

Search

GO

NewsMax.com

Web

Powered by 

## Banks Scramble to Curb Foreclosures

MoneyNews

Wednesday, Jan. 24, 2007

As mortgage delinquencies rise to levels not seen in five years, banks are reaching out to borrowers to help stem the tide of defaults, reports The Wall Street Journal.

The popularity of the adjustable-rate mortgage as a way to finance more home than buyers could afford has put homeowners in hot water. As interest rates rise, homeowners are seeing their ARMs adjust to higher monthly payments. Plus, with the real estate market in a slump, it's nearly impossible for homeowners to breakeven if they want to sell.

**[Editor's Note: [Sir John Templeton warns of market, housing crash – Read More Here](#)]**

Some homeowners are simply walking away from their homes and handing the keys to the bank. But banks aren't in the real estate brokerage business. They're merely a lender. They don't want to own homes.

Therefore, to avoid massive defaults on mortgage loans, lenders are pulling out all the stops including offering free refinancing and forgiving debt when a home is sold at a loss.

Bank of America, for example, uses computer models to predict which borrowers may miss a payment. "We're calling earlier and more often," says BofA's national servicing executive Bob Caruso.

***Story Continues Below***

BofA works with borrowers, allowing some to skip a payment and add it to their loan balance in the case of illness or job loss or allowing some to refinance at no cost to make the payments more

### TOP NEWS

- [Rep. Spratt: Iraq War Costs Feed Deficit](#)
- [Banks Scramble to Curb Foreclosures](#)
- [Pickens Sticks to \\$70 Oil Forecast, Losses Build](#)
- [Consumers Upbeat About Economy for 2007](#)

### Related Stories

- [Housing Market Slump to Level Off in 2007](#)
- [CBO: 'Mild Rebound' in Homebuilding for Late 2007](#)
- [Banks Scramble to Curb Foreclosures](#)
- [Housing Slump Spreads to Suppliers](#)

### TOOLS

-  [Print Friendly Version](#)
 [Forward this Page](#)  
 [E-mail NewsMax](#)
 [RSS Feed](#)

affordable.

According to Citigroup's CitiMortgage President Bill Beckmann, the unit contacts borrowers with adjustable-rate mortgages by phone and mail monthly way before the rate on their loan resets to make them aware of the upcoming payment increase and apprise them of their options.

CitiMortgage is paying extra attention to parts of California, Florida, and New York where home prices have skyrocketed. Plus, it contacts borrowers within days of a missed payment if it doesn't fit their bill-paying pattern.

Other lenders are working with borrowers to sell their home at a loss and are forgiving the debt, a strategy called a "short sale". Bank of America tells the Journal that it calculates short sales of homes have increased 25 percent this year. The Journal says listings in the multiple-listing service that include the words "short sale" have almost doubled from a year ago, from 50 to 98, according to Sandicor Inc., the local MLS.

© NewsMax 2007. All rights reserved.

**Editor's note:**

- [Sir John Templeton warns of market, housing crash – Read More Here](#)
- [5 highest yielding, safest investments for 2007](#)
- [Get our top 4 ETF recommendations for 2007](#)
- [Protect your wealth from the baby boom crisis before it`s too late.](#)

[Home](#)

[MoneyNews Archives](#)

[Special Reports](#)

[Shop](#)

[Contact Us](#)

[RSS](#)

© 2007 NewsMax Media Inc.  
All Rights Reserved