcy. Not requiring those standard waiting periods means customers do not need to wait to experience one of the many benefits that HARP provides, things that we've focused on, payment savings or the ability for them to pay their mortgage off faster.

What about changes in income? Just like we can assume customers believe they're not eligible for financing due to a significant derogatory credit event, we see the clients fear they can't qualify because they've had changes in their income. Some of the most common examples we've seen are scenarios in which customers have had a reduction in hours. Say they went from full time to part time. Maybe they've had a job change that's resulted in lower pay, or maybe they've even recently retired and now have a limited income. If I can stress anything, it makes sense for your customers to have a discussion about HARP with any lender that offers the product.

Then one of my favorites, property and occupancy-related issues. As you can tell, one of the common themes I've been pointing out here is that there are assumptions that your customer has that they can't qualify. Another set of reasons why we hear customers don't think they can qualify is related to their property being a condo, whether it's attached or detached. A standard refinance has a significant set of guidelines that apply to condos. With HARP, the guidelines are streamlined, so it's making it easier for your customer to qualify and ultimately achieve that payment savings or that ability to pay down their mortgage faster without all those added requirements.

Lastly, let's also not forget that HARP is not just limited to just primary residences. Your customer's second home or investment property may be eligible for HARP. If so, the time is now because generally speaking second homes and investment-property types come with much more restrictive LTV requirements. If you didn't catch me mention it earlier, HARP helps. HARP helps your underwater customer. HARP helps your customer with past credit issues, income changes, and customers that own properties other than single-family primary residences. Please move on to the next slide.

Outside of understanding that HARP helps, it's important to note that HARP is not harder. What do we mean by that? A misconception that some customers have is that a HARP refinance is actually harder to qualify for and complete than a standard refi. Well, we just discussed how HARP has more expansive guidelines than the standard refinance. It's also important to note that the documentation requirements for HARP are streamlined resulting in less documentation needed from your customer. Additionally, it's also probable that an appraisal is not required, saving your customer time and money. HARP's more streamlined process allows Quicken Loans customers the ability to close on their refinance in as little as 30 days, ultimately getting those customers the savings faster than they imagined. Next slide, please.

Lastly, I'd like to touch on one of the biggest obstacles lenders face when it comes to HARP. It's incredibly difficult to get the customer to engage. We previously mentioned that one of the significant myths as it pertains to HARP is that it's a scam. It's easy to understand. We just highlighted some of the guideline benefits that HARP provides. They're just not typical, so from our customers we always hear, "That sounds too good to be true," but the best part is that the benefits are true, so how do we get the customers to engage?

Here at Quicken we've taken a couple of different approaches. We run multiple television ads. You've probably heard them. We've participated in Google's [inaudible 00:17:09] search opportunities to be the first search result when a customer searches for HARP. We use social media, radio, and direct mail to get the point across. We want to give customers knowledge and become their trusted source. One of our most unique campaigns actually involved us sending a tablet to customers with a message from our CEO detailing the benefits of HARP. The major point presented in all of our messaging is that HARP is not here forever. All it takes one call or an email or a chat with a mortgage expert to get it started. Here at Quicken we can provide customers with a complimentary review and in a matter of minutes determine if HARP is the right product for them.

With that, I'll turn it over to Nicole Harmon from NeighborWorks.

Nicole: Thank you. Since the [wake 00:17:55] of the foreclosure crisis, NeighborWorks America has been collecting feedback from the housing counseling agencies that have participated in the National Foreclosure Mitigation Counseling Program and their experience with associated loss mitigation process and program. Through those experiences, I'm here to just share a few highlights about reported homeowner challenges, as well as some of the lessons learned we collected throughout the way, and suggest some implications for the future once these federal programs sunset later this calendar year. Given the information that is shared today during this webinar, particularly now that everyone should be an informed myth buster, the role of counselors and the industry at large can help mitigate some of the general hesitancies for homeowners who continue to look for affordable solutions in the loss mitigation process.

