

Wis. ahead of the curve on alternatives to mortgage foreclosure

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In March, the Obama Administration announced a new program to promote home mortgage loan modifications to help homeowners restructure their mortgages and avoid foreclosure. Although slow to start, the program promises to provide financial incentives for lenders and borrowers to modify loan terms to provide lower, more affordable monthly payments and enable homeowners to keep their homes. Typically, the modified loans include a reduced interest rate as low as 2 percent for five years.

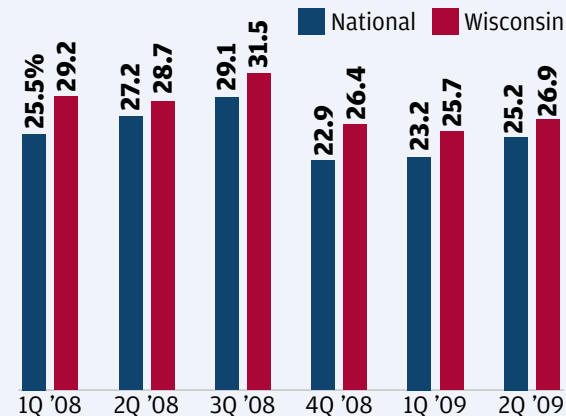
However, a significant number of loan restructuring is already occurring. According to the industry-government coalition HOPE NOW, between one-quarter and one-third of home loans 60 days past due (two missed

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monthly payments) were already enrolled in a repayment plan or modification prior to this initiative. Typically, these plans include a variety of modifications ranging from reductions in the principal owed to plans that actually increase the amount of the loan by adding past-due payments to the loan balance.

Statistics for Wisconsin reveal that a higher percentage of troubled loans are being enrolled in modified repayment plans than the national average and is an indication that Wisconsin is ahead of the curve in addressing the problem. As the new federal program begins to take effect, the number of troubled loans offered an alternative should continue to increase and thus help alleviate the problem.

Loan modifications and repayment plans as a percentage of 60-day delinquencies



Source: HOPE NOW

State Journal