

Foreclosed Justice: Causes and Effects of the Foreclosure Crisis

**Supplemental**  
Written Testimony

of

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Attached hereto as Exhibit 17 is a summary of a very recent case involving Maine homeowner's effort to obtain a HAMP modification from Bank of America. This effort consumed will over a year, involved active and constant assistance of HUD certified housing counselors as well as assistance of lawyers. Multiple offices at Bank of America were also involved.

It is the typical and ongoing story of lost documents, inconsistent statements, a servicer's unkept agreements, homeowner run-arounds and endless insecurity and anxiety caused for a homeowner who at all times was fully eligible for a HAMP modification.

Our experience in Maine has been that Bank of America is far and away the most difficult servicer to deal with in loan modification efforts. The time that it takes any one of us to guide a Maine homeowner through a Bank of America HAMP modification is orders of magnitude greater than for other servicers. One impact of this is that our resources are available to fewer homeowners as Bank of America consumes a vastly disproportionate share of those very limited resources

The summary of the case attached as Exhibit 17 is not an extreme example, rather it is typical of the kinds of cases that we see on a daily basis. One would hope to start seeing improvements in these kinds of problems, but those of us on the ground in Maine have not yet seen any signs of improvement from Bank of America.

# Exhibit 17

## Bank of America – HAMP Case Story

from Pine Tree Legal Assistance, Portland, Maine

December 1, 2010

Gail purchased her house in 2006 when she was working full time in the IT department for a large school district. She also held a second part-time job. She qualified for a low fixed-rate, conventional loan. She began experiencing hardship when she lost her second job and had her hours reduced at her primary job in early 2009. She immediately began working with a realtor and sought legal help to try to responsibly deal with the problems she knew she would have making her mortgage payment. She was exploring short sale and loan modification options, but was served with a foreclosure complaint in September 2009. While she had been scrambling to try to find solutions, she had gotten a renter for an apartment that was part of her home and she had again begun working full-time at her primary employer. Shortly after she was served with the foreclosure complaint, she received a trial HAMP agreement, which she was happy to enter into. The payment was affordable at 31% of her income and she signed the paperwork with the help of a legal aid agency to ensure she took care of everything correctly. She also filed an answer to the foreclosure complaint.

Gail has lived in this country for about 10 years and speaks good English, but she was not comfortable that she was understanding the court foreclosure process or that she was understanding what Bank of America was telling her, especially when she would receive a steady stream of contradictory mailings from Bank of America. For that reason, she relied on the legal aid agency to deal with communications with BOA.

Gail made her first trial HAMP payment October 1<sup>st</sup>, 2009. She continued to make payments due in November, December, and January. Near the end of January 2010, she received a letter from Bank of America stating that only 2 payments had been made and that there were documents missing from her loan modification packet. An entire, blank initial packet was enclosed. Gail immediately called her contact at Pine Tree Legal Assistance (PTLA). PTLA called Bank of America and spoke to a representative in the Making Home Affordable department. PTLA told the BOA representative that Gail had sent in all four payments and that she had the payment confirmation numbers. The representative said that was correct, that the letter was a mistake, and she should disregard it. PTLA asked if there was any other documentation that Gail needed to provide. The representative said no. To clarify, PTLA asked, "Is it

correct that all Gail needs to do is to continue making trial period payments and wait for a permanent agreement?" The representative said that was correct.

Gail made trial payments for February, March, April, and May. At that point, she had made 8 trial payments. Near the end of May, she received a letter stating that she was deemed ineligible for HAMP due to necessary documents not being provided to Bank of America. PTLA immediately began calling Bank of America. There were phone calls and transfers to multiple departments within the company. Finally, a supervisor in the "MHA Documents" department asked if there was a bar code on the front of the loan mod packet. PTLA answered there was and he asked for a 4 digit number under the bar code. This was provided and the supervisor plugged it into their system and unlocked information that no other representative had been able to provide in the hours on the phone that had already been logged. He named four things that were "missing" from the application. They included items such as a birthdate not listed in the correct place on the RMA form. PTLA explained that these things could easily have been provided but Gail was never told they were necessary. He said he could do nothing about it; he was just the "document processor." PTLA escalated the case in every way possible within Bank of America. The case was also escalated to the HAMP Solutions Center. A new and complete loan modification packet was resubmitted both to Bank of America and to the HAMP Solutions Center.

