



Web-based software designed to help troubled homeowners

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Oakland — Housing woes are set to continue in 2010, according to experts, who are preparing for a second onslaught of foreclosures to hit in the coming months. Oakland is no exception.

From 2007 to November 2009, there were 4,786 foreclosures in Oakland and 72,500 across the nine-county Bay Area region, according to figures from the real estate property tracking company MDA DataQuick, which are based on public property records. There have been more than 10,199 notices of default in Oakland since 2007.

In response, advocates are turning to technology to deal with the existing wreckage — as well as a new wave of adjustable-rate mortgages that are supposed to reset this year at a higher rate.

That raises fears among besieged counseling agencies of another rush of homeowners facing foreclosures.

"We haven't seen anything like what is about to come," said Andy Firoved of the Bay Area-based private startup Homeowner Toolbox Inc., developer of CounselorDirect.

The Web-based program is supposed to streamline the loan modification process by bringing together counselors and servicers, who handle loans for

lenders and foreclose on defaulted loans, and determine in real time whether homeowners meet servicers' requirements.

Sheri Powers, director of the Oakland-based Unity Council Homeownership Center, called it an "instant reality check." The center, whose counselors have been swamped by more than 1,900 homeowners trying to avoid foreclosure since 2006, will begin demonstrating the program from 6 to 9 p.m. Wednesday during its regular Wednesday night foreclosure prevention workshop.

HOPE NOW, an alliance of counselors, mortgage companies and investors, also launched a similar tool called HOPE LoanPort.

"Our goal is to get people talking to counselors," Firoved said.

The technology "gets at some of the main problems borrowers are facing: wildly unequal bargaining power and a real lack of transparency" among servicers, said Kevin Stein, associate director of the California Reinvestment Coalition. The housing nonprofit advocates on behalf of low-income and minority residents. "This could be the difference between someone keeping their home or not."

Part of the problem faced by borrowers is hitting their "sweet spot" — the ratio of what they want compared to the homeowners' financial profile. But fulfilling their requirements has been an opaque, tedious and time-consuming process, Powers said. "Every servicer has a sweet spot, but they don't tell people what it is," she said.

Now homeowners can visualize what their chances are, she said, potentially cutting down on the number of borrowers who abandon the process midstream.

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Sheila Bair, chairwoman of the Federal Deposit Insurance Corp., is pushing for more streamlining and uniformity in the modification process to "help avoid unnecessary foreclosures and bring stability to the housing and mortgage markets during this time of unprecedented economic turmoil."

As a result, a handful of such servicers have lent their support to the Web-based technology. American Home Mortgage Servicing Inc., JP Morgan Chase Manhattan, GMAC Financial Services and others have signed on to participate in the HOPE LoanPort effort. Firoved said he is in talks with a variety of organizations interested in CounselorDirect.

Such portals identify a user's eligibility for the federal government's Making Home Affordable Program. The "HAMP" effort launched in early 2009 by the Obama administration provides a series of measures to stave off foreclosures. So far, the program has had limited success. For one, advocates said, borrowers are not actually financially equipped to handle the terms of even a reworked permanent mortgage. In addition, a substantial number of borrowers in the trial modification process have not submitted all the required documentation to make the modification final, according to HOPE NOW.

"We can't prevent a foreclosure if we don't have the information to make the case that this is a modification that will work," Powers said.

The process generally takes about 45 minutes once all the necessary paperwork is assembled.

The Unity Council Homeownership Center is located at 3301 East 12th St., Suite 101, Oakland. For more information about the center, go to www.unitycouncil.org.

unitycouncil.org or call 510-535-6943. For more information about CounselorDirect, go to www.counselordirect.com. The HOPE NOW Web site is www.hopenow.com.

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