

## **BLOG VIEW: A Case For Conversation**

John Clapp, Wednesday 18 June 2008 - 21:59:56

**Mortgage industry players who convened in Washington, D.C.**, this week for the Coalition for Mortgage Industry Solutions' (CMIS) Executive Leadership Summit saw firsthand an example of what founding chairman Richard Ivar Rydstrom was hoping to accomplish with the newly formed group.

"[CMIS]' goal is to convert conflicting self-interests into comprehensive solutions for all participants, and act as a depot and arbiter of critical issues, solutions, information, education and coordination," he told MortgageOrb last month ("Person Of The Week: Richard Rydstrom And A New Coalition Of The Willing").

Although it's too early in the game to say whether the coalition will succeed in achieving cures for the industry's myriad ailments, there is little doubt among summit attendees that conflicting self-interests were indeed brought to the table.

During a summit panel session titled "Charting a Future Course – The Case for Self-Regulation," the topic of trustee-servicer relationships was raised – an issue that panel moderator William LeRoy, CEO of the American Legal and Financial Network, noted has been cause for a whirlpool of discussion for more than five years. Despite the lengthy conversation that has already surrounded this sensitive issue, the two sides still admittedly seem worlds away from compromise. Nonetheless, the coalition appears intent on facilitating further dialogue.

The panel - which included Chapter 13 trustees, a U.S. Bankruptcy Court judge and a representative from the Mortgage Bankers Association's Legislative Affairs committee, among others - fiercely debated the merits of making certain servicing best practices (as organized in list form by the trustees) agreed-upon rules.

Within moments of scanning the list, Francis P. Creighton, vice president of legislative affairs for the MBA, pinpointed one best practice and possible rule-to-be – the dedication of a phone line by servicing outfits to trustees – as impractical for some smaller-sized MBA member banks.

Trustees George W. Stevenson, Debra L. Miller and Henry E. Hildebrand countered by saying that, in many cases of bankruptcy, the process is delayed (and, in turn, losses are increased) by a communication breakdown that could be alleviated, or maybe eliminated altogether, by the inclusion of dedicated phone lines.

After several minutes of a lively back-and-forth, moderator LeRoy chimed in cheerfully and reminded those in attendance that this kind of conversation - open, honest and not always without conflicting points of view - is precisely what the industry needs to move forward in the hope of stabilizing the current market, aiding troubled homeowners and avoiding a similar dislocation in the future.

Regardless of the end decision pertaining to the dedicated-phone line issue, whatever it may be, the need for servicers to become involved in the regulatory rulemaking process now - rather than fight the rules once they're formed - is clearly of great importance.

The Honorable Raymond T. Lyons, U.S. Bankruptcy Court, District of New Jersey, urged servicers to be proactive and assist courts in creating a uniform set of standards with which they can comply.

Creighton, at the panel's end, said he would share with MBA member servicers the best-practice list for review.

While CMIS' ability to bring these diverse parties to the same table is admirable, is it much different than the conversations that have been going on for five years? Well, quite possibly.

In closing the summit, Rydstrom stressed that CMIS will strive to provide more than simply lip service, and during the event, the formation of four task forces was announced (see "CMIS Launches Task Forces").

Of particular interest to servicers concerned with the aforementioned best practices-turned-rules issue may be the Comprehensive Legal Authorities & Practices task force, for which LeRoy and Rydstrom will serve as co-chairs. This task force, according to the CMIS press release, will focus upon "identifying federal, state, local and practice barriers to cooperation and reconciliation of conflicting ... authorities and practices to respond to the housing crisis."

Everyone's in agreement - cooperation is not only beneficial, but absolutely necessary. Now, if only getting all the parties to agree on the nuances would be so easy.