

# Obama tries to shame banks into speeding up mortgage modifications

[Lita Epstein](#) 

Aug 4th 2009 at 11:20AM

Text Size [AAA](#)

Filed under: [Company News](#)

**T** More

As banks continue to drag their feet on mortgage modifications, the Obama administration put out a list of problem banks to [shame them into action](#). Bank of America ([BAC](#)) topped the list as one of the worst performers among large mortgage servicers.



Since the \$75 billion dollar program started in March, [only four percent of Bank of America's eligible loans](#) have entered trial loan modifications. That's a total of 27,985 loans, according to a report released today by the Treasury Department. JPMorgan Chase ([JPM](#)) started trial modifications with 20 percent of its loans and Citigroup's ([C](#)) rate was about 15 percent.

The report released today looks at the levels of homeowner assistance for 31 companies participating in Obama's plan. Generally the report found that the smaller loan servicers were more successful in getting trial modifications started.

Obama hoped to help four million borrowers with his loan modification program, but so far only about 200,000 have been helped. After a meeting in DC last week, the loan servicers agreed to a target of 500,000 by November 1. But that's still too slow when 1.5 million homeowners received at least one foreclosure-related notice in the first six months of 2009.

Banks are picking up the pace a specialist at Deloitte & Touche told *Bloomberg*. He said modification specialists increased their processing rate from 50 to 100 loans a month to 200 to 300 per month.

The chief executive of Citigroup's CitiMortgage told AP that Citigroup has hired or retrained about 1,400 new workers including an 800-person call-center in Tucson, Ariz., to work on loan modifications.

Under the Obama plan banks can lengthen repayment terms, lower interest rates to as low as two percent and forbear outstanding principal. They are permitted to use other tools as well to help to keep people in their

homes.

There have been so many complaints about the banks and how they've been handling the loan modification process that Freddie Mac will be doing random audits to see if borrowers are being improperly denied.

Have you been denied a loan modification?

*Lita Epstein has written more than 25 books ,including The 250 Questions You Should Ask to Avoid Foreclosure.*

### [Source](#)

- [Permalink](#)
- [PrintWith HP wireless printers, you could have printed this from any room in the house. Live wirelessly. Print wirelessly](#)
- [Email](#)
- [Share](#)
- [Tweet this!](#)
- [Comments \(90\)](#)

## Related Posts

POWERED BY 

## From DailyFinance

- [Loan modification program a bust](#)  
2 hours ago
- [No surprise: Banks continue to slow lending](#)  
8 days ago
- [At Wells Fargo, profit takes off but so do bad loans](#)