

Mortgage Lenders: Profits Up, New Deals on Home Loans, and Still Robo-signing?

By Rosa Schechter

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In today's news, Bloomberg reports that three of the nation's biggest mortgage lenders -- **Wells Fargo, JP Morgan and Citicorp** -- are all reporting profits as their revenues increase. Which is good not only for the financial industry, but for Florida's fight against the Great Recession.

What's happening? According to the Wall Street Journal, for example, Wells Fargo saw a 29% boost in profits because of an increase in business loans and a decrease in loan losses.

Wells Fargo, JP Morgan, Citicorp: these lenders are the biggies - together with **Bank of America** (which reported a loss this quarter) and **Ally Financial Inc.** - that are currently negotiating with the federal government and the coalition of state attorneys general regarding widespread allegations of foreclosure fraud. Bloomberg's story reports that as a result of these settlement talks, the banks may have to pay over \$20 billion in penalties - but that's not official.

Meanwhile, the costs to get a mortgage continue to increase across the United States. Closing costs have jumped 10% in one year for those buying homes in New York, and the trend of higher closing costs is spreading throughout the states. Bottom line, it's getting more expensive to buy a home these days.

From these numbers, it would appear that mortgage lenders are regrouping from the foreclosure fraud crisis and they (along with the rest of America) might be seeing the light at the end of the economic tunnel.

Except for the report today from Reuters: in a "special report" by reporter Scot J. Paltrow, there is news that robo-signing continues, even today. In an expose, Reuters gives examples from Florida and elsewhere where shoddy foreclosure filings are still being filed with courts that muck up the process of properly foreclosing on properties and transferring clear title in the process.

First thought: who are these lenders, and are they smaller lenders that were not participating in the settlement talks with the feds? Yes and no. Reuters is reporting that it has found continued bad foreclosure filings not only from smaller lenders but from Bank of America, Wells Fargo and others who were major players in those talks.

If the Reuters "special report" is accurate, then that light at the end of the economic tunnel may be a mirage.