

## FACES OF FORECLOSURE



- Borrowers who were qualified to purchase and own property as a result of having shown a high level of financial responsibility
- Borrowers who were placed in high cost, high risk loans even when credit worthy for conventional loans
- Borrowers had not taken out mortgages to splurge on luxuries
- Borrowers were deceived by subprime lenders funded by Wall Street investment banks into signing up for predatory loans
- Borrowers who were victims of the Financial Crisis of 2008 – who not offered the opportunity to refinance when mortgage rate adjusted upwards
- Borrowers who were victims of the Great Recession of 2008-2012 – who became unemployed/lost wage income; borrowers who lost other household and/or tenant income; borrowers who were former small business owners (lost self-employment/business income)
- Borrowers who qualified for federal government's loan modification program (HAMP) were unfairly or unreasonably denied or modifications terminated.
- Foreclosure disproportionately affects people and communities of color
- **The Story of Mr. Carl Tripp and his Family – NYSFDB Member Client**

Carl Tripp and his wife's tale tell the foreboding story of the deliberate and concerted campaign to thwart the loan modification process for eligible homeowners: His wife Karen lost her job in 2008. Although Carl, a war veteran, has worked with the US Postal Service since 1983, and the couple collects rental income, they fell behind on their mortgage. In 2009, JPMorgan Chase offered them a HAMP trial modification; the couple made the required three monthly payments and then an additional six monthly payments at Chase's insistence to qualify for a permanent modification. Over a year period, the couple appeared in nine settlement conferences before the Queens County Supreme Court with their attorney, and made numerous submissions of additional income documentation, under the auspices of the court mediation process, in an effort to avoid a foreclosure auction of their home. Meanwhile, arrears kept mounting. Chase then announced in court proceedings, in 2013, that the Tripps application for a permanent modification was denied for no logical reason. Despite the fact that Chase's denial is illegal, the court then granted Chase the right to auction the Tripp's home, and then granted Chase's request to substitute Fannie as the actual foreclosing party for the auction. The Tripps were shocked that Fannie Mae was the party directing the run around all along, and was the foreclosing party. Most homeowners see Fannie as an arm of the federal government. To save the home, the Tripps were forced to incur the cost and time of a Chapter 13 bankruptcy filing, and with the authority of the federal court, were able to secure a loan modification under HAMP. The same should have occurred in New York State's court.

## Sources

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