



THE WAKEFIELD COMPANY, LLC

Making It Happen

B of A Loan Mod Plan to Be Tweaked

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An Article Written By Kate Berry

Terry Wakefield, the chief executive of Wakefield Co., a Grafton, Wis., mortgage consulting company, questioned whether any servicer could modify loans not held in its own portfolio.

Pooling and servicing agreements do not allow servicers to make changes beyond preserving collateral, such as paying advances for taxes on properties in foreclosure, he said. “I am not aware, nor have I ever seen, a security structure where the issuer had unilateral rights to lower interest rates on the loans in a security.”

Second liens are particularly complicated, Mr. Wakefield said, because the priority of a lien is determined solely by when it was recorded. “If you start tampering with first liens, then that first lien could very quickly become a junior lien if there is an existing second lien on the property.”