



Testimony of Sanjiv Das
CEO, CitiMortgage, Inc.
Before the Committee on Oversight and Government Reform
June 24, 2010

Washington, D.C. – Chairman Towns, Ranking Member Issa, and Members of the Committee, thank you for the opportunity to discuss Citi’s efforts to help families stay in their homes and to describe our progress in implementing the Home Affordable Modification Program (HAMP). I am Sanjiv Das, CEO of CitiMortgage, and I am honored to be speaking with you today.

As Citi CEO Vikram Pandit has said, we owe a debt of gratitude to the American taxpayer and our Government for providing Citi with TARP funds. We believe it is our responsibility to help American families in financial distress, and in particular, to help families stay in their homes.

As one recent example, just last week, Citi became the first major lender to announce a 90-day moratorium on mortgage foreclosures in the Gulf Coast region. Our goal is to help families who have been hard-hit by the devastating oil spill remain in their homes.

At Citi, we are focused on two key priorities: working hard to make the HAMP program as successful as possible and providing solutions for distressed borrowers that do not qualify for, or have fallen out of, the HAMP process.

Our focus has produced significant results: Citi is consistently ranked among the top performing servicers and, since 2007, we have assisted more than 900,000 families in their efforts to avoid foreclosure.

We know that the HAMP process can be somewhat complicated so we have strived to make it easier for our customers.

- We have hired special staffers to focus solely on the HAMP process and given them detailed training. In addition, we have added more than 1,400 new employees to support our foreclosure prevention efforts.
- We have invested in our HAMP processing systems so that HAMP applicants can now view their application status and documents online. Customers are also notified electronically when they meet key milestones in the application process.
- We have learned that borrowers can be reluctant to work directly with servicers, so we increasingly work with third parties in local communities on mortgage modification outreach. We have also partnered with Hope Now to conduct document collection events in face-to-face meetings with borrowers who need help. Our goal is to give every distressed borrower the opportunity to reach us for assistance.
- We have designed and implemented procedures to ensure the fair application of HAMP standards for all applicants.

Despite these initiatives, challenges remain. For example, HAMP has been revised multiple times since March 2009. With each change additional training and systems are required, which in turn impact program efficiencies.

Further, factors beyond our control often prohibit customers from moving from a trial modification to a permanent HAMP modification. In the majority of these cases, the required documents aren't submitted, required trial payments aren't made, or the borrower is ineligible for the program.

Since the HAMP program does not fit every distressed borrowers needs, Citi is providing solutions that help borrowers who do not qualify for the HAMP process or who have not achieved HAMP modifications. As part of this effort, we offer a number of supplemental modification programs that are designed to address customer needs on a case-by-case basis. These solutions are tailored to a homeowner's unique circumstances and deliver an outcome that is affordable and lasting.

Citi's own proprietary programs assist customers with a variety of solutions, addressing challenges such as unemployment and imminent risk of default, and utilizing a variety of strategies to solve for affordability of payments. These solutions are each more fully described in the Appendix attached to this testimony. We believe the issue of affordability is the most important consideration in modifications. We do not believe there is a "one size fits all" approach to affordability. The proof of this is in our low redefault rates which continue to be significantly below industry averages.

For those borrowers who face severe hardship, Citi introduced dedicated Short Sale and Deed In Lieu teams in 2009, which offer a number of customizable solutions. Further, we are participating in Home Affordable Foreclosure Alternatives (HAFA) and will participate in the 2nd Lien Modification Program (2MP) when it becomes available this summer. These programs enable borrowers to avoid foreclosure and allow for a dignified transition to the next phase of their lives.

I understand there is much more work to be done. Citi remains focused on achieving affordability and helping families stay in their homes in a responsible manner, and we support the Treasury's programs to help consumers.