A little bit about the general hesitancy for homeowners pursuing these federal programs. Number one revolves around reconciling the prescriptive nature of the requirements. Specific program eligibility requirements end up ruling out homeowners from pursuing any MHA-based solution, and going at these efforts alone can sometimes put the homeowner in a state of distress where they're often powerless with nowhere to turn. It is overwhelming, it is daunting, to find a workable mortgage solution product that is best suited for individual circumstance. There's no one-size-fits-all solution, so it's the assistance of where housing counselors play a role in sharing that burden and taking on that burden for homeowners as they explore these options, advocating on the homeowner's behalf. Homeowners that we have found have gone at this alone find that it's difficult to marshal sufficient resources to pursue options, so borrowers are often ill-equipped to handle expense reductions, debt consolidations, when needed to pursue a solution. This is also where counseling agencies can help with providing their budgeting expertise via financial assessment of the borrower's situations and long-term planning.

Additional hesitancies that we spoke of today, overwhelming is the inaccurate media information and scams that continue to exploit any borrower confusion that may already exist. We've collected, reported challenges pertaining to loss mitigation with servicers. Generally as we progressed through the stage and sunset through these federal programs, the communication which exists at the servicer level is sometimes sketchy at best. In terms of the points of contact who are assigned, there is considerable turnover. Sometimes the timing and information and reaching actual decision makers add hurdles into the loss mitigation process, which often increases the delays and distress the borrower's already experiencing.

The current, today trends that are being reported by counseling agencies is that we're seeing fewer and fewer clients are seeking assistance with mortgages that were originated before the May 1, 2009 date, so the origination date requirement limits the options that are available to many clients and subject them to in-house proprietary guidelines that are typically not shared with the borrower by the servicer. We are receiving inputs from counseling agencies for some borrowers that they are counseling that, for step-up increases, and this is specifically related to HAMP products, clients who previously found it difficult to be assisted under the trial payment mods, once that step-up rate increase occurs, it's even more difficult for them to sustain the mortgage moving forward. These are ongoing trends that we're seeing being reported from counseling agencies.

As we look to the future, proprietary lender servicer solutions have the opportunity to leverage a lot of the best practices through these government HAMP and HARP programs. Counseling agencies find that HARP and HAMP have been successful because they do offer tangible solutions for eligible homeowners, and the industry should continue to build and offer sustainable refinance opportunities, loan modifications, including both trial and permanent mods, and in some cases, the principal reduction in forbearance is definitely communicated loudly amongst the housing counseling community.

Best practices ... clearly defined simplified eligibility requirements, the type of assistance that can be offered, and streamline the application process. It's something that is overlooked, overwhelmingly echoed by the housing counseling community. The importance of making available screening tools, and you've heard about a few of them today, such as the Fannie Mae, Freddie Mac loan look-up tool that provides conclusive information when homeowners aren't sure who their lender is. The MHA eligibility screening checklist works well to screen each homeowner when they come in for counseling. This, again, assists the loss mitigation process. Continue to refine points of contact at each servicer, those particularly who are knowledgeable about the loss mitigation process, helps for an efficient flow. Engage with the housing counseling community to have the on-ground footprint and first-hand reach with the homeowner. Housing counseling does play a role in successful borrower outreach, as they are the on-the-ground [inaudible 00:24:19].

The slide that is presented, for those participating on the call today that are participating in the National Foreclosure Mitigation Counseling Program, serves as a reminder that there is still a funding option available for counseling agencies to work with homeowners and screening them who may be eligible for any HAMP or HARP-related products. We'll continue to require all of our counseling agencies under each compensated NFMC-level counseling to screen all clients using the MHA eligibility checklist, which is helpful in mitigation triage. To date, over 2 million have been served through the NFMC Program. For HAMP specifically, NFMC grantees may use a portion, up to 30% of their overall grant, for efforts in qualifying homeowners specifically under the HAMP program. To date, nearly 14,000 homeowners have received HAMP counseling through those services to date.

