

## What went wrong in the CREDIT MARKETS?



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### What will happen to NON-PRIME LENDING?



## Daily News

### Ofori Plans Automation Move

December 26, 2008

Subservicer Ofori Lender Services, Southfield, Mich., plans to service all of its loans through a new system in January in a move it said is slated to save it \$2,500 in telecommunication costs. Ofori said it plans to service its loans through the Southfield, Mich.-based McDonald Computer Corp.'s Web-based system during the upcoming month. "By greatly reducing our cost on technology and management portfolios, we will become a more competitive subservicer," said Karen Heller, Ofori Lending Services' servicing manager.

### Freddie Expands Portfolio, MBS Issuance Still Fairly Slow

December 23, 2008

A Freddie Mac report shows the agency expanded its mortgage portfolio by over \$40 billion in November, but its issuance of mortgage-backed securities remains relatively meager. The secondary market agency said it purchased \$10 billion of its own MBS in November for its investment portfolio, which totaled \$805.4 billion as of Nov. 30. However, Freddie issued only \$14.5 billion in MBS in November, up slightly from \$13.5 billion in October. Ginnie Mae issued \$27 billion in single-family MBS in November. Freddie's monthly report also shows that single-family mortgage defaults continue to rise at a fast clip. Since October, loans 90-days or more past due are up 18 basis points to 1.52% as of Nov. 30. In November 2007, only 0.6% of Freddie guaranteed loans were seriously delinquent.

### NLA Offers a Legal Resource

December 22, 2008

Fraud prevention firm National Loan Auditors, Walnut Creek, Calif., is now offering an online resource portal aimed at providing clients with up-to-date information on statutes and case law pertaining to lending and foreclosure. The portal includes status updates on all federal, state and municipal legislation, the company said. "NLA Law Portal adds value to our forensic loan audit by providing support for its findings and information on how to effectively use the audit report in legal proceedings," said August Blass, CEO of National Loan Auditors. "Users are given summaries and guidelines that distill lending and foreclosure law into a short manageable synopsis, saving hours in research." Once access has been granted, clients have the ability to search various summary topics such as alternatives to workout agreements, Truth in Lending Act summary, and Home Ownership and Equity Protection Act action steps. State legislation topics also are available. By selecting a state, users will receive current case law and

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statutes in that state. Litigation tools also will be displayed when applicable.

### **Banks/Thrift Mods Better for Their Own Loans?**

December 22, 2008

A new report shows that banks and thrifts are more successful at modifying mortgages they own than the loans they service for other investors and Fannie Mae and Freddie Mac. Only 51% of bank-owned modified loans had missed a payment after six months, compared to 61% for private investors, according to a third quarter mortgage metrics report issued by the Office of the Comptroller of the Currency and Office of Thrift Supervision. The joint report noted that 58% of Freddie modified loans were 30-day past due after six months and 57% of Fannie loans were delinquent. "The lower re-default rate for loans held by servicers may suggest that there is greater flexibility to modify loans in more sustainable ways when loans are held on the servicer's books than when loans have been sold to third parties," the report says. OCC and OTS collected the data from nine national banks and five thrifts with the largest servicing portfolios.

### **Hope Now Servicers to Double Mod Effort in '09**

December 22, 2008



John Courson

Hope Now servicers are planning to step up their loss mitigation efforts in 2009 and modify two million loans -- double the number of modifications this year, according to the private sector alliance. The alliance said servicers completed 107,800 repayment plans and 99,800 loan modifications in November to help homeowners avoid foreclosure. Hope Now projects the tally for modifications for all of 2008 will be 950,000.

"We expect to double that to two million for 2009," said Steve Bartlett, president and chief executive of the Financial Services Roundtable. Mortgage Bankers Association chief operating officer John Courson stressed Hope Now will be more aggressive and employ new strategies to help troubled homeowners. "Stay tuned," he told reporters. The two trade group executives said they would welcome federal funding for foreclosure prevention efforts. And they support a FDIC plan would provide federal loan guarantees for modified loans.

