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# Housing plan offered help to 15 pct of borrowers

## Report says lenders in Obama housing plan offered help to 15 percent of delinquent borrowers

By Alan Zibel, AP Real Estate Writer  
On Tuesday August 4, 2009, 9:19 am EDT

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WASHINGTON (AP) -- Only 15 percent of homeowners eligible for the Obama administration's \$50 billion loan modification program have been offered help so far.

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<b>JPM</b>	<b>39.39</b>	<b>-0.21</b>



In its first monthly progress report on the plan launched in March, the government on Tuesday detailed big disparities among the 38 companies that have signed up. Several loan servicing companies -- including American Home Mortgage Servicing and PNC Financial Services Group Inc. -- have yet to modify a single loan.

So far, more than 400,000 offers have been extended to 2.7 million borrowers who are more than two months behind on their payments. More than 235,000 of those borrowers have enrolled in three-month trials.

Saxon Mortgage Services Inc. had the best results among the large loan servicers. One in four of its eligible borrowers has a trial loan modification with a lower monthly payment to help the homeowner avoid foreclosure. Aurora Loan Services LLC, GMAC Mortgage Inc. and JPMorgan Chase all had one in five qualified borrowers in a trial loan.

For each homeowner who makes regular payments for three months, the loan servicer collects \$1,000 from the government. If the borrower stays current for three years, the servicer gets a maximum of \$4,500.

When the plan was launched in four months ago, the government said it hoped to help up to 4 million financially distressed homeowners modify their mortgages. The administration says it is still on track to meet that goal, and last week extracted a verbal promise from the mortgage industry to reach 500,000 borrowers by Nov. 1.

But despite these efforts, foreclosures continue to rise. About 1.5 million households received at least one foreclosure-related notice in the first half of this year, according to RealtyTrac Inc.

Housing advocates say the plan has been a big disappointment so far. They cite numerous cases in which companies haven't followed the program's rules. And when borrowers are denied, they often aren't told why. In response to such complaints, the Treasury Department says Freddie Mac will be doing random audits to see if borrowers are being improperly rejected.

The lending industry is asking for patience, saying the industry needed time to implement the program. The administration rolled out the guidelines gradually this year. Much of the program was not finished until mid-May, and the guidelines were updated again in early July.

American Home Mortgage Servicing, for example, just started the program on July 22, the company said.

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