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Attorney General Abbott Urges At-Risk Homeowners to Contact Lenders, Counselors

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AUSTIN – Texas Attorney General Greg Abbott today encouraged homeowners who are struggling with monthly mortgage payments to contact their lenders and loan servicing companies immediately.

In addition to talking directly with their lenders, Attorney General Abbott urged homeowners to talk with counselors at community nonprofit groups that are approved by the U.S. Department of Housing and Urban Development (HUD). Homeowners may call the HUD referral line at (800) 569-4287 for information on counseling centers in their communities.

The attorney general also directed at-risk homeowners to the Homeowner's HOPE Hotline at (888) 995-HOPE (4673). This toll-free number is operated by the Homeowners Preservation Foundation and Neighborworks America, two national nonprofit organizations that specialize in mortgage issues.

"With mortgage industry leaders and public officials continuing to address the growing housing crisis, it is critically important for homeowners to take some measures to prevent their problems from escalating," Attorney General Abbott said. "At the first sign of trouble, homeowners should contact their lenders, visit a HUD-approved counseling agency or call the HOPE hotline to explore alternatives to foreclosure. The sooner homeowners seek help, the more options that will be available to them."

Attorney General Abbott urged homeowners to contact their lenders or loan servicers as soon as financial troubles emerge – preferably before missing any mortgage payments. By communicating with their lenders early in the process, homeowners can discuss various options that may be available to them, including fee waivers; temporary deferred payments; delayed interest rate resets; refinancing; or conversion of an adjustable-rate mortgage (ARM) into a fixed-interest loan.

HUD-approved counseling agencies offer consumers money management and budgeting assistance. Nonprofit counselors can help families review their expenditures and establish a long-term plan for financial stability. Some HUD-approved groups may also negotiate directly with lenders on a consumer's behalf to have fees waived or mortgage loan terms modified, depending on the consumer's qualifications. For a list of HUD-approved counseling agencies in Texas, consumers can access the Office of the Attorney General's home page at www.oag.state.tx.us.

Homeowners who call the HOPE Hotline will reach trained counselors who can explain various options to consumers and, if necessary, act as an intermediary between homeowners and lenders to renegotiate loan terms. The hotline was launched by Minnesota-based Home Ownership Preservation Foundation and Washington, D.C.-based Neighborworks America to maximize outreach efforts to distressed homeowners. Both nonprofit groups are members of Hope Now, an alliance between counselors, lenders and other housing market participants that was proposed by HUD and the U.S. Department of the Treasury.

The Office of the Attorney General (OAG) is engaged in a variety of efforts to protect Texas homeowners. In September, Attorney General Abbott launched the Texas Residential Mortgage

homeowners. In September, Attorney General Abbott launched the Texas Residential Mortgage Fraud Task Force, a partnership that involves key state regulatory agencies to take a proactive stance towards tracking and prosecuting mortgage fraud.

Attorney General Abbott also urged several of the largest mortgage lenders and servicing companies doing business in Texas to take steps to address the high foreclosure rates in the state. In meetings with EMC Mortgage, Countrywide Mortgage, Litton Loan Servicing, Citigroup, HSBC, Wells Fargo and Chase, OAG officials outlined five measures that the companies should implement to restore borrowers' financial stability. These measures include: stepping-up efforts to convert adjustable rate mortgages to fixed-interest loans; subjecting more delinquent loans to mitigation first rather than immediately submitting them to an antagonistic collections process; improving communication and outreach with consumers; waiving penalties and fees while companies work with troubled homeowners; and promptly addressing complaints filed against them with the OAG.

The OAG has also taken legal action against a variety of mortgage-related practices, including title-related scams, fraudulent refinancing ploys, and other mortgage-related fraud. Earlier this year, Attorney General Abbott secured \$21 million in restitution for Texas homeowners who were harmed by lending giant Ameriquest Mortgage Co. The case resolved allegations that the company and its affiliates did not clearly disclose certain terms to homeowners, including unpredictable adjustable rates.

In 2006, Attorney General Abbott negotiated a landmark agreement with Green Tree Servicing L.L.C., a Minnesota-based firm that services manufactured housing debts in Texas. Under the settlement, Green Tree agreed to assist more than 1,200 Texas homeowners who may have been issued invalid titles to homes they purchased from unlicensed retailers in 2003. In a related move, the Attorney General secured an injunction and asset freeze against the unlicensed sellers. The OAG has also halted scams purporting to save homeowners' properties from condemnation and cracked down on various title-related and refinancing scams.

To better assist Texans who are considering a mortgage loan, Attorney General Abbott recently added new online resources to the agency's Web site (www.oag.state.tx.us). The new Web page, "Avoiding Home-Buying Pitfalls and Scams," provides consumers with guidelines about the home-buying process as well as other helpful information. The Web page also provides tips on recognizing "foreclosure rescue" scams, equity-stripping schemes and other refinancing pitfalls.

Consumers who believe they have been targeted by a mortgage-related scam should contact the Office of the Attorney General at (800) 252-8011.