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WorkoutWire

Trends in Delinquencies, Defaults and Workouts

Lenders Seek to Prevent Bankruptcies

It may be a pipe dream, but many mortgage servicers are asking themselves if there is some way they can persuade troubled borrowers to refrain from seeking bankruptcy protection.

"Bankruptcy is becoming fertile ground for a lot of loopholes and a lot of lawsuits and a lot of costs to servicers," said Avis Thomas, a vice president at Cal-Western Reconveyance Corp., San Diego, as she moderated a panel discussion during the Western States Loan Servicing Conference in Las Vegas.

In addition to complicating the legal process of pursuing a foreclosure or workout, bankruptcy can substantially delay the resolution process.

Despite is extraordinarily low delinquency rate, Fannie Mae has more than 2,000 loans that are in excess of 24 months past due in its portfolio, including 17 that are more than 85 months overdue. Many of those long-term serious delinquencies are the result of bankruptcy filings, sometimes multiple filings, a Fannie Mae executive at the conference said.

Servicers and attorneys at a roundtable discussion at this year's conference, hosted by the California Mortgage Bankers Association, talked about ways they might persuade a borrower to avoid filing for bankruptcy and consider negotiating a workout or repayment plan instead. Bankruptcy payment plans, which serve to delay foreclosure actions, rarely end up being successful. And the delays caused by the bankruptcy filing typically leave borrowers even further behind on their payments, making it more difficult to find a workout or repayment plan that avoids foreclosure. As a result, many servicers believe it is in the borrower's best interest to avoid bankruptcy and seek a plan that protects their most important asset, the home.

Modifying the loan outside of bankruptcy is a preferable solution, since the bankruptcy repayment plan largely freezes the lender's ability to negotiate directly with the borrower.

Jennifer Sells, vice president and default manager at EMC Mortgage, said it is in the industry's best interest to persuade borrowers to drop a bankruptcy in order to negoti-

(Continued on page 8)

CA ARM Problems

Adjustable-rate mortgages are not a concern now, but they could cause problems for Southern California homeowners in three to seven years as these loans convert from fixed to adjustable rates, according to Raphael Bostic of the University of Southern California Lusk Center for Real Estate.

"If interest rates increase, some buyers may not be able to

(Continued on page 8)

Hot Off the Wire

REYNOLDS' HOME FOR SALE

A Greek revival style mansion once owned by Burt Reynolds and Loni Anderson is being sold by Proxibid, a provider of live Internet auctions.

The property, located in Logansville, Ga., will be offered at auction on Aug. 26, on the Proxibid website.

UNITED PANAM SEES LOSSES

United PanAm Financial Corp., Newport Beach, Calif., said that it has determined that additional provisions for loan losses will be required for the year 2002, the company announced.

As a result, the company will restate financial statements for 2002 and 2003.

Mansions in REO Hands

You have to be rich to buy a mansion, but not all of the rich can afford to keep one.

As a result, high-end properties can be lost to foreclosure as financial fortunes turn into misfortunes. And buyers will find more than a few high-end homes available through foreclosure sales, according to Foreclosure.com, Boca Raton, Fla.

"Many people think of foreclosed properties and envision homes that are undesirable and in disrepair, but that is not always the case. Many types of homeowners overextend their buying ability and are unable to keep up with payments, eventually leading to foreclosure," said Greg Sullivan, vice president and co-founder of Foreclosure.com, in a company news release. The company claims to have the most up-to-date information available on foreclosed properties obtained from a variety of sources, including Fannie Mae, Freddie Mac, government loan programs and financial institutions. Foreclosure.com also carries tax roll information about the properties that are listed.

"As with all bank-owned properties, high-end foreclosures offer a tremendous market opportunity for homebuyers and investors to find property at a discount," he said, adding that his firm is a one-stop source to locate these properties nationwide.

Currently, high-end foreclosed properties listed on Fore-

(Continued on page 8)

DELINQUENCIES BY TYPE OF PROPERTY IN CA

(Dollar figures in millions)

	Total Servicing	Amount Delinquent	% Delinquent as of 6/30/04	% Delinquent as of 3/31/04
Apartments	v$21,563	$1.60	*	0.00%
Office Buildings	14,043.40	42.3	0.30%	0.26%
Retail	9,032.90	18.9	0.21%	0.22%
Warehouse/Industrial	8,666.40	0	0.00%	0.00%
Hotels/Motels	2,178.70	55.1	2.53%	1.68%
Mobile Home Parks	388.2	0	0.00%	0.00%
R & D Properties	245.9	0	0.00%	0.00%
Other Properties	3,129.70	78.8	2.52%	2.22%
TOTALS	$59,248.10	$196.70	0.33%	0.31%

Note: * Less than .1%

The June 30, 2004 survey included $59.2 billion of California commercial mortgage loans being serviced by 18 mortgage banking firms.
For survey purposes, a loan is considered delinquent if it is two or more payments past due.
Loans in the process of foreclosure are included, regardless of the number of payments past due.

