

FORECLOSURE, from page 4

servicers have used this program in a very predatory manner and compounded the grief and financial loss of the American people. The servicers have little to no intention of performing on the trial modifications that they set up. It is doubtful if they even have authority. They tell people that it will be a three-month trial period while they prepare the final modification. Six, nine and twelve months later, homeowners are still making the payments, increasing their anxiety each month as to why they don't have a modification. We have seen them go up to 18 months and then the homeowner receives a letter that says they are denied. The reasons are all over the board. We often see them say "excessive deferred payments." This means, now you are too far behind. Usually a sale date is within three weeks of the notice and the homeowner panics. We too often see the loan servicer foreclose right in the middle of the homeowner making payments without any notice. The PTSD escalates. We also find that little if any of these payments even go toward their loan.

A report that I read over a year ago explains why this goes on. It was called "Why servicers foreclose when they should modify, and other puzzling servicer behaviors." They pointed out how profitable foreclosures are. On average, a foreclosure is 46 percent more profitable than a performing loan. This does not include the credit default swaps that the servicer may have purchased on the loans. Yes, those were bets that the homeowner would not perform. We have found up to 30 times the face amount of the loan could be the payout if the servicer is able to foreclose. The bottom line is that they lose money when they modify and can make a fortune when they foreclose.

J.Z.: How is that possible?

N.K.: Many different entities on Wall Street, including the loan servicers bought credit default swaps for pennies on the dollar on these loans. The dirtier the loan the more credit default swaps were bought. The numbers we are seeing are up to 30 times the face amount. The credit default swaps were sold like an insurance policy but they weren't insurance because they weren't regulated, registered anywhere and had very little reserves behind them if the loans defaulted. Basically, they were bets that the loans would go bad. By September 2008 the holders of the bets were coming forward as the loans were massively defaulting. AIG and Lehman Brothers were the two main houses on Wall Street that sold the credit default swaps. Lehman went down and the government stepped in and is backing all the bets. They have no idea how many trillion are still out there but it is massive and will break the taxpayers' backs in ways no one is talking about.

J.Z.: What kind of policies are you advocating for in the future to protect homeowners?

N.K.: We want sustainable modifications

Good Grief America will be hosting a homeowner workshop in the Tigard area Friday, Feb. 25. Cost is \$20 per household if in foreclosure or default. Online preregistration is required at www.goodgriefamerica.ning.com. Location will be e-mailed upon registration.

with the party of standing. Unfortunately our research shows that in many cases there may not be a party of standing, "Someone who actually owns our loan that we can negotiate with and create a win-win." This was difficult for me to believe in our early research but it is now hard to deny. The chain of title between the homeowner and the source that provided the money for the loan is seriously broken in many places. After years of being in the industry, I just couldn't believe that this took place. As we continued to research, we found that the old process of transferring deeds and notes to the new owner "party of standing" had been destroyed in the securitization process that Wall Street banks created. They created a casino beyond my imagination with our loans. To do this, the old system had to go. Many of the notes were shredded and destroyed. The Wall Street bankers seemed to think they were invincible and could rewrite real estate law in America in the name of greed and profit. To a great degree they were successful but now that empire is crumbling around them. We just had a

landmark ruling in Oregon on one of our cases regarding MERS, the Mortgage Electronic Registration System. This is the system that Wall Street developed instead of using the county recording system used for hundreds of years. MERS is non-transparent, so they could move the loans around at will without anyone knowing who owned them. This casino spun so fast that it is doubtful who owns what anymore. This is one of the issues at the heart of why the modifications aren't working.

J.Z.: I know that legislative action on Oregon Laws is part of your agenda. What are you calling for?

N.K.: We are a 501(c)3 nonprofit and our lobbying abilities are limited, but we have shared our research with our legislators so they understand what is actually going on. This has enabled them to write amendments to the laws and new legislation. We have built a network of 22-plus attorneys that we have assisted in educating to help homeowners. Some of them are working with the legislators on legal issues as well. We want transparency and a moratorium on foreclosures until these issues are resolved. We are not counting on our legislators to do the job for us. We are finding that fair and reasonable judges are digging in and learning these issues. We are looking for sustainable remedies in the courts.

More information is available at www.goodgriefamerica.ning.com, or by calling the homeowner hotline at 541-690-8334.



PHOTO BY JOHN RYAN BRUBAKER

Will Scriven performs on a sidewalk in Portland. He's one of many street musicians, or buskers, whose livelihood is under review as the city revisits its Street Musicians Partnership. Street performers, business owners, police and others gathered Feb. 10 in a meeting convened by City Commissioner Amanda Fritz to review the 16-year-old agreement. The agreement allows musicians to perform in a location for one hour at a time, with some guidelines on noise and equipment, and without interruption. The meeting was an education for attendees, most of whom knew little about the agreement. The discussion has been taken under consideration by Fritz's office.



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