### **GGP Gets Waiver on Fashion Show and Palazzo Loan**

December 18, 2008

General Growth Properties Inc., Chicago, has gotten a forbearance and waiver agreement from the syndicate of lenders for the \$900 million Fashion Show and Palazzo mortgage loans. The agreement lasts until Feb. 12, 2009. The loans had a maturity date of Dec. 12, 2008. Furthermore, GGP's syndicate of lenders for the 2006 senior credit agreement has entered into a forbearance and waiver agreement that extends until Jan. 30, 2009. In

connection with this agreement, GGP has agreed to certain restrictions and covenants with this syndicate during the forbearance period.

### **Nationstar's Servicer Rating Downgraded**

December 18, 2008

Fitch Ratings has lowered Nationstar Mortgage's primary servicer rating for subprime mortgages to 'RPS2-minus' from 'RPS2'. Nationstar, based in Lewisville, Texas, serviced just over 89,000 predominantly subprime loans as of August 31, 2008, with an outstanding principal balance of nearly \$12 billion. Nationstar is owned by the private equity firm Fortress Investment Group. Fitch said the downgrade reflects Nationstar's "reduced financial flexibility resulting from overall market illiquidity."

### **GSE Notices on Streamlined Loan Mods In The Mail**

December 18, 2008



**Herb Allison**

Fannie Mae and Freddie Mac servicers will begin sending thousands of letters of delinquent borrowers this month offering them the chance to sign up for a streamlined loan modification that could reduce their mortgage payments to 38% of gross monthly income. The government sponsored enterprises issued servicer guidelines for the new streamlined modification program (SMP) on Dec. 12 and they held a press conference in Washington to kick off the new foreclosure prevention program. "Along with other recently announced initiatives to reach and help financially troubled borrowers earlier, including our Early Workout program, the SMP is a critical component our company's foreclosure prevention efforts," Fannie president and chief executive Herb Allison said. The SMP is available to borrowers who have missed at least three payments on their existing mortgage and have no more than 10% equity in the property. The mortgage interest rate can be reduced to 3% for five years to make the modified loan affordable.

### **Compass & Radar Logic Complete Integration, Plan Another**

December 17, 2008

Compass Analytics LLC, San Rafael, Calif., and Radar Logic Inc., New York, have integrated the latter's property index into the former's mortgage analytics and will expand on the business relationship going forward. The existing integration allows investors, portfolio managers, servicers and whole loan traders to "update property values as part of data load processes and leverage better loan-level property value, loan-to-value ratio and equity data for more accurate valuations," the companies said. Compass also will integrate the Radar Logic's residential price index derivatives into its CompassPoint mortgage analytics in the future. The derivatives integration would "enable analysts to mark-to-market RPX derivatives and model and employ the derivatives to hedge property value and credit risk in loan portfolios," according to the companies.

### **'Top Performing' Houston Market Still Suffers**

Houston may be one of the country's top performing real estate markets, but it is still suffering right along with most other places. Sales in November were off 33.7% from the same month a year ago, according to the Houston Association of Realtors. It was the 15th straight month that the number of sales in Houston has declined. On the bright side, though, rentals were up - 16% for single-family residences and 2.8% for townhouses and condominiums - as people wait out the economic storm. "Houston consumers are understandably cautious as they absorb news about layoffs, declining oil prices and other negative financial reports," said Michael Levitin, HAR chairman and principal of HTownRealty.com. "Many are opting to rent property for the time being." Despite being held up by the chief economist of the National Association of Realtors as a Mecca of stability, Houston also saw the average price of a single-family house drop 7% in November, from \$201,862 last November to \$187,766 now. The total number of sales fell from 5,887 to 3,906. Currently, according to HAR, the number of active listings for sale on the local multiple listing service totals 47,354, which is the lowest number since December 2006. That's only a six-month supply compared to 10 months nationally, based on how long it will take to deplete current active inventory based on the prior 12 months' sales activity.

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