TESTIMONY OF MARIA SANTANA
IN FAVOR OF S.B. 423

My name is Maria Santana and I am a resident of New Haven. Thank you very much for allowing me to testify today in favor of Raised Bill 423.

I am a high school teacher in New Haven. In 2006 I bought a condominium for $238,900. I put $1,500 dollars down and got a first and second mortgage through Countrywide. I was thrilled because this was my first home, but I now regret ever buying it and will probably lose my home to foreclosure.

During the entire process of getting my mortgage, I was only allowed to see preliminary documents for one of the two loans I would eventually receive. The closing was the first time I was able to see all the documents for my mortgages but, as I later learned, the loan terms were very complicated and nobody explained the details to me until after I had signed the papers. I was unable to go over any of the paperwork with the people from Countrywide because they did not show up to the closing. At the time I signed the mortgage documents I did not realize that my income had been falsely inflated on the application. I told Countrywide my true income but it was tripled on the application. The application also shows a fake savings account that I did not put on the application.

I could not afford the payments and the Wall Street trust that now owns my loan filed a foreclosure against me last January. At the time of the foreclosure, the monthly payments on my two loans were nearly 100% of my monthly income. The first mortgage was a 2/28 adjustable-rate loan with a 12.37% APR. For the first two years the payments were to be interest-only with a fixed-rate. The second loan was for about $48,000 at a 13.2% APR and had a $42,000 balloon payment after 15 years.

If the legislation proposed today was in place when I got my mortgage, I might not be in foreclosure today. Under this proposal income must be verified. If the lender fails to verify income, that can be raised as a defense to foreclosure. This is such a simple rule that it almost seems like it should be unnecessary to put into law, but if Countrywide had followed this basic business practice, they would have discovered that someone had changed the income information I gave Countrywide and falsified the details of my loan application.

I'm still fighting the foreclosure and I am always worried that someone will come to kick me out of my home. Countrywide thinks it helped me buy my first home, but I would have been better off if they had never given me this loan. I probably cannot save my home, but I hope by testifying today we will pass a law that will stop other borrowers from losing their homes. Please pass this legislation. Thank you.