

April 28, 2009

Wilbur Ross & Co. LLC
1166 Avenue of the Americas
27th Floor
New York, NY 10036

Re: Option One Loan
Loan #: 0019255686

Dear Mr. Ross,

My name is Timothy Bothe and I reside in Arlington, Texas. My mortgage is currently being serviced by your company, AHMSI. I am writing to you in hopes of your assistance and to make you aware of the procedures that AHMSI is practicing.

Please find enclosed a copy of my letter that I have sent to AHMSI with a final request for resolution of the Loan Modification that was completed with Option One and put into effect shortly before your company bought them.

I have made several attempts to resolve this matter with no avail. I have sent them documentation upon documentation yet every time I am contacted by someone, there is not any record of anything in my file. I have all of the certified signature cards proving receipt of this information. I only seem to keep receiving letters stating that I will be contacted within 30-60 days with a resolution and when or should I say IF, I am contacted, there is no solution. They only seem to be dancing around the information that is before them and keep telling me that they cannot do anything to help.

As you will see in the attached last correspondence received from Bonita Kenney, she states that I will be contacted by a negotiator to determine if there are available payment options. There is no need for a negotiator because the Loan Modification was already completed and my loan needs to be amended as such and put into action from AHMSI.

Contacting you is my final hope to resolving this issue. I hope that the attached letter explains enough for you to get an understanding of what has been happening, if not, please contact me and I will provide you as well with the Loan Modification Contract along with the names of everyone in which I have spoken with or received correspondence from. Upon your request I can send you a copy of every single letter and package that has been sent to AHMSI and you will also see how many of them are duplicates being resent because nobody can seem to locate the previous ones.

My credit report is being completely damaged by AHMSI wrongly reporting information.

Please Sir, I am asking for your assistance in the matter. I have been struggling with Option One, then H&R Block and as soon as that was resolved with the Modification, a new struggle began with AHMSI.

I don't think I am asking too much to have the Loan Modification honored and my credit report corrected.

You may contact me at my office at 817-332-2224, if I am not available, please speak with my assistant Bettina Hester.

Sincerely,

Timothy R Bothe
3407 Forestway Ct
Arlington, Texas 76001
817-332-2224

Trending: Bristol Palin

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Foreclosure Fraud: It's Worse Than You Think

CNBC

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Things are getting very interesting out there for those interested in reality, not just trading. And the new reality is a mess in the foreclosure process that could delay the healing of the housing market two years or more and will certainly hit bank earnings if the mess stays a mess. This mess will savage bank earnings if it evolves into a full-blown crisis.

The mortgage and housing boom that led us to this point was fueled by third party processing of mortgages and maintenance of mortgage paperwork. From 2005 to 2008, 97% of mortgages started with and passed through something called MERS, the Mortgage Electronic Registration System. MERS was formed and is owned by the big banks including Bank of America Corp. (BAC), Citigroup (C), HSBC (HBC), Fannie Mae (FNMA.OB) and Freddie Mac (FMCC.OB).

Twenty-three states require a judge to sign off on a foreclosure. Some have worked around this, such as Florida, where a judge can process a foreclosure in minutes. Other states have other rules that require some sort of process that requires proof of ownership by the mortgage holder, such as a bank and proof the owner is in default. Last year I wrote how a court in Kansas ruled MERS did not have standing in the foreclosure process as it did not actually own a mortgage.

The biggest danger facing the banks is this ruling will be adopted, by popular demand and judge shopping, in the 22 other states requiring judges to sign off on foreclosures and become the basis of populist and political support for similar actions in states with more streamlined foreclosure processes.

The second danger facing the banks – and this is in the bag – is a serious slowdown in the foreclosure process as each procedure is now going to be legally perfect. With between 6-7 million more homes to be foreclosed before we begin to return to historical levels of default – this is my estimate but I am not alone – foreclosures may not now peak until 2013. I have been assuming peak foreclosures by yearend 2012 and a bottom in the housing market in the summer of 2013. I now see this, at minimum, pushed out another year. The longer it takes to foreclose a home, the worse shape it is in, the less value the bank reaps from the asset and the bigger the hit to the balance sheet.

Most banks have instituted a voluntary moratorium and regulators have given them until October 18th to assess how well their foreclosure is working. That is not enough time. The Obama administration has rightly said a national moratorium would be a disaster – a true fact given that in some markets foreclosed homes are up to 40% of all homes sold. But the populist groundswell and the legal dangers are increasing quickly with 40 states attorneys general now saying they want to jump on the bandwagon. The states attorney generals smell blood and money. The blood is political – anything that slows down a foreclosure, whether the person deserves to lose their home or not, is seen as a political plus against “the big bad banks.” They are also making noises about regional and national settlements with the banks that would involve write downs of mortgages, which could end up pulling some homeowners out of the foreclosure process. The tort attorneys are circling, smelling serious money. They may get involved and present a national or multi-state class action lawsuit against banks who a) foreclosed without proper legal paperwork and process and b) banks who then sold the foreclosed home to a buyer who may now be, uh, shafted.

