And now I'd like to again invite Lucia Bruce back to introduce our third speaker. Lucia.

Thank you, Jane. I'm honored to introduce you to Laurie Anne Maggiano, who is a Senior Policy Advisor with the U.S. Treasury Department, Office of Homeownership Preservation. She has been one of the primary architects of the administration's Making Home Affordable program, whose goal is to help up to 9 million America families avoid foreclosure through refinance or modification of at risk loans.

Prior to joining Treasury, Ms. Maggiano worked for the US Department of Housing and Urban Development for ten years, where she ran the Federal Housing Administration’s Loss Mitigation program and oversaw the sale of foreclosed homes. Prior to government service she spent 20 years in the mortgage industry as Senior Vice President of a major West Coast savings bank and as Director of Real Estate at Freddie Mac. For four years she was on the faculty of the NeighborWorks Training Institute, and she has consulted extensively in the non-profit housing sector. Ms. Maggiano.

Thank you very much for that gracious introduction. You have been hearing from Ann and Donna all about how to become a homeowner. And as Jane indicated in her introduction, homeownership is still considered to be part of the...of achieving the American dream.

The current administration is very aware that we're in an economic climate where for many people this dream has turned into a nightmare. They either have gotten into homes that they can't afford, they have obtained loans that
have components that make them simply unaffordable for folks, or they have changes in life events, unemployment or illness or divorce or other kinds of things that make an otherwise affordable home now unaffordable, and we're seeing foreclosures in pretty much record numbers.

The Making Home Affordable program is all about helping people retain the American Dream by providing usable options for folks to either refinance an overleveraged loan or to modify a loan that is currently in default so that they can keep their home and keep their family intact and at the same time preserve communities from the fairly devastating effects of rampant foreclosures.

So let me tell you - sort of walk you through - a little bit about the Making Home Affordable program. It has two main components. The first component is a refinance option. The Home Affordable refinance is available to borrowers whose loans are owned or securitized by Fannie Mae or Freddie Mac. Those are the two sort of national secondary market giants in the country who own about 30% of all the loans, own or guarantee about 30% of all the loans in the nation.

And so if you have a loan, if your loan is one of those 30% and you are looking to refinance, the Home Affordable refinance is a streamlined process that will allow you to do that even if you owe slightly more than your property is worth. And I encourage you to go onto our Web site and get more details about the Home Affordable refinance. On the Web site we have a … there’s a self-assessment checklist you can walk through and see if perhaps you qualify. You can find out if your loan is owned by Fannie Mae or Freddie Mac.

Another refinance opportunity, which was just authorized last week in a bill that the President signed, will be available very shortly from the Federal Housing Administration, which is part of HUD, and that is called the Hope for Homeowners Loan. And a Hope for Homeowners refinance will allow all of
you whose loans are not owned or securitized by Fannie Mae or Freddie Mac to trade in your old, possibly toxic, loan with interest-only payments or adjustable rates or balloon mortgages or high interest rates for a safe, affordable FHA insured loan. And the Hope for Homeowners Loan will allow you to do that again even if your loan is...if you owe more than the property's worth and, in some cases, even if you're already delinquent.

The Hope for Homeowners program rules are not out yet. As I indicated, the President just signed the legislation last week. So look for that in the next...in 30 days or so. And then that program will be up and running, and hopefully it will be extremely helpful to a lot of people who would like to refinance.

The other part of this is the Hope for Homeowners...the Home Affordable Refinance. And the Home Affordable Refinance is an opportunity for borrowers who are owner/occupants, who have a home loan that's less than $700,000, and whose debt--their mortgage debt--is more than 31% of their gross income. Gross income is your monthly income before taxes and other expenses are taken out of your paycheck.

And so if you have a monthly mortgage payment that's more than 31% of your gross income and you are either delinquent on your loan--clearly you can't make those mortgage payments--or you are struggling to make them, you are...you've had a hardship such as, for example, a lay-off or employment that is - you've lost part of your income, maybe you had to take a pay cut or - in order to keep the job that you have currently--or your hours were reduced, so if you have had a hardship and you're struggling to make your payments and you're keeping that first mortgage payment alive by borrowing from your credit cards or borrowing from your 401(k) or borrowing from mom, you would be considered in imminent risk of default because pretty soon those lines of credit are going to dry up and you will default on your loan.
So this Hope for…this Homeowners…the Home Affordable Refinance is your opportunity to…excuse me, the Home Affordable Modification is your opportunity to potentially modify that loan to a payment that represents 31% of your income. And this opportunity is available, again, to all borrowers who meet the minimum eligibility criteria who have Fannie Mae and Freddie Mac loans. And it's also available to borrowers whose servicers have signed up with the Department of Treasury to participate in this program.

