

## MACDC Releases Mortgage Industry Report Card

*First in the state report grades mortgage companies  
Saxon and GMAC receive lowest grades*

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(BOSTON, MA) – In response to the worst housing crisis in decades, the Mortgage Lending Industry’s response remains too slow, ad hoc and inconsistent, according to a new report by the Massachusetts Association of Community Development Corporations (MACDC.) The report was released at a Foreclosure Forum in conjunction with MACDC’s 4<sup>th</sup> Biennial Convention at the Westin Hotel in South Boston on Saturday, November 15. Massachusetts Congressman Barney Frank, Chair of the House Financial Services Committee, spoke to the group of more than 700 community leaders from across the Commonwealth.

“The foreclosure crisis is having a devastating impact on individual families, whole neighborhoods and indeed the national and worldwide economy,” noted Joseph Kriesberg, President of MACDC. “In the face of such a crisis, we cannot rely on purely voluntary actions by the industry. Mediocre performance is simply not acceptable – especially from companies with the resources to do better.”

The MACDC report surveyed non-profit housing agencies that provide counseling to homeowners facing foreclosure. These counselors are on the front lines of the foreclosure crisis working everyday with hundreds of homeowners across the state. The purpose of the survey was to learn which of the major servicers were the most and least responsive to the needs of homeowners and to see how the industry as a whole was responding. Responses to the survey were based on counseling done with over 1,100 Massachusetts homeowners facing foreclosure.

Table 1 (see below) shows that the report found that Saxon and GMAC are by far the least responsive companies with overall grades of “D” and “D+” respectfully. Nonprofit counselors were able to secure loan modifications for just 15% of the GMAC and Saxon customers compared to a rate of 24% across all companies. The Survey also asked counselors to rank each company on a scale of 1-10 for overall speed, responsiveness and effectiveness. Saxon and GMAC were tied for last in this area with an average rating of 4.2.

**Table I. Servicer Performance and Grades**

<b>Company</b>	<b># of customers</b>	<b>% loan modifications</b>	<b>% of successful outcomes</b>	<b>average rating by counselors</b>	<b>Overall Grade</b>
Bank of America/Countrywide	296	24%	49%	6.1	<b>B-</b>
JP Morgan Chase	117	26%	45%	5.9	<b>B-</b>
Litton	79	30%	51%	5.2	<b>C+</b>
AHMS	168	32%	40%	5.2	<b>C</b>
Wells Fargo	54	28%	43%	4.6	<b>C</b>
ASC	128	21%	47%	4.4	<b>C-</b>
Home Eq Servicing	71	21%	42%	4.3	<b>C-</b>
Washington Mutual	52	21%	29%	5.1	<b>C-</b>
GMAC/Homecomings Financial	98	15%	40%	4.2	<b>D+</b>
Saxon	80	15%	26%	4.2	<b>D</b>
Total Customers/average result	1143	24%	43%	4.9	

From *MACDC's Mortgage Industry Report Card*, November 2008

By contrast, Bank of America and JP Morgan Chase each received an overall grade of “B-.” Non profit counselors were able to achieve loan modifications for the customers of these servicers in 24% and 26% of the cases, respectfully. More significantly, counselors were able to achieve some form of successful outcome (loan modification, refinancing, payment plan, short sale, etc) for nearly one out of every two homeowners

with loans from Bank of America or JP Morgan Chase. Several counselors commented that Bank of America had done a good job following its acquisition of Countrywide. However, neither Bank of America nor Chase received uniformly positive evaluations. The survey also found that different counseling agencies had widely varied experiences with the same companies. This demonstrates that the industry does not yet have broad, consistent protocols for large scale loan modifications and relies too much on individual case managers to resolve problem loans. Fortunately, Bank of America and JP Morgan Chase have announced new programs to systematically modify loans at a much larger scale. MACDC is hopeful that these programs will start to make a significant difference for homeowners, but will need to measure actual performance in the months ahead to be sure.

At its convention, MACDC also will highlight the problems that foreclosures cause for tenants and neighborhoods as foreclosed properties become vacant and blighted. Many MACDC members are trying to buy such properties and put them back to productive use as affordable rental or homeownership units. This can be just as hard as helping a homeowner get a loan modification. Therefore, MACDC will be collecting signatures on a petition that calls on the mortgage industry to better serve neighborhoods by taking three critical actions:

- 1. Participate in the federal Hope for Homeownership program and implement other systemic, large-scale approaches that quickly restructure troubled loans, keeping people in homes.**
- 2. Stop evicting responsible, rent-paying tenants who live in foreclosed properties.**
- 3. Partner with Citizens Housing and Planning Association (CHAPA), MACDC and others to implement a program that can stabilize neighborhoods through the sound disposition of foreclosed properties to nonprofits, municipalities, homebuyers and other responsible owners.**

MACDC is the policy and capacity building arm of the community development movement in Massachusetts. Founded in 1982, MACDC has over 80 members, including CDCs and other nonprofit organizations. The report surveyed 19 nonprofit organizations that provide counseling to over 1,100 homeowners facing foreclosure. The survey covered clients who first came to the organization between January 1 and June 30, 2008 and includes any outcomes achieved through the time of the survey. The survey was conducted during October and November.