

# DRAFT

Mr. James Dimon  
Chief Executive Officer  
JPMorgan Chase  
270 Park Avenue  
New York, NY 10022

Dear Mr. Dimon,

We are writing to you as a participant in the Administration's Making Home Affordable (MHA) program. As you are aware, the Home Affordable Modification Program (HAMP) under MHA is designed to help responsible but at-risk homeowners modify their mortgages in order to lower their monthly payments to sustainable levels and avoid foreclosure. Such modifications represent an important step toward stabilizing the housing market and promoting economic recovery. Since we published our detailed guidance, we have begun to see a significant ramp-up in the number of trial modification offers and trial modifications underway, though much more progress is needed. There appears to be substantial variation among servicers in performance and borrower experience, as well as inconsistent results in converting trial modification offers into actual trial modifications. We believe there is a general need for servicers to devote substantially more resources to this program for this to fully succeed and achieve the objectives we all share.

In order to assess our progress under the program and improve the speed of implementation, we request that you designate a senior liaison, with whom you have regular contact and who is authorized to make decisions on behalf of you as CEO, to work directly with us on all aspects of MHA. We will invite this person to meet with senior Treasury and HUD officials on July 28<sup>th</sup> to discuss full implementation of the program. **To prepare for that meeting, we ask that your liaison send us a letter by July 23<sup>rd</sup>, detailing how you plan to respond to suggested steps that your organization should take in order to ensure effective implementation and compliance. Similarly, we invite you or your liaison to provide suggestions on ways that we can improve program design.**

In conjunction with this meeting, we plan to take three important steps to improve the program's performance. First, we will begin publicly reporting results under the program. By August 4<sup>th</sup>, we will begin issuing monthly reports with servicer-specific performance measures, including the number of trial modification offers each servicer has extended to eligible borrowers, the number of trial plans that are underway, the number of final modifications, and, eventually, the long-term

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success of those modifications. The purpose of these detailed reports is to provide a transparent and public accounting of individual servicer performance as well as overall program performance. We will discuss with you the content of these reports at the July 28<sup>th</sup> meeting.

Second, we will work with servicers to set more exacting operational metrics to measure the performance of the program, including average borrower wait time for inbound borrower inquiries, the completeness and accuracy of information provided applicants, document handling, and response time for completed applications.

Third, in order to minimize the likelihood that borrower applications are overlooked or inadvertently denied a modification, Treasury has also asked Freddie Mac, in its role as compliance agent, to develop a “second look” process where Freddie Mac will audit MHA modification applications that have been declined. Freddie Mac will coordinate with servicers to address specific cases that surface as well as more generally address potential operational weaknesses where errors prove more systematic.

We ask servicers to immediately expand servicing capacity and improve the execution quality of loan modifications in order to help the sizable and growing number of homeowners at risk of foreclosure and eligible for the program. We ask that you consider adding more staff than previously planned; expanding call centers beyond their current size; providing an escalation path for borrowers dissatisfied with the service they have received; bolstering training of representatives; developing extra on-line tools; and sending additional mailings to borrowers who may be eligible for the program. Again, we ask you to detail the measures you plan to take along these lines in the letter your liaison is requested to send to us by July 23<sup>rd</sup>.

We are confident that together we can improve the speed and efficacy of the MHA program in a manner that is consistent with your aims as a leading financial institution.

Our shared goal must be to ensure that the program is as successful as possible in keeping Americans in their homes and providing stability to the housing market. With your continued help, we believe that we can achieve this goal.

Sincerely,

Timothy F. Geithner