

U.S. Orders End to Dual-Track Process

Acting Comptroller of the Currency John Walsh last week told banks to stop foreclosure proceedings if the borrower is starting or in the midst of a loan-modification program.

This dual-track system has hastened foreclosure for many borrowers who were caught between instructions to pay lower payments during a loan-modification trial period and punishing fines for failure to pay the full amount if the loan mod failed.

One regulator disagreed with the change, saying that lenders needed to be able to press forward with foreclosures, especially when borrowers clearly weren't going to meet loan-modification standards.

Source: Associated Press, Alan Zibel (12/01/2010)