HUD Audits High-Default FHA Lenders

The HUD Inspector General is conducting audits of 27 Federal Housing Administration lenders that it expects to complete this year.

The Office of Inspector General for the Department of Housing and Urban Development has been targeting FHA lenders with high default rates for the past two years.

"The results from two completed audits found significant origination irregularities, including document falsification and misrepresentations, and prohibited contract loan originations by mortgage loan officers that were not FHA approved," HUD IG Kenneth Donohue said in a semi-annual report to Congress.

Last year, OIG audited a California FHA loan correspondent that had 22 loans go into default during the first two years. Post-endorsement reviews pickup up potential problem with eight loans, including possible indications of property flipping with four loans.

The OIG auditors sampled 30 loans (including the 22 defaults) originated by Homewide Lending Corp, City of Industry, and found false employment and income documentation was used in 21 of the loans totaling $3.5 million.

"The problem occurred because of Homewide's complicity in the false documentation and a serious lack of due care by mortgagee personnel involved in the loan origination process," the OIG said in the May 19 audit report.

Homewide blamed the problems on an independent loan agent and asked HUD to be lenient. "In no way was Homewide involved in any deceitful practices or misconduct in gathering these documents," the company said in response to the OIG report. Homewide executives could not be reached for comment.

The OIG is recommending that HUD's Mortgagee Review Board remove Homewide from participation in the FHA single family program and require indemnification for any losses on the 21 loans originated with false documentation. So far, the Mortgagee Review Board has not taken any action.

In its semi-annual report to Congress, Mr. Donohue noted that HUD is dealing more quickly with poorly performing lenders and imposing "stronger sanctions," including civil money penalties.

Separately, the default rate on FHA single-family loans dropped to 6% in April, according to the latest FHA monthly report.

This marks the second monthly decline in the FHA default rate (loans 89 or more days past due) since it peaked at 6.37 % in February. Fannie Mae recently reported that the conventional loans it guarantees have a 0.57% default rate. Freddie Mac's default rate is 0.7%.

Atlantic Gets Top Loss Mit Score

BY BRIAN COLLINS

Of its 11 largest servicers, the Federal Housing Administration has awarded a subsidiary of ABN Amro Mortgage Group its highest loss mitigation score.

Atlantic Mortgage and Investment, Jacksonville, Fla., which services 109,600 FHA loans, is now entitled to receive higher reimbursements for foreclosure costs than most other FHA servicers, plus an additional $100 bonus for providing special forbearance to troubled borrowers.

Three other "high volume" servicers — Bank of America, Charlotte, N.C., Citimortgage Inc., O'Fallon, Mo., and Principal Residential Mortgage, Des Moines — made the cut and they will receive the loss mitigation incentives also. (Citimortgage recently completed its acquisition of Principal.)

In 2003, Bank of American had the highest score, followed by Midland Mortgage Co., Oklahoma City, and Wells Fargo Mortgage Corp., San Francisco. But Midland and Wells Fargo did not make the cut this year.

FHA Mortgagee Letter 2004-30 contains the loss mitigation scores for 193 servicers and breaks them into five groups based on the size of their FHA servicing portfolios.

Many servicers are not very comfortable with FHA's loss mitigation scoring system because it is complex. FHA bases the score on the ability of the servicers to control defaults and to control their costs. The scoring system also considers geographic and others factors for comparability reasons. Servicers also get bonus points for servicing first-time and minority homeowner loans, as well as loans made in underserved areas. FHA uses a separate "tiered rating" system to measure regulatory compliance with its loss mitigation requirements.

The Virginia Housing Development Authority, Richmond, received the highest loss mitigation score in the "medium high" volume group — companies that service 10,000 to 100,000 FHA loans.

The VHDA along with 12 other servicers in the medium-high group made the cut, so they will be reimbursed for 75% of their foreclosure costs, as opposed to the standard 67% reimbursement. They also receive a $200 bonus for entering into forbearance agreement, as opposed to the $100 incentive FHA pays other servicers.

Study: Looser Credit, More ARMs

The latest three-month senior loan officer opinion survey found that 6% of domestic U.S. banks, on a net basis, eased credit standards on residential mortgages, the Federal Reserve reported.

This was about the same as was seen in the last survey, which was done in April, according to the Fed. The more recent survey was done in July.

In addition, the survey found that 8% of respondents experienced weaker net demand for residential mortgages in July, a slightly higher percentage than was seen in April.

