

Elizabeth NJ



February 8, 2012

Good afternoon,

It is with mixed emotions that I stand here to address you today to discuss the continued foreclosure crisis in our State. I am grateful that the Senator has made the venue available to call attention to the unfortunate situation that families are still losing their homes and many are sitting in limbo for years not knowing their fate. Take for example, Regina, who came to Brand New Day early 2010 for help with her mortgage. She had heard about the HAMP program and wanted to see if she qualified. Her mortgage was with one of the larger banking institutions. Her mortgage payment was \$1200 a month and she was current in her payment until she lost her job unexpectedly. She was unemployed for three months before being finding employment at significantly less than her previous job. BND worked with her to submit her modification request. After 90 days she was approved for a trial modification and the next 120 days were spent resubmitting documents, numerous phone calls and lots of tears as she waited for a permanent modification. Six months of waiting to find out the fate of her homeownership status and the memories of sacrifices she and her husband had made to purchase a home for their family were all flooding her with emotions. Thoughts of where she and her family would live if her loan was not approved; where would her children go to school, who would they play with, what neighborhood would feel safe to raise her children. After all, she and her husband had chosen this house, this neighborhood, and these neighbors. Another 30 days went by before she was scheduled to meet with her counselor at BND; it has now been over eight months and still no resolution. She was saddened to hear during her appointment that her request had been denied.

The counselor advised her not to give up because there were other programs that existed in New Jersey. The states mediation program would give her an opportunity to speak directly to the bank and make her case. Together with her counselor, the mediation application was prepared and submitted. More waiting. Regina's mediation date was scheduled for two months out but at least she could sleep sound that the Sheriff would not arrive at the door to remove her family while waiting for her day at mediation! A week before the mediation date BND worked with Regina to update all of her paperwork and send it to the bank in preparation for the mediation process.

Regina found herself frustrated and confused when the lender's attorney reported to mediation unprepared and requesting that the process be continued. On many occasions cases at mediation are continued two and three times, leaving homeowners in their houses but uneasy, insecure and full of anxiety. In addition, while decisions are prolonged, fees and interests continue to accrue making negotiations with the lender even more difficult. It is our recommendation that fees and interest be suspended during the foreclosure modification process. In addition, the process would be simplified and more effective if counselors had direct access to the person who has the power to negotiate and make the decision regarding the modification.

Regina finally decided after an unsuccessful mediation process that she would pursue a short sale and put her house on the market. At this point she felt hopeless and believed this was her only option. The home stayed on the market for over eight months with no offer. There were so many homes on the market at that time and in her neighborhood that demand was extremely low. She finally got an offer at much less than what she had hoped. In fact the short sale offer was \$70,000 less than what she owed to the bank. The offer was submitted to the bank and Regina found herself yet again playing the waiting game. She waited three months for an answer on the short sale before deciding to simply give up and move on. The housing counselor at BND told Regina

about “cash for keys” where the bank would offer Regina cash to move out. Regina was desperate and she and her counselor made arrangements for the exchange. Unfortunately, the cash arrived many months after she had move to her new home and therefore wasn’t able to use it to help with relocation expenses. Banks should be required to give the cash within 30 days of the homeowner vacating the property.

Regina and her family are now renting an apartment in another town and community. The children are now attending a new school and had to make new friends. There is a greater distance between where she lives and where she works. The family would have been better served if they could have remained in the home as tenants. Banks should be encouraged to allow homeowners to lease back the properties after foreclosure so they can maintain stability for their family and avoid vacancy in our neighborhoods.

In closing, Regina’s story can be multiplied by the 1000’s across the state and millions across the country. Many of the current federal and state programs could be more useful if the guidelines were less restrictive. There are so many people that need help and their situations are each different and unique however numerous work hours are spent trying to determine what programs a person may qualify for and in many cases trying to qualify the unqualifiable. In addition, our counselors are an invaluable part of the process in aiding a family from their first late payment through resolution which could be a loan modification or transitioning into a new living situation. Funding for housing counseling has been significantly cut in state and federal budgets and as demand continues and in many cases increases, we need dollars to pay salaries and related cost. Banks should be responsible to assist with the cost of healing our communities by paying fees for foreclosure counseling. There has been a lot of discussion across the state and country

regarding a fee agreement however it has not manifested in large scale corporate accountability that reaches the local nonprofits.

I want to thank you for your attention to this important matter and ask that you continue to have open dialogue with counseling agencies to strategize solutions that help families like Regina's maintain the American dream.