CALIFORNIA MORTGAGE PROTECTION SERVICES INC.
A LOSS MITIGATION COMPANY

Lenders pledge better updates; Firms say they'll give more details on reworked home loans.

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BYLINE: *Jonathan Peterson, Times Staff Writer*
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Facing pressure from Congress and consumer advocates, lenders are pledging to provide stronger evidence of their progress in reworking costly home loans to prevent borrowers from being foreclosed.

Under a plan endorsed by the White House, lenders have agreed to freeze interest rates on certain troubled mortgages and to guide qualified borrowers into more-affordable loans.

The plan is aimed at averting massive foreclosures as floating-rate loans adjust to higher payments. But since the effort was announced by President Bush in December, there has been scant evidence to determine its effectiveness, critics say.

Statistics released Thursday by an alliance of banks and mortgage lenders provided ammunition for both sides.

The Hope Now coalition said lenders' efforts to stave off foreclosure increased late last year, and more than two-thirds of delinquent sub-prime borrowers got assistance during that period.

Loan companies helped 545,000 borrowers with delinquent sub-prime loans during the second half of 2007, compared with 386,000 in the first half of 2007.

But much remains unanswered. The majority of actions were repayment plans, which typically give borrowers more time to catch up on delinquent payments. Consumer advocates say these may simply put off the day of reckoning for troubled borrowers, who will still face payments they cannot afford.

Hope Now described other actions only as "modifications" without explanation.

The information gap has raised doubts about the White House-backed initiative and sparked legislative proposals that would require lenders -- who usually keep such details confidential -- to tell regulators more about their efforts to help strapped borrowers.

Lenders "say they're doing all these things, they're trying all these modifications," said John Taylor, chief executive of the National Community Reinvestment Coalition. "But you don't really know what they're doing.

"Part of the problem is secrecy from top to bottom of how things work," he added. "It's not in the consumer's interest at all."

With the economic fallout of foreclosures spreading, the administration faces pressure to document more clearly what is going on. Loan firms are also under pressure to help 1.2 million borrowers facing higher rates but who are current in their payments and aren't absentee owners (a test designed to rule out speculators).

"This is not the time to take baby steps," said Sen. Robert Menendez, a New Jersey Democrat, at a recent Senate hearing in which he was one of several lawmakers calling on lenders to demonstrate progress in modifying loans.

Treasury Department officials maintain that lenders and billing companies are working more effectively than ever with borrowers to modify loans, such as freezing interest rates or refinancing.

The Hope Now coalition, which includes companies such as Wells Fargo & Co., SunTrust Banks Inc., Countrywide Financial Corp., JPMorgan Chase & Co. and Litton Loan Servicing, plans monthly reports that supporters predict will show growing progress in combating foreclosures.

"I believe what we're going to see is that a good number of people are going to be helped because they are going to be fast-tracked into a quick modification or refinancing," Treasury Secretary Henry M. Paulson Jr. told a Senate committee this week.

More-detailed data could be released as early as next month, said William A. Longbrake, senior policy advisor for the Financial Services Roundtable, an industry trade group, who also advises Hope Now.

"The answer is unequivocally yes," said Longbrake, when asked if Hope Now would report on such details as documenting the prevalence of "fast-track" loan modifications and interest-rate freezes.

Companies have not balked at providing the information, Longbrake maintained in an interview. Rather, "The data systems were never set up to collect and retain the kind of information that everyone now wants," he said.

Hope Now releases only aggregate data, but the foreclosure crisis has stirred interest in the track records of individual lenders, which generally decline to provide such information to the public.

When contacted by The Times this week, Wells Fargo, GMAC Residential Capital, Option One Mortgage Co. and Bank of America Corp. (which does not make sub-prime loans) declined to provide individual statistics on their efforts to modify troubled mortgages.

An exception was Calabasas-based Countrywide Financial, the nation's largest mortgage lender. Countrywide, which is being acquired by BofA, reported that in December it completed 13,273 loan workout plans -- a 243% increase from 12 months earlier.

Just over 10,000 of the workouts were called loan modifications, the majority of which involved interest-rate freezes or reductions, said Jumana Bauwens, a Countrywide spokeswoman. She did not provide further details of the 10,006 modification plans.

The general lack of data is stirring demands for new disclosure requirements. A bill by Sen. Christopher J. Dodd (D-Conn.), chairman of the Senate Banking Committee, would require lenders to inform the Federal Reserve Board of their anti-foreclosure efforts. Last month the California Assembly passed a bill that would impose a similar rule at the state level.

Lacking meaningful disclosure, "it looks like what the industry is doing is playing hide the ball," said California Assemblyman Ted Lieu (D-Torrance), sponsor of the California legislation.

"Maybe that's not what they're doing, but the best way to get rid of that perception is simply to disclose the information. . . . We just want to get the data so we know what's going on."