

Lovie M. Hollis
3985 Limestone Way
Sacramento, CA 95823

Via U.S. Mail and Email

September 22, 2010

Financial Crisis Inquiry Commission
1717 Pennsylvania Avenue, NW, Suite 800
Washington, DC 20006-4614

Re: Field Hearing, September 23, 2010, Sacramento, California; Testimony of Lovie Hollis, Former Homeowner

Dear Chairman Angelides, Vice Chairman Thomas, and members of the Commission:

My name is Lovie M. Hollis and I was born in Sullident, Alabama on Sept. 7, 1931. My husband Grafton and I moved to California in 1961 and we raised five daughters while we both worked here in Sacramento. We purchased our own home and over the years we paid off the mortgage. In 2006 we had to sell our home and relocate because Grafton was in a wheelchair and our home had several steps at the entry. Grafton died two years ago but my daughter, my grandson and I are still living in the new home. The mortgage has been foreclosed and we have been notified to move out. I went to the Senior Legal Hotline office in Sacramento and their lawyer got the bank to postpone the eviction while they try to get the bank to put the home back in my name and adjust the loan payments to an amount that I can afford.

I felt sure that we would be able to make the payments on the new mortgage because we made a 50% down payment and the bank gave me a "First Payment Notice" stating that the monthly payment would be \$546.53. Since my husband died 2 years ago I have made all my mortgage payments on time out of my retirement income of \$1,600. However, on Sept. 1 of this year the payments jumped to \$1,421 for the next 25 years. I answered an ad for a firm that offered to negotiate loan modifications with the bank and I got a call back from a man I will call Tom who has an office in my neighborhood.

Tom came to my home and told me that he would get my lender to reduce my mortgage balance and my monthly payments for a fee of \$4,000 payable in advance. I told him that I had only \$1,000 and gave him a check for that amount. Later Tom came back to my home with a woman called Dorothy. He said that Dorothy was a paralegal and that they worked together. He said Dorothy would buy my deceased husband's Mercury Grand Marquis so I could use the money to pay him the additional \$3,000 he wanted to do the loan modification. Thomas wrote a bill of sale for a \$6,500 which he said was the blue book value. The bill of sale stated that Dorothy would give me a \$1,650 down payment. Dorothy also gave me a

promissory note for \$4,850 payable at the rate of \$350 per month. Dorothy took the car but that was a year ago and she never gave me the down payment or any monthly payment.


Tom told me that it was not necessary for me to make loan payments while he worked on the loan modification and I followed his advice. I continued to get letters from the mortgage company and I gave them to Tom and he said he would take care of it. The next thing I knew I found a notice of a foreclosure sale on my front door. Again, Tom told me he would take care of it. Finally, a real estate agent came to my door and told me that she was an agent for the bank and I would have to move out because the house had been sold in foreclosure.

The lawyer at Senior Legal Hotline examined the papers from the 2006 loan and showed me a lot of information that was never explained to us when we got this loan: The new loan is what they call a pick-a-pay. The monthly statement shows a regular payment (enough to pay off the loan in 30 years), an interest-only payment, a minimum payment that covers one-half of the interest while the other half is added to the loan balance. It is like was going to the bank each month to get a new loan to pay half of the interest for last month. The "First Payment Notice" given to me specified the minimum payment of \$546 a month. The promissory note that I signed stated an interest rate of 1.2500 and says: "The interest rate I will pay may change." In fact, the interest rate was set to change after 30 days. The "annual percentage rate" that we found in the loan papers was 8.08%.

The documents say that this was a "stated income" loan. My lawyer says that means that the loan company had told the mortgage brokers that the loan company would not verify the amount of the borrower's income as stated in the loan application by the broker.

Thank you for taking my testimony.

Sincerely,

A handwritten signature in cursive script that reads "Lovie M. Hollis".

Lovie M. Hollis