



To: Representatives of the Financial Services Roundtable, GAC, Public Affairs, All Staff, Research Working Group

Fast Facts: THE FORECLOSURE PROCESS

It is important to review the facts about the foreclosure process in the midst of recent reports about what the industry is doing.

FACT: Homeowners who cannot afford their mortgage payments have several options to deal with the situation, such as forbearance, a loan modification, repayment plan, short sale, or deed-in-lieu. Mortgage servicers have completed more than 3.7 million modifications and 5.6 million other work-out plans since 2007.

FACT: A foreclosure is initiated only after all other options are exhausted. While each state law is different, the foreclosure process stretches out over a significant period of time and the last step in that process is a document review.

FACT: A handful of state courts have ruled that certain document reviews were conducted improperly. Servicers are reviewing files to ensure the required documents are in order.

- Although document reviews may be necessary, in the vast majority of cases they only delay the inevitable: borrowers have gone to foreclosure because they cannot pay their mortgages; other options have been explored and foreclosure is necessary.

FACT: Several presidential advisors, including Department of Housing and Urban Development Secretary Shaun Donovan, have spoken out publicly against a national foreclosure moratorium.

FACT: Blanket foreclosure moratoriums harm neighborhoods, consumers, the housing market, and the economy. Many of the properties whose documents are being reviewed are abandoned. Moving the process forward by making them available for sale is one of the most important steps to deal with the housing issues plaguing the U.S. economy.

FACT: The current pressure for a moratorium comes from some state attorney generals and other elected officials. On October 13, 2010, all 50 AGs signed a Mortgage Foreclosure Joint Statement announcing a coalition to investigate whether mortgage servicers improperly submitted affidavits or other documents.

For more information, please visit www.hopenow.com. Homeowners can reach a non-profit counselor at a HUD-Certified counseling agency 24 hours a day, 7 days a week through the 888-995-HOPE Homeowners HOPE hotline. Servicers and investors support the hotline.

This report is also attached as a PDF. If you have questions or comments, please do not hesitate to contact Abby McCloskey, Director of Research at the Financial Services Roundtable, at abbyresearch@fsround.org; Scott Talbott, Senior Vice President of Government Affairs, at scott@fsround.org; or Paul Leonard, Vice President of Government Affairs of HPC, at paul@fsround.org.