At the moment we have a number of servicers that have signed up, and that represents about 75% of all the loans in the country. It's a fairly new program. It was just announced in March, and we are aggressively signing up servicers. We have a few more signing up this week and have about 250 servicers who are waiting to execute documents. So we do anticipate that almost all loans in the nation will be covered, and those borrowers will be eligible for a Home Affordable Modification in the near future.

So those are the two basic programs: the refinance program; the modification program. The way the modification works is that eligible borrowers would contact their servicers, and the servicers would…will calculate--based on your income--what you can afford, and that affordability quotient, which the Department of Treasury has established, is 31% of your gross income.

And then the servicer will back into that number by first reducing your interest rate on your loan all the way down to 2% if necessary. If that doesn't get them to 31% of your gross income, then they will re-amortize your loan out to 40 years, and if that doesn't work, they may defer part of the amount you owe and put that amount as a balloon payment that would be due after you've paid off your loan. There wouldn't be any interest due on that. So you still owe the money, but you're no longer paying interest on it, which reduces the amount that you have to pay each month.
So that's the way we try to get to an affordable and sustainable mortgage payment—something that you can actually…a payment you can make based on your current income, not your old income or what they think you ought to be paying. And in order to encourage servicers to do this, the Department of Treasury is providing financial incentives to the servicer, to the person, to the entity that owns your loan and also to borrowers who get onto this program and successfully make payments.

There are a series of financial incentives for all the participants, and we're very excited about the program. Our servicers are embracing it very willingly. We have a lot of borrowers now who are in trial modification periods all over the country. And if the borrower is successful making this reduced payment for a period of three months, then that modification becomes permanent, and their loan is permanently adjusted, so you won't, you know, be subject to fluctuations in your mortgage payment.

If for some reason you get on a modification and that still doesn't work—you just can't make it and, you know, as Jane said, there are folks who really are not yet ready to be homeowners and maybe they jumped into this before they were ready, they don't have sufficient credit, they don't have sufficient financial discipline—if for some reason you just can't make it, the Department of Treasury is also providing financial incentives to help borrowers avoid foreclosure through a - what we call - a short sale, which is the sale of your property on the general market for whatever it happens to be worth to a third party.

You would list it with a real estate broker, put the Coldwell Banker sign in the front yard. Your neighbors will never have to know that you're having financial problems. You offer your house for sale at its current market value, and your lender agrees to accept the proceeds from that sale as full satisfaction of the debt rather than saying, "Okay you can sell it but you still owe me
$100,000, and I'm going to pursue you for that amount of money." The lender would just accept the proceeds of the sale as full satisfaction of the debt. And again Treasury would compensate them for part of that loss to make that transaction more palatable to the lender.

So then the final part of the Making Home Affordable program is a program to help borrowers who get a Home Affordable Modification also modify a second lien that they may have. So many borrowers have a first mortgage, and then they went out and they got a home equity loan, sometimes to make improvements to the property, sometimes to pay for a college education, sometimes just to borrow money to make their first mortgage payments because they were having trouble.

So the…there is another program that is in place to provide financial incentives to the holder of your second lien to either eliminate the second lien completely by accepting a flat fee payoff from the Treasury of some portion of the loan or to modify that second lien to a very low interest rate over a long period of time, so that you don't have, you know, you don't solve the problem on the first and still owe a ton of money on the second.

So this is a comprehensive program that is really designed to provide relief for up to 9 million families and help them achieve not only a payment that they can afford today, but a payment that is sustainable over the long term. And with that I will turn it back to our moderator and allow plenty of time for questions.

Jane Walstedt: Thank you so much, Laurie, for that helpful information. And I just want to mention to our listeners that Cynthia Dawkins, who will offer closing remarks, will give you a Web site--a couple of Web sites--of Federal agencies that have publication and resources. And one of them, the Federal Trade Commission, has a real estate marketplace glossary, because I know we’re
using a lot of terms, and some of you may not be familiar with all the terms.