The process may also have an unintended consequence – the exposure of shoddy paperwork leads to a wave of lawsuits against the banks that bundled the mortgages together and put them into securitized bonds. The SEC (Securities and Exchange Commission) could and will join in the process if it smells a big win.

The two banks with the most exposure are, in my opinion, Bank of America (BAC) and Wells Fargo (WFC). BAC inherited busted mortgages from Countrywide and Merrill; Wells got them from Wachovia, which in turn had bought them when it purchased Golden West. I also think Citi (C) could take a hit – one analyst believes defaulting homeowners already stay in their homes an average of 17 months before foreclosure hits.

Last point – take a look at three publicly held title insurers. Their stocks have been hit but not as hard as you would imagine. They are exposed to the mortgages of purchased homes out of foreclosure that may not have been legally foreclosed to begin with. The three national companies that are publicly held are Fidelity National (FNF), First American Title (FAF) and Old Republic Title (ORI).

The Street, right now, is spinning this as possible good news for homebuilders – total zombies right now. Some believe a slowdown in foreclosures will boost the prospects of the home builders for there will be less competing inventory. This is nonsense – the current rate of new home building is down more than 80%, inventory is almost double historical norms (as measured by months of sales). Of course, the Street has always been adept at putting lipstick on any pig they want to

Summary of Mortgage Litigation Events (September 2007 thru Current Day)

- 12-17-07 1st letter to Nicole Reese at H&R Block requesting her assistance due to wasteful and ineffective events beginning September 2007 through December 2007 with Debbie Zapata @ Option One (Letter included summary of events)
- 3-31-08 Finally with assistance from H&R Block – completed Loan Modification and began making payments as stipulated in the Modification Agreement
- 05-08 pulled credit report and noticed the incorrect reporting of my mortgage loan (report included in litigation file)
- 06-06-08 Certified package to Nicole Reese @ H&R Block regarding incorrect credit reporting and requested assistance in correcting
- 06-08 Received letter from AHMS Inc that they have bought out Option One and will be servicing my loan
- 06-08 Mailed letter to AHMS Inc informing them of the loan modification and the issues with my credit report and requested they research and correct
- *08-2008 Redtail Notes beginning in August 2008
- *08-2008 Office note documentation from August 28, 2008 – Neal Stigall from H&R Block remarked that “they are washing their hands of the entire situation since Option One has been sold to American Home Mortgage –
- 08-2008 to 09-2009 – Continuously reached out to AHMS Inc for a resolution and correction and was informed that the modification was null and void –
- *4-2009 Letter to Wilbur Ross & Co. LLC – President of AHMS Inc. dated April 2009 informing Mr. Ross of the situation and requesting his assistance. Never heard anything from him or his office
- 09-2009 Filed litigation with courts and included all supporting documentation of all above listed items and items not listed above
- *12-2009 Star Telegram Article Dated December 1, 2009 – “There is no meaningful Accountability”
- *Star Telegram Article “ Servicers, Paid to modify loans, accused of abuses
- *2-9-10 Credit report information showing AHMS Inc pulling credit check each and every month for no reason and completely incorrect reporting regarding mortgage balance and late payments – printed 2-9-10

Summary of Mortgage Litigation Events ***(September 2007 thru Current Day)***

- 2-23-10 – Trip to Washington to see Diane Thompson (Counsel at National Consumer Law Center), Michael Barr (Assistant Treasury Secretary), and Phyllis Caldwell (Lead of Treasury Department's Homeownership Preservation Office)
- 7-2010 Received trial documents and trial date set for Jan if no resolution is reached before hand
- 8-12-10 – Tim and Dan Tobin had lunch to discuss some options
- 8-30-10 – Watched news regarding Greg Abbott the Attorney General is suing AHMSI - THE CALVARY HAS ARRIVED
- 9-2-10 – Received email from Dan Tobin that he is still working with AHMSI on the things that were discussed in their lunch on 8-17-10
- 9-2-10 Tim left voice mail for Becky Oliver with Channel 4 news requesting call back regarding this entire situation
- 10-24-10 Fox 4 news Interview should air at 9:00 p.m.
- 10-25-10 – State Capitol for hearing