Also in the latest survey was a special section designed to measure the extent to which banks have been involved in the adjustable-rate mortgage market. That portion of the survey showed the following:

- for 45% of domestic respondents, conventional ARMs represented less than 10% of the loans on their books;
- only 12% of respondents indicated that conventional ARMs represented more than 50% of their production;
- 30% of domestic respondents estimated that hybrid ARMs, which carry a fixed rate for a period and thereafter have adjustable rates, accounted for more than 50% of the loans on their books;
- almost 90% of conventional ARMs on average are expected to reprice in the next 12 months;
- only 12% of hybrid ARMs are expected to reprice in the next 12 months;
- an average of 60% of hybrid ARMs are expected not to reprice for at least three years;
- more than 50% of the banks reported that hybrid ARMs accounted for at least 75% of all ARMs originated in the past three months;
- 17% of respondents said hybrid ARMs accounted for between 30% and 75% of all originations in the past three months.

Also tracked in the Fed's survey were trends involving commercial real estate loans. According to the survey, on a net basis, 9% of domestic institutions eased lending standards for commercial real estate loans, a slightly lower percentage than seen in April. The net percentage of domestic banks that saw an increase in demand for CRE loans rose to 25% from 20% in April. Standards and demand for CRE loans at foreign institutions were, on a net basis, "essentially unchanged," the Fed reported

REO Burden Could Rise Despite Improved Economy

While most economic indicators point toward a strengthening recovery, mortgage foreclosure rates remain elevated. And it may not be a temporary trend, according to some industry experts.

Clay Cornett, president of Fidelity National Default Solutions, Houston, says that with homeownership at record levels, more people are borrowing more money to buy homes than ever before.

Despite the best effort of mortgage servicers to keep borrowers in their homes, some go into foreclosure.

Another contributing factor to the rising foreclosure rate is the rise in consumer debt burdens, Mr. Cornett told *MSN*. As a result, any little bauble in their financial circumstances — lost income, illness, divorce — can do that much more damage to their ability to make payments.

And Mr. Cornett sees borrowers stretching the income-to-debt ratios to levels not seen in the past, with some homebuyers purchasing $400,000 homes on incomes as low as the $60,000 to $80,000 range.

> **'If home values fall, as some economists expect, that will exacerbate the problem further.'**

"When you carry that much debt, it's awful easy to go into default," he said.

The rise in subprime credit quality lending, which serves borrowers who typically cannot qualify for conforming loans, has also contributed to the foreclosure rate, he said.

And if home values fall, as some economists expect, that will exacerbate the problem further.

When a foreclosure does occur, servicers are left to mitigate losses through strategies designed to gain quick control of the property, minimize possible penalties and liens from governments or vendors, and get the property sold, according to Mr. Cornett.

The challenges facing REO sellers become even more acute if the properties are located in distressed markets such as some parts of Ohio and metropolitan Detroit, Houston and Chicago. By contrast, Fidelity NDS currently sees few REO in California, because the home sale market is so hot today.

Fidelity NDS has 13 different business units that provide support for loan servicers in the default management process and loss mitigation area. Lenders can select individual services or purchase a bundle of post-collection services from the firm.

A key tool Fidelity NDS relies upon is NewTrak, a process management system that has been implemented with many servicer clients. Mr. Cornett said NewTrak, which has been around for about a year, started with a technology purchase.

"It provides workflow starting at foreclosure, and we built it all the way through the sale and REO asset management," he said.

Another trend Mr. Cornett sees in the industry is that loss mitigation efforts aimed at keeping troubled borrowers in their home or avoiding foreclosure through a short sale have increased dramatically over the last 15 years.

Focus Expanded Beyond Default Arena

Mortgage servicing conferences have long been dominated by a focus on loss mitigation, but that may be changing, if the recent Western States Loan Servicing Conference here, hosted by the California Mortgage Bankers Association, is any indication.

In part, rising home values have afforded servicers the opportunity to expand their focus to other areas, the chairman of the conference said in an interview with *Mortgage Servicing News*. Especially in California, home price appreciation has allowed troubled borrowers to sell their home at a profit and pay off the loan, avoiding foreclosure.

Scott Lehrer, senior vice president and servicing manager at First Mortgage Corp., Diamond Bar, Calif., said that many servicers are looking at new products and services, including reverse mortgage lending.

Reverse mortgage loans, represent a growing market that lenders and servicers can reach, Mr. Lehrer said.

"People are starting to recognize that there is untapped equity," he said. "And the reverse mortgages are going to become easier and easier to service."

He said that word of mouth among senior citizens is one factor driving up demand for reverse loans, also known as home-equity conversion mortgages.

Servicers are also paying attention to processes and technology that can reduce operating costs, he said.

