

Testimony of Edward J. Heaton
**Presented to the Subcommittee on Housing, Transportation and Community
Development of the Senate Committee on Banking, Housing, and Urban Affairs**

My name is Edward Heaton, and I live in Springfield, New Jersey. In 2005, my wife (Anita) and I bought an accessible house in Springfield for \$425,000. We put 20% down and obtained a standard 30-year fixed mortgage at 6.25% for \$340,000 from National City Mortgage Company.

Except for the mortgage, the house is unencumbered. There are no home equity loans or second mortgages taken on the house.

In 2006 I lost my job and have since worked part-time for both Comcast and Time Warner Cable. At the beginning of 2009, the Comcast position was relocated to Philadelphia.

When President Obama introduced “Making Home Affordable” at the beginning of this year, we researched whether or not we qualified for the program. According to the Making Home Affordable guidelines, no family should pay more than 31% of their monthly income toward their mortgage. Using the Payment Reduction Estimator on the Making Home Affordable website, we calculated that we are paying approximately 40%.

Based on this, we believed that we qualified for “Making Home Affordable”. It seemed to be a program designed to help people in our situation. National City seemed to follow its own program guidelines, which I call the 3 “D’s”: Deceive, Delay, and Deny.

Anita called National City, and was unable to get through. She followed up by sending an email to National City’s website, and received an email from Janette McQueen, a loan officer. In a subsequent email dated March 4, Anita stated, “We need to determine if we are eligible for a refinance or a loan modification.” Ms. McQueen replied that our loan was held by Freddie Mac and that “more specific details were released to Fannie and Freddie today so hopefully they will let lenders know how to implement the programs soon.”

The exchange of email between Ms. McQueen and my wife continued for two months, and followed a pattern. Anita would ask if the details were available, and Ms. McQueen would reply that the bank was still waiting for implementation guidelines. At no point did Ms. McQueen mention or suggest that we should contact the bank’s loss mitigation department, even though we made it clear through our emails that we were requesting the Making Home Affordable program.

Finally, on May 6, Ms. McQueen contacted my wife and stated that she would be glad to go over loan options with her. We were offered a standard 30-year loan refinance at 5.00% along with closing costs of approximately \$4,500. The closing costs would be assessed in spite of the fact that National City was the current holder of the loan.

After further research, Anita and I found that we had to apply to the loss mitigation department of National City, which we did on June 10. On July 21, we received a letter stating that we were not eligible for a loan modification because we had a “deficit income.” Isn’t that why one applies for a loan modification in the first place? With the help of Senator Menendez’s office, I was able to make direct contact with Freddie Mac. Freddie Mac’s representative at National City was told that since we were current on our loan, we did not need a modification.

So, let’s see: on one hand, the bank said that we have a deficit income, so we do not qualify. On the other, they say we are paying our mortgage on time, which means we do not qualify. According to National City, no matter what our situation was, we did not qualify for a loan modification.

On top of all this, National City then referred my loan to its sister company called Loss Resolution Corporation, who contacted me on August 27 to find out if we were interested in a short sale. Even though we had only asked for a modification and were still paying our mortgage on time, National City treated us as if we were a bad loan.

Finally, on September 4, Anita and I received a package of documents for the “Making Home Affordable” program. On the bottom of these documents was a form date of 04/09. So, while the bank was delaying and denying our requests for a loan modification, they already had these documents in their possession. They could have sent them out at any time during the process, but chose not to. Why?

I understand that new programs like “Making Home Affordable” take time to implement. After going through the bank’s process, however, it seems that their original plan was to deceive, delay, and deny our request for a home loan modification. Even now, there is no guarantee that the bank will approve our loan modification, but after six months we finally can apply for one.

It would be bad enough if this was only about us. Due to our and the Senator’s perseverance, we were able to finally apply for what would assist us. How many other people would have given up and gotten caught in the bank’s web of deceit? It is our hope that by sharing this story, other people in the same situation will not be discouraged and continue to seek a loan modification if they think they qualify.

Thank you for your time and consideration.