

# Only 10,000 Permanent Loan Modifications So Far

Dec. 09, 2009

## Report: Only 10,000 Borrowers Completed Loan Modifications Under Obama Program Through Oct. (AP)

WASHINGTON (AP) - Only about 10,000 homeowners received permanent loan modifications this fall under the Obama administration's mortgage relief plan, harsh proof of the continuing woes for the government's effort to stem the foreclosure crisis, a watchdog report said Wednesday.

The Treasury Department is expected to release updated results Thursday, but data through October show that fewer than 5 percent of homeowners who completed the trial periods had their mortgage payments permanently lowered to more affordable levels.

The results spotlight the limited success lenders are having in getting borrowers through the trial period, according to the oversight panel report.

The biggest challenge: only one in three homeowners who have signed up for the Obama administration's program plan have sent back the necessary paperwork.

Elizabeth Warren, chair of the watchdog panel, told reporters that the program is "not working" and that it had failed to make a dent in the record level of foreclosures, which continues to rise. More than 14 percent of homeowners with a mortgage are either late on their payments or in foreclosure.

Under the program, eligible borrowers who are behind or at risk of default can have their mortgage interest rate reduced to as low as 2 percent for five years. They are given temporary modifications, which are supposed to become permanent after borrowers make three payments on time and complete the required paperwork, including proof of income and a hardship letter.

Much of the criticism for the disappointing results is being leveled at the banks, many of which received billions in taxpayer bailout dollars. Calls are growing louder on Capitol Hill for the Obama administration to take a tougher approach.

The Treasury Department, is expected to release updated numbers through November on Thursday, which are likely to be higher but still disappointing. A spokeswoman declined to comment Wednesday.

Housing counselors say mortgage companies have frequently lost paperwork and offered little explanation for denying borrower applications.

But mortgage industry executives say homeowners simply are not complying with the program's requirements, despite their best efforts to reach out.

"Most of it is because (homeowners) will not file the documents," Jamie Dimon, JPMorgan Chase & Co.'s CEO, said this week. "We need the documents. We are trying to simplify it. The government made it a little more complex, but we are trying to do a good job and reduce the bureaucracy."

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AP Business Writer Daniel Wagner contributed to this report.