Another trend that attracted attention at this year's conference was global outsourcing. Mr. Lehrer pointed out that outsourcing customer service operations to areas with low labor costs is nothing new. The reason companies moved customer service functions from places like California to states like Texas and Florida was to tap an educated but lower cost workforce, he said. Extending the trend overseas to countries like India, is just a continuation of this long running evolution within the industry.

ForeclosuresMass site empowered

ForeclosuresMass has launched a newly revamped, high-powered website. The new version offers instant connectivity to the largest and most detailed listing of foreclosed properties in Massachusetts, the company said in a press release.

ForeclosuresMass helps the first-time homebuyer or investor gain access to detailed information previously available only to brokers and bankers or those willing to work full time on researching all the properties being foreclosed on.

The service also eliminates third-party reporting, to give the buyer a valuable jump on the freshest list of foreclosures and daily updates to auction dates, locations and status. Currently, researched foreclosures are posted weekly, often even before foreclosure announcements reach the newspapers or registries of deeds.

"ForeclosuresMass' new website was designed specifically to take the 'distress' out of purchasing distressed properties," said Jeremy B. Shapiro, president and founder.

"Our innovative service affords even first-time homebuyers and investors a level playing field with more sophisticated real estate investors, simply by arming them, in advance, with the reliable information they need to move quickly on opportunities as they arise. We already have subscribers telling us they have made deals that have netted them close to $100,000."

Subscribers to ForeclosuresMass' service can now download listings in their choice of software formats and receive weekly e-mail notifications regarding the hundreds of new foreclosures filed each week.

Subscribers create county-specific accounts to tailor their searches to their preferred geographic locations. "Quick stats" provide a snapshot of foreclosure activity in specific cities and towns, enabling a new home purchaser or investor to assess the most promising locations for distressed property sales.

The site also features detailed property pages.

Downpayment Program Features Default Insurance

AmeriDream Inc., Gaithersburg, Md. has seen a lot homebuyer, lender and Realtor interest for a recently introduced program that combines a downpayment gift along with a five-year default-prevention insurance.

Ann Ashburn

The "DreamKeeper Mortgage Payment Relief" program offers a unique risk-management solution for the DPA marketplace that was designed to protect both lenders and homebuyers from unexpected default and foreclosure on properties when owners face involuntary unemployment, severe health problems or disability.

Homebuyers who receive AmeriDream downpayment gifts through the DreamKeeper program (in case of unemployment or disability) have the principal, taxes and mortgage insurance paid for up to five years, after a six-month vesting period, the company said.

Usually the coverage offered for such cases does not exceed nine months or one year, so the extended customer protection increases risk protection for lenders, too. The initial response to the product from lenders, real estate agents and customers has been very positive.

"The DreamKeeper program has been successful because it is supported by statistical data that explain how and why the program was structured as a five-year insurance plan," said AmeriDream president and CEO, Ann Ashburn.

Such data, the executive said, include a 2003 Department of Housing and Urban Development report to Congress on delinquencies and foreclosures that highlight the fact that most defaults occur anywhere between the second and fifth year of homeownership.

Moreover, AmeriDream's DreamKeeper product is attractive, especially to lenders who originate 97% FHA loans.

"If these loans go into default and foreclosure, HUD puts lenders on the credit-watch list so they cannot do FHA loans anymore," Ms. Ashburn explained. "So it is better for them if they use a credit-enhanced program on FHA loans making them less risky for the lender and minimizing the risk of default and foreclosure, and that's an advantage to the lender."

Real estate agents, she added, like it because their goal is to help the homebuyer, so it "meets their mission and also makes the buyer happy because it takes a little bit of risk off the table for them."

AmeriDream structured the product based on research data showing that, as a rule, the first five years of homeownership are the most difficult for homebuyers. "To be able to really help them," Ms. Ashburn said, the DPA "extended the coverage time to five years."

The No. 1 reason for default and foreclosure is involuntary unemployment. AmeriDream found that because its customer base tends to be mostly low-income families (qualifying for houses priced at $150,000 and below), their average job-loss period is at 2.5 months, which is why initially the insurance provided a four-month coverage that included the option to file three different claims against it.

"These numbers were not picked out of the blue. The product was based on a lot of work and effort," she said. "Research and data suggested that for this clientele, so they do not lose their home, the coverage has to be up to five years."

Even though at least some of the larger DPAs are trying to improve their marketplace, it appears that no major developments are in sight for the near future.

Aegis Uses Ocwen's Platform

Aegis Mortgage Corp. of West Palm Beach, FL, will implement Ocwen Financial Corp.'s REALServicing platform to expand its mortgage servicing capabilities, the two firms announced in a press release.

The REALServicing product will enable Aegis to leverage Ocwen's industry experience and expertise to integrate and streamline mortgage servicing processes. Ocwen's solution provides Aegis with advanced servicing technology technology that incorporates state-of-the-art call center management systems and voice over Internet protocal telephony enabling management efficiency of the customer service operation, Ocwen said.

