

Treasury Unleashes Foreclosure 'SWAT Teams', National Public Radio, Weekend Edition, December 13, 2009 1:00 PM ET.

LIANE HANSEN, host:

The U.S. Treasury Department has started to dispatch what it's calling foreclosure SWAT teams to the major banks. Officials are looking at bank call centers, a first stop for many homeowners who need help with their mortgages.

NPR's Chris Arnold has the story.

CHRIS ARNOLD: The Treasury Department said this past week that about three quarters of a million people have so far had their mortgage payments reduced, through the president's foreclosure plan. But the vast majority of those people, more than 95 percent, are just in the temporary trial stage of the program - so they still might lose their houses.

To get permanent help, a homeowner has to go through the lender that's managing their loan. You need help, you have to call the banks and so that puts the banks' call centers at the center of the foreclosure crisis. The fate of millions of homeowners rest upon what happens inside of those call centers.

Ms. CRYSTAL INGRAM (Call Center, Bank of America): Sir, at this time I'm not getting a recommendation for modification.

ARNOLD: A few months ago, we did a story on one of the main call centers run by Bank of America. We saw some homeowners getting rescued from foreclosure and offered more affordable payments. But we also saw some problems. At one point a call center worker named Crystal Ingram told a homeowner that he didn't qualify for help through the president's plan. The computer rejected him, but it shouldn't have.

But it does seem like this same guy might qualify for the loan modification.

Ms. INGRAM: He wouldn't qualify for an interest rate reduction.

ARNOLD: When we pursued the issue with supervisors, it turned out that the person actually did qualify, and the homeowner was later offered a loan modification.

We've has been following up with Bank of America. The bank that says it has a second review system to catch such mistakes. But three months after our visit, the bank still hasn't been able to tell us why the computer appeared to be rejecting homeowners who actually were eligible for help. Problems like this seem to be widespread at many of the major banks.

Mr. ANDREW JAKABOVICS (Economist, Center for American Progress): It's sort of a nightmare, to put it bluntly.

Andrew Jakabovics is an economist with the Center for American Progress. It's a think tank that's aligned with the Obama administration. He says that there have been all kinds of complaints. Homeowners say that they fax in information and then the banks lose it. Some banks say that people who make way too much money are trying to get help when they don't need it, and they're clogging up the system.

So, this month, Assistant Treasury Secretary Michael Barr said the administration would dispatch SWAT teams to the banks. He calls the banks loan servicers.

Mr. MICHAEL BARR (Assistant Secretary, Treasury Department): And SWAT teams made up of Treasury staff, as well as staff from Fannie Mae as our program administrator, will be sent to the top servicer shops this week.

ARNOLD: It turns out that the SWAT teams actually consist of three people making three-day visits to the banks. Also, there might be fines for companies that aren't doing what they should be. But many experts were underwhelmed by the government's crackdown.

Mr. JAKABOVICS: The problems that we're having with the program really require much more aggressive steps.

ARNOLD: Andrew Jakobovics thinks the president's plan should be reaching a lot more people. He says that'll be good for the housing market and the whole economy. And he says it's hard to tell exactly what's tangling things up at these call centers.

Mr. JAKABOVICS: I think there's still a lot of he said/she said, so if you asked the banks, they say, oh, we just never get stuff back from the homeowners. You ask the homeowners and the counselors, they say, look, we sent in this stuff in tons of times. We have no idea what's going on. Every time we call somebody, we speak to somebody else who's never heard of the last person that we talked to. Well, the truth obviously has to be something.

ARNOLD: And so the Treasury Department sending SWAT teams for three days sort of begs the question: Why only three days?

Jakobovics thinks better oversight could really help to figure out what's going on and prevent a lot more foreclosures, so why not put government officials inside the call centers more permanently?

Mr. JAKABOVICS: By having people in the call centers, I think we'd get to the bottom of this and really improve the operation of the program as a whole.

ARNOLD: Bank examiners already monitor all sorts of other things that the banks are doing. And insurance companies, it turns out, have people already inside of the banks full-time looking out for their interests when it comes to foreclosures.

We pressed the Treasury Department about this after they announced the SWAT team visits. Phyllis Caldwell is in charge of this new oversight effort at Treasury. Is there some thought of doing something more than three days?

Ms. PHYLLIS CALDWELL (Chief, Homeownership Preservation Office): At this point the thought is doing it for three days and evaluating what the next steps are. But we're committed to doing whatever it takes.

ARNOLD: In the meantime, the administration says despite what the skeptics say, the plan is still on track to help upwards of three million people avoid foreclosure.

Chris Arnold, NPR News.