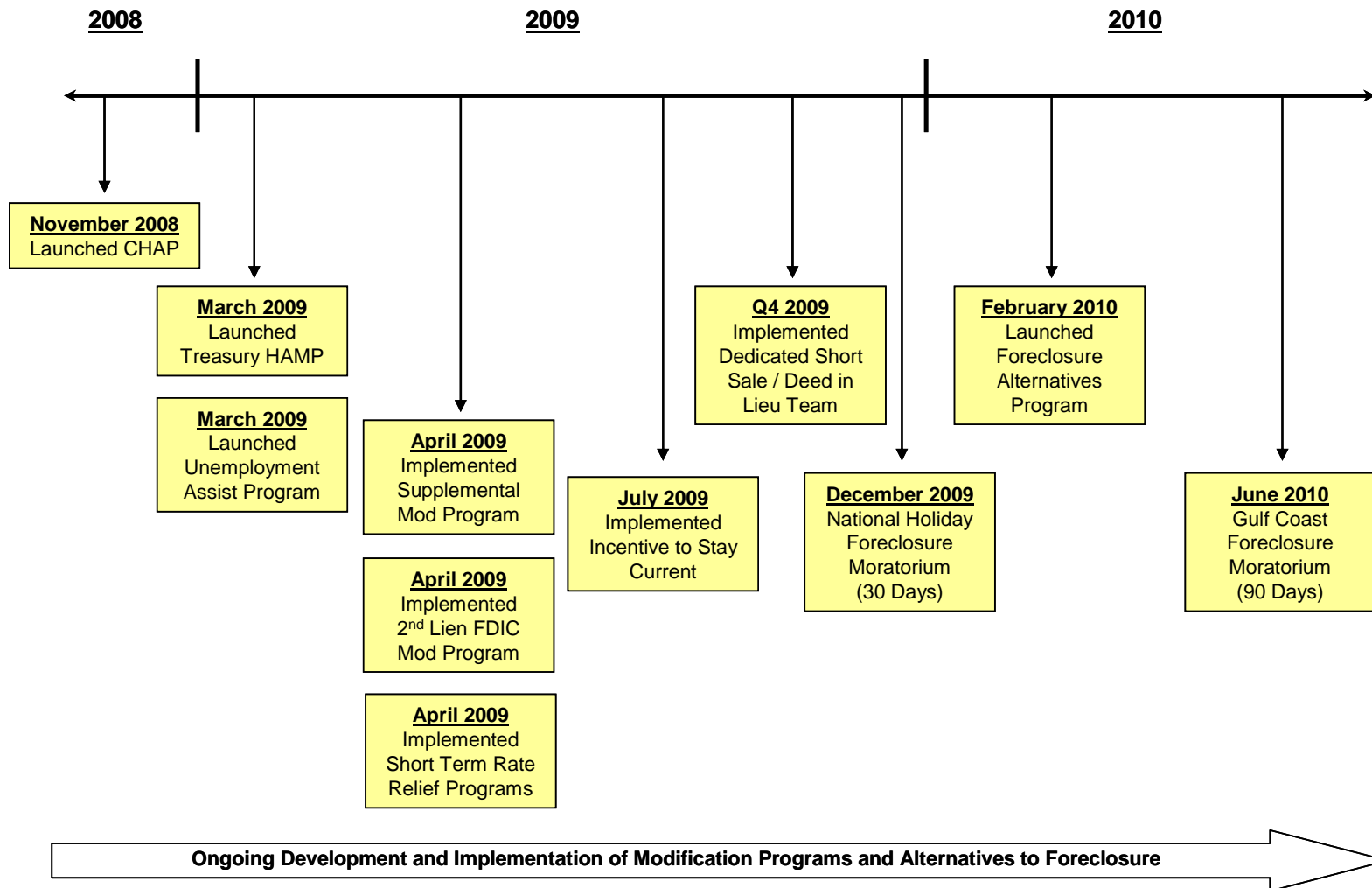
Thank you for the opportunity to speak before the Committee. I would be happy to answer any questions you might have.

**Appendix to the Testimony of Sanjiv Das
CEO, CitiMortgage, Inc.**

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CitiMortgage Foreclosure Prevention Programs Timeline

CitiMortgage founded the Citi Homeowners Assistance Program (CHAP) in November 2008 as a dedicated effort to provide assistance to borrowers in need. Since inception, the CHAP team has launched a series of initiatives focused on the singular objective of keeping people in their homes.



CitiMortgage Supplemental Modification Programs

Borrowers who contact CitiMortgage for assistance and do not qualify for a HAMP modification are considered for a series of Citi supplemental treatments:

Citi Supplemental Modification (CSM)

- Interest rate reduction for a period of 2 years.
- Offered to eligible borrowers who were evaluated for a HAM Modification but did not qualify.
- Borrower must successfully complete a 3-month trial period prior to the modification being booked.

Citi Homeowners Unemployment Assistance Program

- Provides temporary (3-6 month) payment relief to borrowers who have lost their jobs, allowing them to stay in their homes as they search for new employment.
- Citi lowers the borrower's monthly payment to an average of \$500/month and suspends foreclosure proceedings for the duration of the program.