Gail continued to make trial payments for June, July, August, and September. All the while, PTLA was working to try to get the case reviewed in a meaningful way. It eventually was placed with Bank of America's "Treasury Escalations" department and later the "Office of the President" at Bank of America. In addition, PTLA was talking directly to a loan negotiator on the case and the loan negotiator's supervisor. There was a direct contact at the HAMP Solutions Center, but, in this case, the only role the HAMP Solutions Center served was to parrot the information Bank of America was already providing, which was not helpful information. The HAMP Solutions Center explained that they, too, were not getting adequate responsiveness from Bank of America and said they had a conference call scheduled with management there. PTLA was promised this call would result in something positive, but it never did. The loan negotiator was sympathetic but said he couldn't do anything. He said he didn't know why the HAMP application was being ignored and decided, on his own initiative, to push through an in-house Bank of America loan modification, which would have resulted in payments amounts of \$200 more than the HAMP offer. This actually further complicated the HAMP process. Information kept being provided to the HAMP Solutions Center that the case was resolved since a loan mod offer had gone out. PTLA would get the same information when talking to all departments at Bank of America.

During all of this time, the homeowners were becoming discouraged, frustrated, and finally ready to give up. They loved their home and could afford the modified payments as their 11 months of trial payments proved. They were extremely worried as the court foreclosure case was still pending and they did not believe after all the grief and effort trying to work with Bank of America that there could actually be a positive outcome. They were constantly on the verge of deciding to give up and lose their home because they believed this would be the outcome anyway and the process was putting them through such anguish. They often felt it would have been easier to simply let the house go and move on.

After months of working with every department possible, PTLA was finally given a number by the representative at the Office of the President that was supposed to be a BOA HAMP Appeals line. When PTLA called, yet another representative with the Loss Mitigation Department answered – seemingly another dead end. After further multiple calls back and forth with the Office of the President and this supposed “HAMP Appeals Department,” a “valid” HAMP appeal was finally filed. No one could ever say if this was a result of PTLA's requests, requests from the loan negotiator, requests from the Office of the President, or requests from the HAMP Solutions Center.

Finally, Gail received on her doorstep a final HAMP agreement. She called PTLA very excited but still very wary. She didn't quite believe it had ended. She came into the PTLA office. The cover letters, agreement, and mailers all included conflicting information. The cover letter stated the packet came delivered by a “mobile notary” who could notarize her signature on the spot and deliver the paperwork back to Bank of America. Instead the paperwork was left on her doorstep and included a FedEx overnight packet. PTLA made several phone calls to ensure everything was prepared properly and sent out the packet in the FedEx mailer as instructed by BOA representatives. Gail's first permanent payment was due October 1, 2010 - a full year after her first trial payment. In the following two months, Gail has gotten payment changes 3 times. She received two statements for her December payment with conflicting payment amounts. She received one in early November, sent it into PTLA confused because the payment was a little lower than her agreed payment had been. PTLA called Bank of America and was assured this was the new payment following an escrow analysis and she could be certain this would be her payment for at least the next 12 months. Gail made the payment and received a new statement for December's payment about a week later with a payment amount that was about \$10 higher. PTLA called again and the representative said to “disregard” this statement. This might seem trivial, but to the homeowner, the \$10 difference was enough to make her concerned the complications were still not resolved and that the \$10 difference could cause the loan modification to fall apart.

PTLA complained to Bank of America that this loan had been modified and was **still** in foreclosure but Bank of America representatives insisted it was not in foreclosure. PTLA called the attorney representing Bank of America and he said the case had been dismissed in the fall of 2009. Neither the homeowner nor PTLA (who had contacted the attorney early on for permission to directly contact BOA) had been notified that the case had been dismissed.

This account of Gail's experience includes only the major problematic points while trying to resolve this HAMP loan modification. There were many more details along the way that frustrated those involved, prolonged the process, and agonized the homeowner. Currently, Gail has made two permanent payments, but it remains unclear whether or not this situation is truly resolved, and the homeowner has yet to really relax and feel as if the nightmare is over. Tellingly, this is the experience a homeowner has gone through with the benefit of a HUD-certified legal agency.