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Making It Happen

Second Liens Proving Hurdle on More Refis

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An Article Written By William Launder

Terry Wakefield, the chief executive of Wakefield Co., a Grafton, Wis., mortgage consulting company, said the tactic of rejecting subordination requests would increase foreclosures. “It’s just one more thing that could stand in the way of people who are trying to refinance to hold on to their homes.”

Mr. Wakefield said the foreclosure surge is forcing banks to deny subordination requests for some high-risk loans.

“They certainly are not violating any laws. They are just taking a credit position. That’s what bankers have to do,” he said. However, it would be “a bit severe” if bankers denied subordinations, “without giving consideration to the underlying real estate values in the market where the property is located,” for borrowers who were not at risk of foreclosure and simply wanted to lower their monthly payments.