"Because REALServicing is a Windows-based, Web-enabled system, it is easy to use and allows for rapid adoption," said Bill Erbey, chairman and CEO of Ocwen. "Further, REALServicing enables the business unit staff to make changes to business rules without the assistance of the computer department. This will enable efficient and continuous process improvement throughout the organization."

The system is an integrated servicing platform that includes performing mortgage management, loan resolution, and REO management. REALServicing also includes investor access to reporting and data.

Aegis Mortgage, based in Houston, is a top 40 loan originator with nearly 3,000 employees.

DPA Prog Off Mark?

A Congressional Budget Office estimate on the costs of running a federal zero downpayment mortgage program is way off the mark, according to a new estimate by the Bush administration.

In reviewing the provisions of a zero-downpayment bill (H.R. 3755), the administration estimates the Federal Housing Administration program would produce $27.6 million in revenues over a four-year period (2006-2009) — not a $500 million loss as estimated by CBO.

The House Financial Services Committee approved the bill in June. But CBO's $500 million cost estimate has prevented committee leaders from moving the bill to the House floor for a vote.

In a July 14 letter to committee chairman Michael Oxley, R-Ohio, the Department of Housing and Urban Development acknowledges that zero downpayment loans would have a claim rate twice as high as standard FHA loans, which have a 3% downpayment requirement.

HUD also expects zero downpayment loans will perform nearly as poorly as FHA loans with downpayment assistance from nonprofit groups (see related story).

"Consequently FHA assumed an ultimate claim rate for the zero payment program of approximately 17%," HUD assistant secretary and FHA commissioner John Weicher says in the July 14 letter.

Despite this high claim rate, the FHA commissioner maintains the zero down program could be run on a breakeven basis.

He notes that first-time homebuyers will be required to get housing counseling to qualify for zero-down loans and, for quality control, all zero down loans must go through FHA's new automated underwriting system (TOTAL scorecard).

In addition, H.R. 3755 restricts zero down loans to 10% of FHA single-family production, and the FHA has to shut down the program if the foreclosure rate hits 3.5%.

DATA BANK

SUBPRIME DELINQUENCY & FORECLOSURE STATISTICS

More Subprime Loans in Survey Has Increased Overall Delinquency Rate

State	# loans	30-Day	60-Day	90+ Days	Foreclosure Stats	Starts	Inventory
NEW ENGLAND							
Connecticut	41,733	6.87	4.45	1.21	1.20	3.93	1.37
Maine	10,317	7.17	4.47	1.38	1.33	4.89	1.21
Massachusetts	59,227	6.80	4.59	1.26	0.95	2.70	1.06
New Hampshire	13,693	6.59	4.69	1.03	0.87	1.95	0.80
Rhode Island	14,853	5.77	3.77	1.18	0.81	1.81	0.71
Vermont	2,790	7.24	4.27	1.76	1.22	5.16	1.58
MID-ATLANTIC							
New Jersey	85,771	7.89	4.77	1.43	1.69	5.21	1.52
New York	192,262	7.36	4.27	1.24	1.85	4.49	1.16
Pennsylvania	138,712	11.96	5.96	2.01	3.99	8.35	1.96
NORTH CENTRAL							
Illinois	129,678	9.39	5.31	1.69	2.38	7.51	2.04
Indiana	80,051	11.81	6.10	1.92	3.79	10.04	2.78
Michigan	130,832	13.03	7.36	2.34	3.33	7.69	2.36
Ohio	156,599	11.09	5.97	1.78	3.33	11.94	2.75
Wisconsin	34,090	8.33	4.84	1.46	2.04	6.33	1.76
Iowa	18,603	10.97	6.41	2.03	2.54	7.95	2.32
Kansas	23,238	9.65	5.42	1.65	2.59	5.38	1.69
Minnesota	47,220	8.17	4.74	1.58	1.85	4.06	1.54
Montana	66,334	11.54	6.70	2.01	2.84	4.65	1.76
Nebraska	46,828	16.42	3.77	1.73	10.92	1.23	0.46
North Dakota	1,413	8.70	5.31	1.13	2.26	4.10	1.84
South Dakota	2,234	8.77	4.97	1.48	2.33	4.79	1.84
SOUTH ATLANTIC							
Delaware	11,843	9.35	5.68	1.40	2.26	5.97	1.65
Washington D.C.	4,888	8.78	5.09	1.49	2.19	5.20	1.88
Florida	278,296	8.10	5.27	1.45	1.39	3.80	1.34
Georgia	108,476	12.74	7.22	2.21	3.32	5.89	2.32
Maryland	70,578	8.17	4.42	1.23	2.51	3.82	1.38
North Carolina	110,777	13.47	8.58	2.01	2.88	7.15	2.23
South Carolina	56,520	14.63	9.08	2.25	3.31	10.45	2.62
Virginia	78,164	8.67	5.66	1.37	1.63	2.71	1.08
West Virginia	12,496	15.42	8.04	1.99	5.39	5.67	2.13
SOUTH CENTRAL							
Alabama	34,659	12.15	7.20	1.75	3.19	4.54	1.64
Kentucky	33,825	11.71	6.94	1.78	2.99	9.02	2.16
Mississippi	27,249	17.31	9.36	2.58	5.37	8.40	2.51
Tennessee	72,309	12.41	6.82	2.04	3.56	5.70	2.19
Arkansas	18,872	12.56	7.04	1.75	3.78	5.63	2.16
Louisiana	44,360	14.24	8.26	2.08	3.90	6.88	2.25
Oklahoma	32,783	11.05	5.89	1.87	3.30	6.98	2.01
Texas	209,640	11.43	6.71	1.97	2.74	4.83	1.70
MOUNTAIN							
Arizona	91,092	7.45	4.86	1.35	1.24	2.45	1.14
Colorado	65,636	7.82	4.63	1.53	1.66	4.66	1.85
Idaho	14,923	9.90	6.05	1.64	2.21	4.72	1.88
Montana	5,158	8.90	5.16	1.45	2.29	4.38	1.65
Nevada	41,632	6.22	3.82	1.13	1.27	2.11	0.91
New Mexico	20,060	12.22	7.63	1.70	2.89	5.99	1.77
Utah	27,407	10.09	5.43	2.06	2.61	6.42	2.62
Wyoming	3,353	7.01	4.47	0.89	1.64	3.10	1.10
PACIFIC							
Alaska	8,691	4.87	3.15	0.69	1.02	0.74	0.43
California	536,473	4.97	3.36	0.92	0.69	1.10	0.60
Hawaii	12,385	5.60	3.46	1.05	1.08	2.04	0.71
Oregon	42,633	7.90	4.47	1.55	1.88	3.93	1.52
Washington	71,628	8.23	4.71	1.53	1.98	4.19	1.68
U.S.	**3,720,545**	**9.83**	**5.67**	**1.71**	**2.45**	**5.05**	**1.68**