Now I'll turn it over to Danielle with Treasury.

Danielle: All right, thank you very much. We've mentioned several of these programs already, so the overarching umbrella of Making Home Affordable covers a number of different programs that [work together and help homeowners as they're essentially facing foreclosure. Probably the most well known of all of our programs is the Home Affordable Modification Program or HAMP, which provides a number of different modification options to reduce payments to an affordable level for struggling homeowners.

Under HAMP, I'm sure most of you are aware, but just if you're not, homeowners are eligible to earn up to $10,000 in incentive payments for making timely payments on their mortgage. Also we have the Home Affordable Foreclosure Alternative or HAFA program, which provides short sale or deed in lieu transaction assistance. This process is provides pre-approved short sale terms or you can come in with a new offer on your property if it's a short sale and be approved, and you can receive $10,000 in relocation assistance through HAFA.

We also have a Home Affordable Unemployment Program or UP, for those who need their payments either suspended or reduced while they look for employment, and then of course, we also have HARP, which we've focused a lot on today, but the most important thing being if a homeowner needs help they should be reaching out to their servicer or calling for free assistance from a HUD-approved counselor at 888-995-HOPE, or you can always visit MHA.gov.

MHA, today, we have provided more than 1.8 million families with permanent modifications through HAMP, and we've provided more than 2.5 million homeowners assistance actions in total. We also note that millions more have been assisted through the proprietary mods that have been influenced by HAMP, and we've really seen a change in the industry and how those perform.

Moving to why we're all here today and that all programs are beginning to come to an end, the Consolidated Appropriations Act of 2016 actually requires the termination of Making Home Affordable on December 31, 2016, except for certain loan modification applications received before such date. What does this mean? We've recently issued guidance for all of our programs, but for HAMP-specifically, this means an initial package must be received on or before December 30, 2016, to be eligible for consideration in 2017. The homeowner must also be in a permanent modification with an effective date of December 1, 2017. For a short sale or deed-in-lieu transaction under HAFA, it must be approved on or before December 30, 2016, and the final closing must occur by December 1, 2017. For UP, this program we actually always designed to be as an on-ramp to HAMP and providing those unemployed borrowers a forbearance period before they entered HAMP and while they looked for re-employment, so we've actually made a change here where servicers beginning at the beginning of this month were able to start offering proprietary forbearance plans which may be shorter than your traditional 12-month forbearance plan. In any case, if an UP forbearance plan is offered, it must be approved on or before December 30, 2016.

Now moving into some HAMP myths versus facts, a lot of times we hear people say that they need an attorney to assist them when they've fallen behind on their mortgage, but as I mentioned earlier, this is not true. There's always free help available by calling 888-995-HOPE and working with a free HUD-approved counselor. We also, as with HARP, often hear the myth that, "I've already been denied for a HAMP modification, so I'm not eligible for help." Again, our requirements have changed over time, so there is definitely the potential that a homeowner who was previously denied may now be eligible with the expanded eligibility criteria as we've modified the program over the years. Again, the most important thing to do is for the homeowner to reach out and contact their servicer or the HOPE Hotline.

Finally, we also often hear the myth that, "I received a HAMP mod, but I have to submit a new set of paperwork to have my second mortgage modified." Actually, through Making Home Affordable, we also have a second lien modification program, or 2MP, which provides that the second lien modification is triggered off of the first lien modification, so no additional documents are actually required to be submitted for that.

With all of these programs, we have actually seen a lot of scams out there, so some potential signs to look out for are offers where it's suggested that the homeowner cease contact with their mortgage company or that they make their mortgage payment to someone other than the mortgage company. We've also recently seen a spike in scams where the offer looks exactly like a letter from the mortgage servicer, has the loan number on it, all of that kind of information, so it looks very legit, but it actually is saying that the only way to make the payment is through a money transfer like Western Union or Moneygram. This is often a sign of a scam, or if there's a requirement of an upfront fee for assistance. In all of these situations, homeowners should reach out to their mortgage company using the number listed on their mortgage statement, and they should know never to sign over the title to an individual or an organization unless they're working directly with their mortgage company. Again, another promo here, but call a HUD-approved housing counselor if they need assistance.