2nd Lien FDIC Modification

- Modify loan terms to reduce total 1st and 2nd lien monthly payment to 42% of gross income, for life of loan.

In addition, CitiMortgage proactively identifies and targets borrowers with treatments and programs that have provided assistance through difficult economic conditions:

Rate Relief

- Interest rate reduction provided to high risk Current and <60DPD borrowers for a period of up to 9 months.
- Treatment is provided to both 1st and 2nd liens.

Incentive to Stay Current

- Program offered to high risk current borrowers; offering incentive for continuing to make mortgage payments.
- Incentive amount ranges depending on monthly payment.
- Incentive paid once every 3 months through the end of 2010.

Alternatives to Foreclosure

In instances where retaining the home is not a viable option, CitiMortgage offers a range of programs to help the borrower avoid the financial and emotional trauma of foreclosure:

Short Sale

- Alternative for borrowers facing foreclosure who do not qualify for or are not interested in a modification or other retention treatment.
- Borrower agrees to market property; Citi agrees to settle loan for sale price less than outstanding loan balance.
- Borrowers who complete Short Sale may be eligible for a monetary relocation incentive.

Citi Foreclosure Alternatives Pilot Program

- Program to allow distressed borrowers to avoid foreclosure. (Pilot available to 90+ DPD borrowers in Texas, Florida, Illinois, Michigan, New Jersey, and Ohio).
- In exchange for agreeing to sign over the deed on their property, Citi will allow borrowers to stay in their homes for a period of up to six months and will provide a relocation incentive as well as counseling by trained professionals to help the borrower prepare for the next chapter of their lives.

Deed In Lieu of Foreclosure

- Alternative for borrowers facing foreclosure who do not qualify for or are not interested in a modification.
- Borrower agrees to sign the property deed over to Citi and vacate within 30 days.
- Borrower may receive a monetary relocation incentive.

Foreclosure Moratoriums

- Citi has implemented two moratoriums on 1st Lien Risk portfolio loans since Q4 2009:
 - o Holiday Moratorium
 - Scope: National
 - Timing: December 15, 2009 – January 15, 2010
 - o Gulf Coast Moratorium
 - Scope: Coastal areas in LA, MS, AL, FL
 - Timing: June 17, 2010 – September 17, 2010
- During the moratorium periods Citi will not:
 - o Refer new loans to foreclosure
 - o Schedule or complete foreclosure sales
 - o Evict from REO properties

Summary of Citi Treatments

	High Risk Current	Delinquent			
		1-59	60-119	120-179	180+
1st Lien	Citi Supplemental Modification (CSM)				
	Homeowners Unemployment Assistance Program				
	Rate Relief				
	Incentive to Stay Current				
	Citi Foreclosure Alternatives Program				
	Short Sale				
	Deed In Lieu of Foreclosure				
	2nd Lien	FDIC Modification			
Rate Relief					
Short Sale					

Significant additional detail on our mortgage lending and foreclosure prevention efforts can be found at the following internet link where you will find the most recent report: “Citi U.S. Consumer Mortgage Lending Data and Servicing Foreclosure Prevention Efforts.”

<http://www.citigroup.com/citi/fin/scr.htm>

Citi's Commitment to Fair Lending

- Citi maintains a comprehensive Fair Lending policy that prohibits treating applicants or customers differently on any “prohibited basis,” including but not limited to race, national origin, sex, and other enumerated factors. We are committed to complying with both the letter and the spirit of U.S. fair lending laws and regulations, which require fair and equal treatment of all customers throughout the credit and payment process.
- Citi engaged a well recognized expert to perform Fair Lending analyses on both its originations and its loss mitigation/foreclosure prevention efforts. Specifically, Citi proactively conducts analyses on its loan modifications, both HAMP and supplemental modifications, to ensure that all customers are treated the same without regard to race, national origin or gender.
- Citi requires robust training for all of its mortgage lending employees from end to end, including mortgage origination and loss mitigation/foreclosure prevention. It is mandatory that all employees are trained and pass a written certification on all fair lending laws. Citi requires re-certification at regular intervals for all employees. All policies and procedure are reviewed and approved by our compliance and legal teams.
- Citi conducts "mystery shopping" to insure compliance with regulations and most importantly to insure that all of our customers have a consistent experience.