



For immediate release

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**AMI Supports Long Term, Effective, Sustainable Solutions to Avert Foreclosure;
Invites Bank Servicers to Join**

Washington, D.C. – As the Senate Banking Committee reviews the mortgage and foreclosure crisis, the Association of Mortgage Investors (AMI) wishes to clarify the record in response to the recent press statements regarding the housing and mortgage foreclosure crisis. The AMI believes one of the primary goals for all should be helping all willing homeowners find long-term, effective, and sustainable solutions. “No one should lose their home solely because of paperwork mishandling or lack of due process,” explained AMI Executive Director Chris Katopis.

AMI has consistently supported federal remedial programs to offer eligible, distressed, homeowners relief from foreclosure through modifications through HAMP and 2MP. Additionally, we support principal forgiveness and total debt realignment. No first lien modification will be sustainable without properly addressing a borrower’s total mortgage debt. Regrettably, these programs have often proven unsuccessful due to the servicers, who invariably are the second lien holders, and who continue to inhibit sustainable modifications. Mortgage investors have no control over the modification process, and therefore share many of the frustrations that homeowners and state Attorneys General are experiencing when dealing with mortgage servicers.

“All too often, homeowners are being victimized by the servicers’ past and ongoing actions. The time is now for a permanent solution to America’s housing crisis,” continued Katopis.

AMI calls on all mortgage servicers to provide an explanation for why the servicing operations continue to exhibit weakness in areas where they could offer homeowners immediate attention and real support with programs that are currently available like HAFA. It should be noted that the major servicers harm homeowners while benefitting themselves in the following ways:

- **Servicing Fees:** Servicers generate significant servicing and late fees throughout the delinquency and foreclosure process. They can be reluctant to find quick sustainable solutions for homeowners. This is clearly evidenced by

long call waiting times and high call abandon rates that homeowners experience when calling servicers.

- **Profits from Affiliated Companies:** Servicers generate profits through affiliated companies during the process of repurchasing, insuring and liquidating homes from distressed homeowners. Servicers can be reluctant to aggressively pursue short sales and other viable options to foreclosure due to these above-market fees generated by affiliated companies.
- **Second Liens:** Servicers own the second liens behind the first liens they service for investors. Their interest in the second liens can cause them to advise homeowners to defer payments on the primary mortgage while aggressively collecting on second liens to avoid losses to their own portfolio and balance sheet.

Several changes will help to protect homeowners:

- Mortgage modifications once the second lien holders stop their intransience;
- More research and diligence regarding incomplete or mishandled paperwork; and,
- More resources at mortgage servicing centers and the use of non-conflicted special servicers.

Again, everyone agrees that helping all willing homeowners find sustainable solutions should be the primary goal. Further, AMI also urges all servicers no longer place their own conflicted interest ahead of homeowners. “We urge all the major bank servicers to invest the time and resources necessary to allow for borrowers to find sustainable solutions in a timely manner and customary fashion,” remarked Katopis.

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The Association of Mortgage Investors represents private investors, public and private pension funds, and endowments, all of whom support the efforts of Congress and the Administration to help responsible, though distressed homeowners avoid foreclosure. For more information, visit www.the-ami.org.

The AMI is now live on Twitter with the most recent news on mortgage investing. Follow us: @MortgageInvest.