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June 3, 2011

The Honorable Darwin L. Booher
Chair, Senate Banking & Financial Institutions Committee
PO Box 30036
Lansing, MI 48909

Dear Senator Booher:

I appreciate the invitation to provide testimony with respect to SB 398, which would extend the sunset provision contained in Public Acts 29-31 of 2009. This, of course, is the law we have taken to calling the "Foreclosure Workout Legislation." In order to comment on SB 398, I first need to discuss what we have found to be the results of PA 29-31.

As you know, I serve as General Counsel for Trott & Trott, PC. Our firm represents local and national lenders/servicers in Michigan, providing them with comprehensive loss mitigation and other Real Estate services. As the largest firm of this sort in Michigan, we are at the forefront of providing home retention options on behalf of our clients. We regularly act as the designee of lenders and servicers and often facilitate successful meetings, as contemplated by the 2009 legislation.

It is my pleasure to share some of the statistics that we have tracked in implementing the procedures outlined in these acts. However, I must qualify these statistics somewhat. First and foremost, I need to stress the general and anecdotal nature of my comments. They are gleaned solely from our experience and are meant for illustrative purposes, only. They should not be construed in any specific fashion as final or scientific data.

That having been said, it appears to us that the number of files referred to us for foreclosure that qualify for inclusion in this program as homestead properties usually runs from 85-90%.

I'm pleased to report that the percentage of eligible borrowers who opt in to the program has increased. When I originally testified about this, approximately 28% of the borrowers to whom the applicable notices were sent were opting in and requesting a meeting. We have seen that number rise to where it is now somewhere around 48%.

Out of the borrowers who requested a meeting, approximately 70% of them submit the financial information necessary to determine whether a loan modification was appropriate and attend a meeting. Again, this is an increase from previous numbers and means that more borrowers are availing themselves of the opportunity to discuss loan options with an appropriate representative.

With respect to the statistics necessary to determine whether or not a successful loan modification was the end result of a completed meeting, the analysis is more problematic. Typically, whether or not a successful loan modification was the end result of a meeting as contemplated by the statute would have to be gleaned from the records of the lender/servicer, as the final steps of documenting a loan modification is often taken in house by the lender. Nonetheless, we have attempted to extrapolate an estimate of loans that result in what I will call a "potential success story", which I view as a non-foreclosure result. It appears that for the months we have data that allows us to make this extrapolation, the potential success stories seem to range from 22-28% of the meetings held.

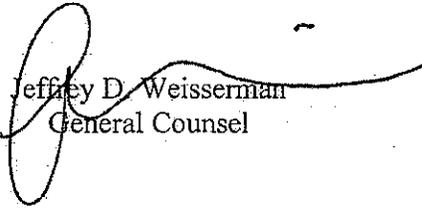
A few thoughts that are suggested to me from the numbers and from the experiences we have had:

1. The program is successful in that it puts an incented borrower and an incented lender/representative in a room to discuss potential workouts.
2. The number of successes has increased with the number of meetings.
3. We are not seeing many instances where an engaged borrower meets the requirements of the statute (both in terms of providing information and meeting the criterion set forth in the statute) but still does not receive an offer of a loan modification. Again, however, I make that statement as an unsupported generalization.

I am happy to discuss our findings and potential avenues to increase borrower participation with you at your convenience. As always, you may feel free to contact me with any questions you may have.

Very truly yours,

Trott & Trott
Professional Corporation



Jeffrey D. Weisserman
General Counsel