

President Obama's Mortgage Plan Creates Challenges

*Servicers struggle to meet new requirements;
at current rate, it would take servicers decades to modify or refinance all loans*

Bethesda, Maryland, April 6, 2009 --- The home loan industry is expecting millions of Americans to seek mortgage relief through the federal government's new plan to help struggling homeowners. Yet chances are mortgage borrowers may not get the help they need as quickly as hoped because the plan creates major technological challenges for mortgage servicers nationwide.

The Treasury Department has estimated that nine million U.S. homeowners will need to refinance or modify their mortgage loans to save their homes and prevent the economy from sliding into an even deeper decline.

"Most servicers' systems cannot meet the demands of the President's plan, so they expect to be forced to resort to manual processes," explains Bill Kelvie, CEO of Bethesda, MD-based Overture Technologies. "If they go this route, it will make matters even worse because a servicer using traditional, manual methods can take weeks to work out a fix for a troubled borrower. Multiply that by the millions of people in need and it would literally take decades for servicers to completely manage the current load."

The challenge faced by servicers is that the Administration plan calls for use of data that are not available to most servicing systems, and requires evaluations involving complex calculations embedded in the government's existing Hope for Homeowner's program introduced in 2007. As a result, servicers have begun manually evaluating millions of loans for eligibility in the new program. To meet requirements, homeowners are evaluated on a loan-by-loan basis because imposing qualifying criteria on groups of loans, a practice referred to as "bulk solutions", is rife with problems.

"We have spoken to many mortgage servicers, and they are struggling to figure out how they will be able to meet the requirements of the Obama plan," states Kelvie. "The President's plan is a fundamentally sound approach to addressing the foreclosure crisis, but it doesn't fully assess what servicers can or cannot address with their existing technology systems."

For most mortgage servicers, it has become very clear that they need the assistance of technology to supplement their servicing systems. Overture Technologies has announced the immediate

ability to automatically evaluate homeowner's eligibility for President Obama's Making Home Affordable plan through Mozart for Special Servicing.

"Mozart for Special Servicing, our recently launched solution, has already proven to reduce to seconds the time it takes to evaluate a homeowner's eligibility for the Administration's program," explains Kelvie. "Putting the President's foreclosure prevention plan into operation will require that kind of efficiency."

Linda Simmons, Overture Technologies' general manager for mortgage finance solutions explained how the company's "decisioning solution" works.

"Mozart for Special Servicing hooks up to the existing system of a mortgage servicer. Then the servicer's enhanced system has the ability to instantly pull credit, employment, real estate and other information that enables the servicer to quickly determine the best option for the homeowner," she said. "In some cases, refinancing will be the best option. In others, it will be a loan modification that helps the homeowner avoid foreclosure."

"The key point is that by using Mozart the servicer will assess the borrower's eligibility and best alternatives in seconds while the borrower is still on the phone, saving a lot of time and getting to a solution quickly," said Simmons.

"One of the great barriers that servicers will face in making the Obama plan successful is the probability of losing the homeowner before the long, manual process is complete," adds Simmons. "Already hundreds of thousands of Americans have unnecessarily gone into foreclosure."

With Overture's Mozart for Special Servicing, servicers can get to a speedy solution that satisfies both the homeowner and the investor that holds the mortgage. The solution records the loan data and history of changes and decisions in a completely transparent way, so that regulators will be able to assure that the government's plan is executed properly. In contrast, manual processes provide little or no traceable paper trail that can be audited.

"Mozart helps mortgage servicers serve troubled homeowners by dramatically decreasing the chance of re-default and better preserving the value of the home that underlies the mortgage," Kelvie added. "Ultimately, those two factors will be the most important measures of success for the President's plan."

Mozart for Special Servicing is already in use by special servicer Residential Credit Solutions and is currently being demonstrated to federal agencies and a variety of mortgage servicing companies.

About Overture Technologies

Founded in 2000, Overture Technologies is the leading provider of decisioning solutions that enable transparent, accurate and responsive lending processes for the mortgage and higher education lending industries. Overture's customers are dedicated to providing superior mortgage underwriting, servicing and securitization services and to increasing students' access to higher education financing alternatives. For further information, call (301) 492-2155 or visit www.overturecorp.com.

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