Source: MBA

HUD FORECLOSED PROPERTIES AVAILABLE IN MONTANA & NORTH DAKOTA

MONTANA

ANACONDA
Case No 311162885
Address 611 E COMMERCIAL ST
Zip 59711 **BD/BA** 4/2 **I/U** UI **List Price** $34,200 **Bid Date** Daily-All Purchasers **Deadline** Daily **As-Is Value** $38,000
Note: WATER METER REMOVED CHECK SPECIAL ASSESSMENTS EVIDENCE OF MOLD NOT REMEDIATED

BILLINGS
Case No 311161148 **Address** 1137 CENTRAL AVE **Zip** 59102 **BD/BA** 2/1 **I/U** IE
List Price $69,000 **Bid Date** Daily-All Purchasers **Deadline** Daily **As-Is Value** $69,000 **Escrow Amount** $1,650
Note: EVIDENCE OF MOLD NOT REMEDIATED FEMA FLOOD ZONE C CHECK FOR UPDATES

BRIDGER
Case No 311168217 **Address** 10 SAGE LN **Zip** 59014 **BD/BA** 3/2 **I/U** IN **List Price** $143,000 **Bid Date** Daily-All Purchasers **Deadline** Daily **As-Is Value** $143,000
Note: FEMA FLOOD ZONE C CHECK FOR UPDATES

BUTTE
Case No 311143952 **Address** 2723 PHILLIPS ST **Zip** 59701 **BD/BA** 2/1 **I/U** UI **List Price** $63,000
Bid Date Daily-All Purchasers **Deadline** Daily **As-Is Value** $63,000
Note: WATER METER REMOVED FEMA FLOOD ZONE C

CHINOOK
Case No 311166887 **Address** 1003 NEW YORK AVE **Zip** 59523 **BD/BA** 2/1 **I/U** IE
List Price $22,000 **Bid Date** Daily-Owner Occ **Deadline** Daily **As-Is Value** $22,000
Escrow Amount $495
Note: EVIDENCE OF MOLD NOT REMEDIATED FEMA FLOOD ZONE B CHECK FOR UPDATES

GREAT FALLS
Case No 311161993 **Address** 2720 2ND AVE S **Zip** 59405 **BD/BA** 2/1 **I/U** IE
List Price $96,000 **Bid Date** Daily-All Purchasers **Deadline** Daily **As-Is Value** $96,000 **Escrow Amount** $2,585

