

Testimony of  
**Joseph Verdelotti, Jr**

August 20, 2009

Chairman Whitehouse, thank you for the opportunity to testify here today. This is the second time this summer that you have invited me to tell my story before the Senate Judiciary Committee and I am grateful for your attention to my case.

My name is Joe Verdelotti Jr. and I'm a licensed electrician from West Warwick, Rhode Island. My wife April works at the Roger Williams Medical Center in Providence, RI. We have been married for 9 ½ years, and have known each other for nearly 20 years. We have one daughter, Brooke who is 9, and two sons, Lorenzo who is 6, and Gianni who just celebrated his 1st birthday a few months ago. Needless to say we have quite an active household. On January 26, 2006, we purchased a 1,100 square-foot home in West Warwick, Rhode Island for \$225,000.

Since we, like many other homeowners, did not have savings for a down payment, we took out two mortgages. The first mortgage, which covered 80% of the purchase price, is an Adjustable Rate Mortgage that is currently at 6.5%, but will adjust in the fifth year. The second mortgage, which covered the other 20% of the purchase price, has a fixed interest rate of 9.25%. Both mortgages were originally through Aurora Loan Services, but CitiMortgage subsequently purchased the second mortgage.

At the time we purchased our home, I was a fourth-year electrician's apprentice making \$18.00 an hour. The construction industry was booming and times were good in Rhode Island. The good times did not last, however. Not long after we purchased our home, the recession began and work became scarce.

My company has had to lay off workers and make cut-backs just to stay afloat. As of today, we still have a wage freeze in effect, and our health care premiums have increased. In addition, we just learned that we will lose the Columbus Day holiday and will not be paid for days at the end of December unless we use our vacation time. My wife too has felt the effects of the recession at work and is also under a pay freeze. Despite our income freeze, the cost of living has not slowed and we are feeling the squeeze. Our utility bills, such as electric and water, have increased, as have our property taxes - and we may see further increases in the future. Our budget is stretched as tight as we can get it.

Like many of our neighbors, our home is "underwater." It just isn't worth what we paid for it at the height of the housing bubble in 2006. We received a glimmer of hope last fall when the Help for Homeowners program took effect, but that proved to be a disappointment. The day the program started, my wife called the number listed on HUD's website and spent hours waiting and talking to someone at debt service about our situation. In the end, their only advice to her was to consider a roommate, get a part time job, contact the United Way to locate food banks in our area, reduce spending, and contact legal aid for a consultation with a bankruptcy attorney. The

person on the phone even recommended we consider walking away and letting the bank foreclose.

We called for help in saving our home and were told to consider food banks and foreclosure.

I later contacted Aurora Loan Service directly and spoke with a customer service agent to see if they would be willing to work with us under the Help for Homeowners program. After giving the necessary information to the agent over the phone, I was met with another disappointing blow: the agent informed me that I did not make enough money for them to help us and that we should consider a short sale.

Next, we decided to apply for a financial hardship package through CitiMortgage. On February 26, 2009 we sent CitiMortgage the necessary documents through certified mail. The documents were received on March 2. On March 20, my wife contacted CitiMortgage at approximately 1pm to try and find out to the status of our hardship application, but all she got was the run around. Each person she spoke to said she had the wrong department and that they would transfer her to the right one, but this never happened. This went on until I came home from work and I took over. Each person was clearly reading the same talking points: we always had the wrong department and they would transfer us to the correct department. After listening to elevator music on hold for over an hour, I too gave up. We had been on the phone with CitiMortgage for over five hours and accomplished nothing!

On April 8, 2009, my wife contacted CitiMortgage again and, after several attempts to get a straight answer, she was informed that our case was closed since they never received our packet. She informed them that it was sent on February 26 and that we had delivery confirmation that they received it on March 2. After hearing this, they changed their story to "It must have gotten lost" and that we would need to resubmit the application. This was quite unsettling to hear because that package contained all of our personal and financial information.

Since we have two mortgages we also sent a hardship package to our 1st lien holder, Aurora Loan Service. In a letter dated March 11, 2009, just 2 days after receiving the package, Aurora denied our request.

In May, I once again requested a mortgage modification from CitiMortgage. This time we were rejected because, according to them, we make sufficient income to support our current mortgage payment. They also suggested that we consider a short sale. CitiMortgage apparently believes that we make enough to cover our mortgage, but that we should consider a short sale... This seems pretty contradictory to me.

Now, even though we are current on our financial obligations, we are hardly living comfortably. We have had to make even more adjustments in order to make ends meet, and it gets increasingly difficult. We are not sure how much longer we can survive like this. My health care premiums rose at the same time the Make Work Pay tax credit took effect so I now take home \$2.00 less a week than I used to. How can my family and others help stimulate the economy if Congress doesn't do something fast to help curb this foreclosure problem?

All we are asking for is a little help, a little consideration, and a little professionalism on the part of our mortgage holders. If we're able to negotiate a more manageable payment plan and keep our home, it becomes a win-win solution for everyone: we keep our home, the banks avoid the costs of foreclosure, and the community avoids a hit to property values and tax collections.

Senator, please do something to help struggling homeowners like my wife and I. Thank you again for the opportunity to tell my story.