

March 24, 2017

Testimony in support of SB98
Mortgage Loan Servicer Practices Act

My name is Madeline Van Brunt. I am 67 years young and reside in West Linn, Oregon with my husband of 34 years. I regret that I cannot give this testimony in person, I am experiencing some physical limitations at this time.

My husband and I have lived in California, Washington, Texas and Oregon. We have owned houses in each state. We have never had a problem getting a loan to purchase or refinance a home until 4 years ago when we were trying to buy our house in Oregon. No bank or credit union would give us a loan.

Faced with having to pay all cash or not being able to purchase at all, and remain stuck in Texas, (none of which were good options), we were finally able to get a "personal" loan based on our assets (not on our house) from Chase Bank. It's important for me to emphasize here that this "personal" loan was from a BANKthey wouldn't give us a mortgage, but they would give us a personal asset based loan.

In April 2013, we took the loan from Chase Bank, closed on the house in Oregon and moved in. We continued to shop for a mortgage so we could pay off the "personal" loan and get our assets released.

After doing a lot of research, I found out that the reason we couldn't get a conventional mortgage loan was because our "income" (as stated on our tax returns) did not meet the qualifying standards set up by the Dodd-Frank Wall Street Reform and Consumer Protection Act that became law in 2010. Most lenders want to be able to resell their mortgage loans on the secondary loan market, and unless the debt to income ratio meets specific guidelines (among others) they don't want to do that. They would have to hold the loan "in house" and not resell it.

My husband and I are retired, we don't have "jobs" or paychecks to show on a mortgage application. We have investment income and assets and we pay our income taxes. We decided to research what would be involved in getting a Reverse Mortgage.

There are no personal income requirements for a Reverse Mortgage. The only thing that has to qualify is the value of your house. An appraisal is done, they subtract whatever outstanding loans may still exist on the property, and they lend you a little money based on how old you are. There are more issues with Reverse Mortgages that should be discussed at another time, but suffice it to say that this is when my problems started.

We took out a lump sum Reverse Mortgage with Generation Mortgage . We opted to pay the interest and Mortgage Insurance Premiums (MIP) monthly so the loan balance would not

“grow” over time. We didn’t know how long we would keep the Reverse Mortgage in place. Generation Mortgage’s loan servicing department did not know how to handle our payments. We were called “odd ducks”why would anyone want to pay back a Reverse Mortgage? There are no requirements to pay it back....The loan is due only when the borrower defaults.....

My first complaint with the Consumer Financial Protection Bureau (CFPB) was in 2014 regarding Generation Mortgage and their lousy mortgage servicing department. My complaint was regarding Generation Mtg’s inability to state properly on the 1098 form how I had intended the interest and MIP payments that I made in 2013 to be applied to my account. At the same time I filed a complaint with the Oregon Department of Financial Regulation. With the help of one particular person in DFR I was finally able to resolve the issues. But my story doesn’t end there.....

My second complaint to the CFPB and to the Oregon DFR in 2015 was about the 1098 form for 2014. Generation Mtg was in the process of selling their business and did not issue their 1098’s until April. (Three months late.) Again, it was their mortgage servicing department that took three months to respond to me. If we had a law in place at that time such as SB98, the Oregon DFR could have forced Generation Mtg to comply with a more timely response.

In May of 2015 Generation Mortgage went out of business and their assets were sold to Champion Mortgage. Champion Mortgage is the Reverse Mortgage department of Nationstar Mortgage. Nationstar is the second largest mortgage servicer in the country next to Ocwen. Nationstar was sued by the National Consumer Law Center. Nationstar has been fined by the CFPB. I also need to mention that there is another company by the name of Celinx who is a large “subservicer” used by Nationstar....I am hoping that the authors of this bill can somehow incorporate “subservicers” into the bill.

My third and fourth complaints are regarding Nationstar and Champion Mortgage. My husband and I paid off our reverse mortgage in June 2016 by refinancing through a local credit union, and this new mortgage is a forward mortgage. Within a couple of months I had received the documentation required showing the release of liens from Champion. I wrote a letter to Champion in October 2016 asking specifically about the 1098 that should be issued by January 2017. They never answered my question. In January 2017 they issued the 1098 for 2016 and it was WAY OFF ! not even close to what it should be.....Hence my third complaint to the CFPB and to the Oregon DFR. Every response I get from them (Champion) is that they “need more time to research a response.”

I just found out on March 24th, that the reason they need more time is that they have to send a request to their “IT” department....their “IT” department is CELINK. Celinx is their “subservicer”. Celinx probably does not have my original loan documents.....I don’t know, but this has been going on far too long. I am so frustrated with their lame responses about “needing more time”. It has been my experience so far that the CFPB does not help individuals, but the Oregon DFR does.

The Oregon DFR has limited power to resolve issues for Oregon consumers regarding mortgage servicing. By passing this bill SB98, the Oregon DFR will have more power, and the smaller lesser known mortgage servicers will be required to be licensed and have to follow the rules.

Mortgage loan servicing has become a huge industry in this country. They also promote themselves to lenders as debt collectors. Those of us who have mortgages do not have a choice about who buys our mortgage debt, or who the lenders farm out or sell the servicing to.

Thanks for listening,

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