HARDIN
Case No 311144170 **Address** 1016 N CODY AVE **Zip** 59034 **BD/BA** 2/1 **I/U** IN
List Price $69,000 **Bid Date** Daily-All Purchasers **Deadline** Daily
As-Is Value $69,000
Note: EVIDENCE OF MOLD NOT REMEDIATED FEMA FLOOD ZONE C CHECK FOR UPDATES

LIVINGSTON
Case No 311168598 **Address** 432 N 5TH ST **Zip** 59047 **BD/BA** 4/1.75 **I/U** IE
List Price $105,500 **Bid Date** Daily-All Purchasers **Deadline** Daily **As-Is Value** $105,500 **Escrow Amount** $2,750
Note: FEMA FLOOD ZONE X CHECK FOR UPDATES

MALTA
Case No 311167267
Address 326 S 5TH ST E **Zip** 59538
BD/BA 3/1.75 **I/U** IE **List Price** $44,000
Bid Date Daily-Owner Occ
Deadline Daily **As-Is Value** $44,000
Escrow Amount $220
Note: EVIDENCE OF MOLD NOT REMEDIATED FEMA FLOOD ZONE C CHECK FOR UPDATES

PABLO
Case No 311143897 **Address** 107 E THIRD AVE **Zip** 59855 **BD/BA** 2/1 **I/U** IE **List Price** $67,000 **Bid Date** Daily-Owner Occ **Deadline** Daily **As-Is Value** $67,000 **Escrow Amount** $660
Note:EVIDENCE OF MOLD NOT REMEDIATED FEMA FLOOD ZONE X CHECK FOR UPDATES

SAND COULEE
Case No 311157567 **Address** 41 GULCH LN **Zip** 59472 **BD/BA** 3/1 **I/U** UI
List Price $22,050 **Bid Date** Daily-All Purchasers **Deadline** Daily
As-Is Value $31,500
Note: DRAINAGE WATER DAMAGE ROOF WINDOWS FLOORING FLATWORK WELL & SEPTIC SYSTEMS FEMA FLOOD ZONE A,C EVIDENCE OF MOLD NOT REMEDIATED; property line dispute

NORTH DAKOTA

BISMARCK
Case No 401095062 **Address** 614 N BELL ST **Zip** 58501 **BD/BA** 2/1 **I/U** IE
List Price $75,000 **Bid Date** Daily-Owner Occ **Deadline** Daily **As-Is Value** $75,000
Escrow Amount $303
Note:CHECK SPECIAL ASSESSMENT FEMA FLOOD ZONE C CHECK FOR UPDATES

Case No 401088933
Address 311 S 12TH ST **Zip** 58504
BD/BA 5/1.5 **I/U** UI
List Price $78,000 **Bid Date** Daily-All Purchasers **Deadline** Daily
As-Is Value $78,000
Note: WATER METER REMOVED SPECIAL ASSESSMENTS FEMA FLOOD ZONE C GARAGE ROOF

DUNN CENTER
Case No 401083097 **Address** 403 1ST ST W **Zip** 58626 **BD/BA** 3/1 **I/U** UI
List Price $23,450 **Bid Date** Daily-All Purchasers **Deadline** Daily
As-Is Value $33,500
Note: STRUCTURAL, SIDING, WOOD ROT, PORCH, STEPS, ACREAGE, WELL & SEPTIC SYSTEMS

GLEN ULLIN
Case No 401026670 **Address** 701 OAK AVE **Zip** 58631 **BD/BA** 3/1.75 **I/U** UI
List Price $17,100 **Bid Date** Daily-All Purchasers **Deadline** Daily
As-Is Value $19,000
Note: HOUSE MOVED FROM ORIGINAL LOCATION WATER METER REMOVED

GOLDEN VALLEY
Case No 401095973
Address 20 2ND AVE NE **Zip** 58541
BD/BA 3/1.75 **I/U** IN **List Price** $46,800
Bid Date Daily-All Purchasers
Deadline Daily
As-Is Value $52,000
Note: CHECK SPECIAL ASSESSMENTS

MAYVILLE
Case No 401084802
Address 123 MAIN ST W **Zip** 58257
BD/BA 3/1cIE
List Price $9,000
Bid Date Daily-All Purchasers
Deadline Daily **As-Is Value** $9,000
Escrow Amount $3,905
Note: CHECK SPECIAL ASSESSMENTS FEMA FLOOD ZONE C CHECK FOR UPDATES

MILNOR
Case No 401089684 **Address** 105 3RD AVE **Zip** 58060 **BD/BA** 4/2 **BD/BA** UI
List Price $12,000 **Bid Date** Daily-Owner Occ **Deadline** Daily
As-Is Value $12,000
Note: FOUNDATION DRAINAGE STRUCTURAL INADEQUATE CRAWL SPACE ROOF WINDOWS - FEMA FLOOD ZONE X

Lenders

(Continued from page 1)

ate a loan modification on their home mortgage.

