

The acquisition, which is expected to close in September, gives GMAC a greater presence in the California market. Mr. Hall said GMAC is "talking" to other

Mr. Hall cautioned that GMAC will not look at what he calls "junk" companies and he anticipates that as loan production declines in the quarters ahead, more firms may be calling GMAC about selling out

Mold Becomes Big Issue in CA

BY JENNIFER HARMON

IRVINE, CA—Mold is a big issue in the western area of the country where litigation is growing when it comes to dealing with new construction, according to Stuart Wolfe, a partner with Wolfe & Wyman LLP here.

But mold is becoming a nationwide problem and many states such as California hold developers and contractors responsible for structural defects within the first 10 years of occupancy.

For the past six years, Wolfe & Wyman has defended those same trade workers in construction-defect lawsuits brought by homeowners who claim to have mold in their properties. Only recently have lenders become involved and concerned with the issue, said Mr. Wolfe, who represents mortgage bankers in many of these mold cases.

"Lenders didn't understand the problem. Now, some of our clients get us involved the minute they hear about mold. They might spend a little more, but the matter is probably resolved more quickly," he said.

"Other clients ignore it, pretend it doesn't exist. They only get involved when the borrower stops paying on the loan and has moved out of the property. Then, the lender is subpoenaed for the trial. Unless it comes to them, they bury their head in the sand. By

then, it may be too late."

If a lender has a loan and the secured property has mold, the most important thing for a lender to consider is the likelihood the lien will be impaired, according to Mr. Wolfe.

Mr. Wolfe has talked to lenders on environmental property risks and servicing associated with mold. At a Mortgage Bankers Association conference, he went through a "best practices" analysis of what lenders should consider if a secured property has mold.

If a lender is pulled into a construction defect case, Mr. Wolfe suggests that the lender should commission its own investigative team to see if there are genuine defects to the property. Not all mold is unhealthy, he said, and in certain instances, it can be cleaned up and eliminated.

"With a problem like this, you want to aggressively go out there and have your people look at the problem and come back to you. If there is a real problem, figure out how expensive it will be to fix."

Next, the lender should take that information and review the loan contract carefully. The lender should note the deed of trust and study other factors, including the likelihood that the borrower will fix the property and pay the remainder of the loan balance, Mr. Wolfe said.

HSBC Holding (HBC)	63.23	82.90
IMPAC Mortgage Holdings (IMH) (1)	14.50	27.20
Accredited Home Lenders (LEND)	14.25	43.25
New Century (NCEN)	23.50	52.28
Novastar (NFI)	24.50	70.32
Ocwen (OCN)(*) (2)	4.25	12.60
Provident Financial (PFGI)	na	na
Saxon Capital (SAXN)	15.62	30.75
Transnational Finl Network I (TFN)	0.61	1.61

NMN compares last Thursday's closing price to that of 52-week low (2) Ocwen is a subprime servicer and subservicer.

Charley Won't

NEW YORK—Despite an initial increase in delinquencies, Fitch Ratings here said any negative long-term effects from Hurricane Charley are unlikely for its commercial mortgage-backed securities universe.

However, Fitch said it will closely monitor 10 CMBS transactions with a 20% or greater exposure to Florida, the state most affected by the hurricane and the fourth largest contributor of U.S. CMBS collateral.

These transactions include CDC 2002-FX1, CSFB 1995-M1, CSFB 2004-TFL1, GMAC 2000-FLF, JP Morgan 2000-FL1, LTC Commercial Mortgage 1996-1, Morgan Stanley 1995-GAL1, Morgan Stanley Dean Witter 2002-XLF, NationsLink Funding 1998-1 and SASCO 1996-CFL1.

"While there will likely be an uptick in CMBS delinquencies as borrowers are coming out of pocket to pay the deductibles and access to properties is limited, this should generally be a short-term phenomena," said