At the Department of Treasury, we also administer the Hardest Hit Fund. For those of you unaware, it's in 18 states and the District of Columbia. This program was rolled out in 2010 to target the hardest hit areas across the country. In the Consolidated Appropriations Act they also provided an additional $2 billion of funds for the existing Hardest Hit Fund states, which are shaded in the dark green on this slide. In February at Treasury we announced that we would provide this additional $2 billion in two phases of $1 billion each. Phase 1 was a formula based on state population and utilization to date to 17 of the existing HFAs. Phase 2 was an application process, and 13 HFAs received additional funding at the end of April.

On this slide here, what we're showing in gray are states ... In the shaded out in gray-looking cells, those are states who have actually closed their portals for direct homeowner assistance. However, with this new funding they actually are likely reopening the portals and will begin providing borrower assistance again soon. If you live in one of those states or are working with homeowners who are in those states, please keep an eye out for new things coming from the state HFA there where they've used the Hardest Hit Fund. Then also in yellow we have highlighted those states with programs that will interact with HARP. Most of these programs provide principal reduction or curtailment, so they should received that and then do a HARP refinance providing even greater savings.

The other option is also, because of the requirements about not having missed payments in the past, you could also use some of these programs that would provide reinstatement of a borrower who is delinquent. Then here, down the road, would also be eligible for HARP once they've made their timely payment in accordance with the

HARP guidelines. These are just a couple of the ways the programs in these states interact with HARP. They can also interact with HAMP and other products as well.

Now I will turn it back over to Megan.

Megan: Thank you, Danielle. While the time to HARP is now, I do want to touch on two programs that FHFA is working with Fannie Mae and Freddie Mac on. The first is the Neighborhood Stabilization Initiative, which was jointly developed by FHFA, Fannie Mae, and Freddie Mac to stabilize neighborhoods that were hardest hit by the housing downturn in order to reduce the inventory of REO properties. While the number of REO properties owned by Fannie Mae and Freddie Mac are declining across the country, we know that there are parts of the country where the REO inventory continues to increase or remains elevated.

Given unique challenges presented by these markets, Fannie Mae and Freddie Mac partnered with the National Community Stabilization Trust, or NCST, to leverage their ties to boots-on-the-ground community organizations and nonprofits. NSI creates an exclusive opportunity for these community buyers to purchase REO properties prior to Fannie Mae's and Freddie Mac's listing them for retail. We understand the community buyers have a vested interest in stabilizing their neighborhoods, and NSI puts them in control of stabilizing [inaudible 00:34:59]. Once again, NSI is an exclusive opportunity for community buyers to purchase REO properties prior to Fannie Mae and Freddie Mac's listing them for retail. This is a wonderful initiative that started off as a pilot program in Chicago and Detroit and is now expanded to 18 MSAs. For more information on NSI, check out FHFA.gov or StabilizationTrust.org. That's the first program I want to talk about.

The second one, probably no stranger to most of you on the line, is our Principal Reduction Modification Program. FHFA undertook an extensive evaluation to determine whether to implement a principal reduction program for seriously delinquent, underwater borrowers whose loans are guaranteed by Fannie Mae and Freddie Mac. When we undertook this evaluation, our objective was to develop a program that helps [targeted 00:35:51] borrowers avoid foreclosure while also adhering to FHFA's mandate to preserve and conserve the assets of enterprises. You may have heard Director Watt say time and time again we were looking for a win-win program, a program that would both benefit borrowers to help them avoid foreclosure, but also that would benefit the enterprises by reducing risk and not cost them any money.