But some servicers and attorneys, including Rex Anderson of Shapiro & Associates, said that lenders need to be careful not to do things that could get them into trouble with the courts, regulators or litigators. Offering what might be construed as legal advice to borrowers may be one such danger point, he said.

Sometimes, it's the simple stuff done wrong that gets a servicer in trouble during bankruptcy proceedings that are being overseen by a court, roundtable participants said. For instance, many courts have complained that servicers are unable to provide accurate payment histories. Lenders said that servicing transfers have sometimes complicated this task.

But at the same time, servicers need to be able to make exceptions to rules and policies in order to maximize the chances of avoiding foreclosure during the loss mitigation process.

"By definition, loss mitigation is an exception to every rule," said Ms. Sells.

She said that better education of borrowers and their counsel may make it easier to persuade some borrowers that bankruptcy is not always their best option.

"Most people don't understand the most basic things about their mortgage payment," she said.

She said an appropriate goal is to get borrowers on a repayment plan that turns into a loan modification instead of filing for bankruptcy.

The challenge is how to persuade debtors' attorneys to consider this route, since they may have a vested interest in steering the consumer through bankruptcy and have little incentive to consider other options.

Industry experts say they hope to educate bankruptcy attorneys about loan modification programs and repayment plans that might better suit a borrower's needs than a bankruptcy filing.

Byron Meredith, an attorney with Morris, Schneider & Prior in Atlanta who served as co-moderator for the panel, said that working with a national association of Chapter 13 bankruptcy trustees has helped to ease relations between the trustees and mortgage servicers. Those trustees have sometimes had an adversarial relationship with servicers.

"They were actually shocked to learn that lenders don't want the houses back," Mr. Meredith said.

CA ARMS

(Continued from page 1)

afford higher payments and may have to sell their homes," said Mr. Bostic, a former Fed economist who specializes in tracking the home mortgage market.

"This could cause a sudden rush of homes on the Southern California market and depress prices," he explained.

ARMs recently have accounted for about a third of new loan applications nationally, the highest in a decade. Some lenders also have packaged ARMS with interest-only, 100% financing.

While ARMs are a long-term concern, Southern California is not in immediate danger of a housing bubble, Mr. Bostic noted.

"As interest rates increase, the region's home sales will slow to more moderate but sustainable levels, and prices will increase more slowly," he explained.

Mr. Bostic pointed to the region's employment growth and continued demand for housing as evidence that home prices are not being artificially inflated.

He said he also doesn't see speculative buyers creating problems because they account for just a fraction of Southern California's home purchases.

"Builders usually don't break ground unless a significant number of units are presold, and they are requiring buyers to live in the properties for at least one year."

Mansions

(Continued from page 1)

closure.com include:

*A six-bedroom, 8,500 square foot log home in Jackson, Wyoming that is listed for $3.6 million.

*A 6,250 square foot, Cliffside, Spanish-style mansion in Los Angeles listed for $3 million.

*A 7,000 square foot contemporary with waterfront views in Bloomfield, Mich., listed for $2.25 million.

*A 4,500 square foot, neo-Mediterranean home in Highland Park, Texas listed for $1.2 million.

Foreclosure.com delivers a database of residential foreclosure properties in the United States to its customers and business partners through a Web-based subscription service. The company was founded in Oct. of 1999. Clients looking to obtain leads on foreclosed property that is for sale pay a $5.95 per week subscription to use the site.

CA Commercial Loan Delinquency

The California commercial loan delinquency ratio is 0.33%, compared to 0.31% three months ago and 0.31% a year ago, remaining at below one half of one percent for the 23rd consecutive quarter, according to the June 30, 2004 Quarterly Delinquency Survey conducted by the California Mortgage Bankers Association.

CMBA reported that up to 99.67% of the California commercial real estate loans serviced by the 18 mortgage bankers surveyed were either current or only one payment delinquent. Up to 15 of these 18 companies reported no loans more than 30 days delinquent. (Loans are considered delinquent if they are two or more payments past due.)

Of a total of $59.2 billion in loans serviced -- consisting of 9,796 commercial real estate loans included in the survey -- $196.7 million, or 17 loans, were two or more payments past due. The three largest loans, which represent 47% of the total, were a $42.5 million loan on a hotel in Alameda County, a $32.6 million loan on an office building in Los Angeles County and a $17.3 million loan on a single purpose property in San Diego County.

The surveyed banks originate and service loans on apartments, retail, industrial and other commercial properties for institutional investors such as life insurance companies and pension funds.

The June 30, 2004 survey included $59.2 billion of California commercial mortgage loans being serviced by 18 mortgage banking firms.

(Survey findings on the page 1 table.)

WorkoutWire

Trends in Delinquencies, Defaults and Workouts

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