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MEMORANDUM

TO: The Mayor
Tom Cochran

FROM: Tom Cochran
Executive Director

RE: Today's White House Announcement on Mortgages

DATE: December 6, 2007

The President announced today that the HOPE NOW alliance (a coalition created by the U.S. Department of Treasury) has reached an agreement with member lenders to freeze current "teaser" interest rates on certain subprime loans. According to officials close to the deal, borrowers would still have to call the 1-888-995-HOPE hotline to speak to a counselor to determine if he/she qualifies for such a rate freeze.

The rate freeze is not automatic for all homeowners with subprime, adjustable rate loans. For example, the rate freeze proposal only applies to loans originated between January 2005 and July 2007, AND whose interest rate resets are scheduled to occur from January 2008 onwards. Secondly, the homeowner must be current in his/her mortgage payments and meet certain credit score, loan-to-value ratios (LTV) and other criteria.

Previous press reports indicated that the interest rate freeze might be automatic, or occur in block. But Mayors need to know that potential recipients of an interest rate freeze must jump through certain hoops and take their own initiative by contacting a counselor and working with a lender to obtain this benefit.

If Mayors receive inquiries from citizens, they should tell them to call the 1-888-995-HOPE hotline to determine if they qualify. Even if they don't qualify for the freeze, the HOPE counselor may be able to assist them in other ways to address their concerns about their mortgage situation.

Some real estate economists anticipate that the number of eligible homeowners eligible for the freeze may be in the 200,000 to 240,000 range.

We have attached additional technical information regarding today's announcement, along with the President's White House fact sheet. For more detail on the overall plan, please go to www.americansecuritization.com.

Executive Director:
TOM COCHRAN