Briefly, the Principal Reduction Program, the criteria, you must be an owner occupant. You must be at least 90 days delinquent as of March 1, 2016, with an unpaid principal balance of $250,000 or less, and a mark-to-market loan-to-value of $115,000 after capitalization. We wanted to make a program that wasn't going to be difficult to administer, so what we're doing is we're leveraging the enterprise's existing streamline modification, and many of you are familiar with the streamline modification. The borrowers solicit it automatically, and after three timely trial payments, they convert into a permanent streamlined modification. With the Principal Reduction Modification, after three successful on-time trial payments, the amount of forbearance associated with that modification will be forgiven, and you will receive a Principal Reduction Modification.

Approximately 33,000 borrowers are eligible for this program. While that number may seem small, it's really important that we get your help to reach these 33,000 borrowers. Right now we're developing different strategies to help you, to inform you in how you can help us, and please come back and check out FHFA.gov for more information. We have a stat sheet on the Principal Reduction Modification Program and the name of the Neighborhood Stabilization Initiative on FHFA.gov.

All right, we've thrown a lot of acronyms at you. I told you that we'd talk about HAMP, we'd talk about the HARP Assist Fund, we'd talk about the Neighborhood Stabilization Initiative, Principal Reduction Modification, and also more importantly how housing counselors can help you navigate the alphabet soup of programs, but it's important to highlight all these programs because they do complement each other. Also these programs help different borrowers experiencing different issues.

Remember, HARP is for underwater borrowers who are current on their mortgage. HAMP and the Making Home Affordable programs offer a suite of options for borrowers who are unemployed, who are experiencing difficulty in paying their mortgage. The Hardest Hit Fund is a great way for states to take a huge role in stabilizing their neighborhoods by leveraging the additional funds that Danielle laid out. NSI tries to get REO properties into the hands of nonprofits, and a Principal Reduction Modification helps borrowers save their homes. I hope that you guys take all this information, but once again, we will make today's slides available on HARP.gov, and all the information we discussed today will be either at FHFA.gov, HARP.gov, or MakingHomeAffordable.gov.

Let's bring it back to HARP because what do we know? The time is now. When does the program expire? The end of this year. Check out HARP.gov. We have that really cool eligibility map there I laid out earlier. You can find out where these borrowers live by state, by county, by MSA, and by Zip Code. We also have a lot of cool video from all of our travels and outreaches. We have fact sheets, and we also help you determine your eligibility.

Also a cool thing that we have on HARP.gov is we have a sample newsletter. We want to make this easy for you guys. If you have a newsletter, either through the mail or online, check out our newsletter and try to incorporate some of the messages while you guys do outreach. Also, take our fact sheets. You can have them. Email them, tweet them, put them on Instagram. Do whatever you like with them. Just get the word out because what? The time is now.

On that note, we will gladly take questions and really appreciate you guys sticking with us. Let's open it up.

Speaker 1: Just a reminder for everyone joined on the web, you can submit a question by utilizing the Notes feature on the lower right-hand side of your screen. Please be sure to address your question to all moderators when you submit it.

Megan: All right, our first question is, how do I find out if my loan is owner-guaranteed by Fannie Mae or Freddie Mac. That's a good question because that's really the first step to determining if you're eligible for HARP. Alan, can you remind folks how they can figure out if it's owner-guaranteed by Fannie or Freddie?

Alan: Sure, we both have websites. The Freddie Mac website is the My Home website, and Fannie Mae's is the Know Your Options website. Actually, the web addresses are noted in the presentation. You can go out there, enter your property information and the last four digits of your Social, and then the website will come back and tell you whether it's owned by Fannie or Freddie.

Megan: For our next question, if a client has been modified, is there a credit requirement to qualify for HARP, and what are those ratio guidelines for HARP? Robert, do you want to answer that for us?

