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Voices of Foreclosure Speak Daily About Desperation and Misery

By NELSON D. SCHWARTZ

SIMI VALLEY, Calif. — If the mortgage mess had an address, it could be 450 American Way.

This enormous white building, nestled among the hills about 40 miles north of Los Angeles, used to be a warehouse for Bugle Boy jeans. Today, it contains a sea of beige cubicles that seem to stretch on forever.

Inside the complex, 4,000 employees of Bank of America face a daily tide of desperation and misery.

To many Americans, financial giants like Bank of America seem like foreclosure machines. First, the argument goes, banks gave people mortgages they could not afford. Now, lenders are foreclosing as fast as they can, sometimes without even reviewing the paperwork.

But for employees here like Brenda Seymore, the foreclosure crisis is more complicated than that. She joined as a temporary worker in 2009 and was hired full time a year ago, as one of the employees who together field 50,000 calls a day. She finds herself caught between frustrated, anxious homeowners many months behind on their mortgage payments, and investors who hold mortgages and do not necessarily want to modify the loans, or reduce the amount of money homeowners owe.

"It's a learning process," she said. "Our goal here is to find a resolution."

When Ms. Seymore was hired, the second floor of the building was nearly empty. Now it is packed with telephone operators in headsets, who fan out across the cavernous floor at 5 a.m., when it is still dark outside, to begin dialing delinquent borrowers on the East Coast.

On Friday morning, one caller told Ms. Seymore a familiar story: a lost job and a cascade of bills that could not be paid.

Behind on her mortgage payments by $60,000, the caller, from North Carolina, had been approved for a loan modification. But the foreclosure wheels were still turning, she told Ms. Seymore, and she feared they could not be stopped.

This time, the foreclosure was averted. While the caller could not her pay her credit card bills, she was able to come up with a $500 payment necessary to keep her home, at least for now.

It was the kind of outcome that Bank of America will be highlighting as hearings on the foreclosure crisis begin on Tuesday on Capitol Hill. Despite the well-publicized flaws in the process — robo-signers, lost documents, incomplete affidavits — bank officials are expected to testify that they understand and are trying to fix the problem.

Back in Simi Valley, posters with feel-good phrases like "Empathy," "Winning" and "Leadership," dot the walls. But even here, signs of just how politically explosive this mess has become have crept in.

On the wall of Ms. Seymore's cubicle is a placard warning Bank of America representatives to transfer callers from people like members of Congress, officials from regulatory agencies, attorneys general offices and the news media "to your team or unit manager ... no exceptions."

As the nation's biggest mortgage servicer — Bank of America handles one in five home loans in the United States — the lender has been criticized by politicians, customers and the news media as the uproar over foreclosure practices has intensified.

Now the big banks are set to respond, highlighting efforts like the one in Simi Valley, and outlining new steps to ease a wave of more than two million foreclosures.

At the Senate banking committee hearing on Tuesday, Barbara J. Desoer, president of Bank of America Home Loans, plans to announce new initiatives like assigning a single case manager so homeowners do not get passed from one bank employee to another. The bank also will start providing checklists so borrowers know exactly where they stand in the modification or foreclosure process.

Despite such steps, Bank of America faces a formidable challenge in rebuilding its public image. Last month, the bank declared a nationwide halt in foreclosures, and in 27 states, foreclosures remain suspended as it prepares new affidavits from scratch.

Sensing the public mood, Ms. Desoer also plans to apologize for shortcomings in the foreclosure process, while reiterating her defense that no foreclosure or eviction was pursued by mistake.

"We, and those who work with us in connection with foreclosure proceedings, also have an obligation to do our best to protect the integrity of those proceedings," Ms. Desoer is expected to tell the committee, according to prepared testimony obtained by The New York Times.

"When and where that has not happened, we accept responsibility for it, and we deeply regret it," according to her testimony.

In addition, critics have condemned Bank of America for making fewer modifications of eligible loans under the federal government's Home Affordable Modification Program. About 21 percent of eligible Bank of America borrowers have received program modifications, compared with 44 percent at Citigroup, 37 percent at Wells Fargo and 32 percent at JPMorgan Chase.

Bank officials say the lower modification rate reflects the 10 million mortgages it picked up when it acquired Countrywide Financial in 2008. And they note that the bank has made more than 700,000 modifications over the last two years, including 85,000 under the program, more than any other lender.

For the first time, Ms. Desoer also plans to highlight Bank of America's role as a servicer in most cases, rather than the investor that actually owns the mortgages.

Bank of America officials insist their options are limited because investors have to sign off on modification of the loans they own. At the same time, they complain that the investors require a "dual track," in which the modification negotiations take place even as the foreclosure machine steams ahead.

David Lowman, chief executive of Chase Home Lending, is also scheduled to testify and adopt an apologetic stance. "Our process was not what it should have been," he is expected to tell the committee, according to prepared testimony. "Quite simply, it did not live up to our standards."

In Simi Valley, another representative, Tammy Tipton, found herself dealing with a homeowner whose mortgage had been modified before, but was underwater again. The caller still owed about $900,000 on her house, payments had ceased, and like the North Carolina loan, the mortgage was held by an outside investor.

"Another modification would just leave them in the same position a year from now," Ms. Tipton said. "It's painful, and it's not fair to either side."