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Modification Statistics and Programs

Recent loan modification activity

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As mortgage companies commit to an increasing number of loan modifications, more modification firms are popping up. Two groups testified before Congress last week that funds from the Troubled Asset Relief Program should be used to modify loans -- with one of the groups calling for cramdowns on as many as 5 million mortgages that are not even in bankruptcy.

[Fannie Mae](#) and [Freddie Mac](#) servicers modified 13,450 loans during the third-quarter 2008, according to a foreclosure prevention report released last week from their regulator -- the [Federal Housing Finance Agency](#). Modification activity fell from 15,372 in the second quarter.

The latest quarter included 4,767 modifications on prime loans and 8,683 nonprime modifications. From January through September, servicers for the two government sponsored housing enterprises have modified 44,458 agency loans.

[Chase](#) said last week that it hopes to expand loan modifications from loans it owns to loans included in residential mortgage-backed securities that its services. Around \$1.1 trillion in mortgages are expected to be impacted.

Chase originally [announced](#) a modification strategy in October that was expected to result in modifications on 400,000 loans it owns for \$110 billion. That plan included option-ARM borrowers of [Washington Mutual Bank](#) and Bear Stearns Companies LLC-subsiidiary [EMC Mortgage Corp.](#) Today's statement indicated 330,000 foreclosures have been prevented under the strategy, while 19,000 letters have been mailed under the [streamlined modification program](#) for agency loans.

"Based on the company's review of investor agreements and its experience with investors and trustees to date, Chase believes it can legally modify the vast majority of mortgages owned by investors consistent with the relevant investor agreements and the best interests of investors, and intends to make modifications where appropriate," the New York-based giant stated.

American Bankers Association Chief Executive Officer Edward L. Yingling testified last week before the House Financial Services Committee in support of the Federal Deposit Insurance Corporation's "Loan Mod in a Box" streamlined modification [proposal](#). He also called for the use of TARP funds to prevent foreclosures.

That position was shared by the National Community Reinvestment Coalition, which also

testified before the House committee last week. The group is calling for remaining TARP funds to be used to purchase 3 to 5 million loans at a 30 percent to 35 percent discount to market value using the power of eminent domain.

"Through compulsory purchases of troubled loans, reluctant servicers, investors and lenders would not need to be persuaded to participate," the coalition's CEO John Taylor testified. "Utilizing the federal government's power of eminent domain avoids lawsuits from disgruntled investors."

The Federal Reserve modified some of the loans in the \$30 billion asset portfolio it acquired in its rescue of Bear Stearns & Co., *Bloomberg* reported. The modifications were completed as the loans became delinquent and faced foreclosure. The policy will be applied to all mortgages owned by the central bank.

Loan modification firms seeking new business can now look to LeadPoint.com for voice and data loan modification leads, a statement Thursday said. Prospects are generated through television and radio advertisements and screened by call representatives employed by the Los Angeles-based firm.

[Just Price Solutions](http://JustPriceSolutions.com) announced last week BestFIT, a service that rapidly analyzes potential loan modification solutions while minimizing re-defaults. The automated process, which is also available for underwriting, can be used on individual loans or in bulk.

"By automating the complex analyses required, BestFIT provides accurate data and helps overtaxed servicers reach better decisions faster," the statement said. "The rules-based BestFIT decision engine is customizable, allowing servicers to easily adapt to Fannie Mae's new criteria, the FDIC's rules or any other guidelines."

Think Debt Relief announced last week that mortgage servicers are doing too little to modify the loans of borrowers who borrowed more than they could afford. The Phoenix-based firm claims it has modification programs through a national attorney network for delinquent borrowers, current borrowers and borrowers who have negative equity.

QualityLoanMod.com was recently launched to help delinquent borrowers negotiate loan modifications using a team that includes an attorney, private lender and loan originators. One of its services includes forensic loan file audits, which exploits lender compliance errors to provide leverage to borrowers seeking more favorable modification terms.