Robert: Sure, from the standpoint of qualification for HARP, it's the same qualifications that a borrower who has not been modified has to go through. What we're talking about here is that they had to be making on-time payments for the last ... From a standpoint of they can't have any 30-day lates within the last 6 months or only one time 30 in months 6 through 12. From a ratio perspective, it depends on whether that loan is manually underwritten or if it goes through an automated system. If it goes through an automated system, the ratios are a little bit more expanded than what you would find in a normal cash-out or limited-cash-out refinance. If it goes through the manual process, which is only open to lenders who currently own or service that loan, there is no maximum debt-to-income ratio.

Female: Our next question ... I've had some come up in the past that didn't show up on the website, but another lender called in and was able to close them. Has that been fixed?

Robert: I think the question is talking about is where the borrower went out to the website that Alan just mentioned and could not find whether that loan was owned by either Fannie or Freddie. There has been some instances in the past where, due to the special circumstances that relate to that particular loan, that the loan was actually owned by Fannie Mae or Freddie Mac, but unfortunately did not show up in that particular system. In that case, at least from a Fannie Mae perspective, we have worked directly with the servicer, as well as the borrower, to confirm that it was owned by us and then we worked with the servicer to work with the borrower to basically effectuate that refinance so the borrower could take advantage of HARP, but those cases should be far and few in between. The norm is that if you do go out to those websites that Alan mentioned, you will find that the borrower is listed in there either as that it is owned or not owned by Fannie or Freddie Mac.

Danielle: Okay, is there going to be a HARP 3.0?

Megan: Unfortunately not, Danielle. The time to HARP is now. The program has been extended a couple different times, and the program is set to expire on December 31st of 2016. There currently are no plans to extend that, so it's really important to get the word out now that there is no plans for HARP 3.0.

Female: If a person only has a HELOC, can they do HARP?

Female: If they only have HELOC can they qualify for HARP?

Male: No, the HARP program only exists for first mortgages, not for second. If the borrower has an existing second lien, that would not preclude them from using HARP. It would need to be resubordinated behind our first lien, but our programs are only available for the first lien mortgage.

Female: Next question, how can we ensure that HARP applications submitted in the fourth quarter will be processed and closed during 2017?

Male: It shouldn't be an issue. We're giving until September of 2017 for lenders to close those loans, for applications taken before year end, so it's very unusual ... I think most lenders ... I think Katrina actually referred to a 30-day turn time for most HARP loans. I think you can expect most lenders to turn it, at most, 60 to 90 days. It shouldn't be an issue at all for anyone.

Male: Just to clarify that, we're talking about two different things there, right? From a borrower perspective, which is what we're talking about today on the call, they only have to concern themselves with the December 31, 2016 date. As long as they go into their lender and make an application and they have an application of record on that date or before, they can move forward with a HARP refinance. Now, after that particular application, the lender has to go through whatever they normally go through to underwrite, process, and close that loan. If the lender takes a month, two months, or three months to do that, the borrower is not hindered as long as they have an application of record on or before December 31, 2016.

Female: If a borrower is approved for HAMP, are no docs required for 2MP, even if the servicer is different?

Female: That is correct. If you receive that HAMP modification, then that modification information is sent to the second lien servicer, and the 2MP is triggered off of that information. There's some rare circumstances where there might be one document, like the Dodd-Frank certification, submitted.

Female: Okay, how long is the modification for HARP? Is it a permanent loan?

Male: In terms of HARP, HARP is actually a refinance of an existing loan, so it's not a modification. You can get a variety of different terms on the new mortgage. A lot of folks choose to go with a 30-year fixed-rate mortgage to get the lowest possible payment, but we also have a significant number of borrowers who choose shorter term ... As Megan mentioned, shorten the life of the loan and also the overall payout, so people can choose 15-year, 20-year mortgages as well, but just to be clear, to refinance ... It's a new loan. It's not a modification.

Female: If you have a first and second lien with the same lender, can you combine the two loans into one HARP?

Male: You cannot do that. The way the process works is we refinance the first. Almost all the large lenders today are part of a consortium to agree to resubordinate. In this case, it's the same servicer so it shouldn't be an issue, and they would just resubordinate that existing second lien, but we do not allow second liens to be rolled into the principal that we're refinancing.

Female: This next question, have the [GSEs 00:47:16] created a look-up similar to the borrower look-up that municipalities can access to determine whether a property is owned by Fannie or Freddie? This would be useful in code enforcement context for vacant and abandoned properties.

Megan: This is Megan from FHFA. I definitely appreciate the question. We've had similar questions, and we've been working one-off with municipalities, so I ask you ... The next slide will be an email address HARP@FHFA.gov. Shoot me an email if you're from a particular municipality, and I'm happy to help.

Female: If a client qualifies for HARP, do they have to pay closing costs.

Male: There's a variety of different ways it can occur in the HARP space, much like in a standard refinance. Some borrowers choose to pay the closing costs up front. Some choose to roll them into the principal, and some borrowers choose to take advantage of rate flexibility to pay the closing costs. It's a great a question. There's not additional burdens or hurdles out there for borrowers who want to take advantage of a HARP refi. They don't necessarily have to come out of pocket to come in and refi if they're already underwater. There's different things that lenders [inaudible 00:48:28].

Female: Are there any escalation channels unique to HARP that can be leveraged by HUD-certified counselors?

Megan: On the HAMP side, there's definitely the HAMP Solution Center which you can email Escalations@HAMPAdmin.com, but on the HARP side I'm not sure if there are any.

Male: I'm not familiar with any.

Megan: If you guys are having any particular instances or examples of difficulties, feel free to reach out - this is Megan again from FHFA.gov - to email HARP@FHFA.gov, and we're happy to help if guys are experiencing unique issues.

Female: Must the applicant remain current after submitting a HARP application?

Male: They do have to remain current, so we expect them to be current at the time of refinance, along with the pay history we spoke about earlier on the 12 months. The intent here is, really, that if you're a borrower who is making the payments on your current loan, and you'd like to save the money, get into a more stable product, build equity faster, HARP is the way for you to go. If you really are in a struggling situation, you've seen a life change, a reduction in income, other situations that might not allow you to make your current mortgage payment or even a reduced HARP payment, I think that's when some of the other options we've talked about today come into play. I wouldn't want someone to go down a HARP path and take that time and pay the mortgage payment, the full payment today, if really they needed to end up with a modified mortgage. [inaudible 00:50:09] for housing counselors and other professionals to help direct people to the right program is important.

Female: If you have a rental property, can you refinance through HARP?

Male: Yes, the program is available for all occupancy types, investor, second, and primary are the [inaudible 00:50:26].

Female: Are there any programs for homeowners who do not have a Fannie or Freddie loan and are underwater and want to refinance?

Female: There are some programs through the Hardest Hit Fund depending on the state that do provide for refinancing of non-GSE loans, but there are no national programs for this.

Megan: These are all great questions. I really appreciate it. I want to give folks a few more minutes to ask any other additional questions they may have. I really appreciate the engagement [inaudible 00:50:58] are really engaged and we appreciate it.

All right, well, seeing no more questions, we might lock up today's webinar. Great participation. Great questions from folks. Actually, one more question, Danielle.

Danielle: What are the requirements to qualify a client to UP program?

Megan: The only thing to qualify for UP is that the homeowner is unemployed. To find out more information about that, you can check out MakingHomeAffordable.gov. We're going to consider that our last question. Once again, I want to thank everyone for joining us today for the webinar. If you leave here with anything, I want you to leave with knowing that the time to HARP is now. I want to thank Danielle from the Department of Treasury, Blake from Fannie Mae, Alan from Freddie Mac, Nicole from NeighborWorks, and Katrina from Quicken Loans. Once again, the slides from today's webinar will be available at HARP.gov. Follow up on Twitter, and thanks again for participating. Enjoy the rest of your day.