

October 28, 2010
Statement of Robert Cardullo

Senator Whitehouse, thank you for inviting me here today to tell my story.

My name is Rob Cardullo, and I have three young children—Sophie, 8 years, Georgiana, 5 years, and Andrew, 2 ½ years. I have been employed by Taco Bell for twelve years and am currently the general manager of their Johnston Restaurant.

In December 2008 I discovered that my wife of 9 ½ years was no longer interested in remaining married to me. Because of this fact and other details which I learned in the weeks that followed that discovery, I decided to bring a divorce action against my wife. The circumstances surrounding the divorce are such that the judge ruled in my favor, giving me the right to retain our home as my residence and the primary address of the children.

However, in order for me to continue to meet the mortgage payments on my salary alone, it was necessary for me to request my mortgage company, Chase Bank, to consider me for a loan modification, which would result in a reduction of my monthly mortgage payment to an amount that I could afford. Since February 2009 I have been negotiating with Chase, sending them updates on my financial situation monthly. Rhode Island Housing also assisted me in this endeavor, for which I am very grateful.

In September 2009, after months of being put on “hold” when I tried to reach the individuals handling my application and after repeated submissions of documents, Chase informed me that they were denying my request based on the fact that I had too much in “liquid assets.” The liquid assets they were referring to were (1) my savings account of \$2,200 and (2) my 401(k) of \$14,000. Evidently they expected me to apply the \$2,200 to pay my mortgage, leaving me with nothing in the event of an unexpected emergency. Evidently they expected me to borrow against my 401(k) to pay my mortgage. This, however, would have been impossible for me to do (even if I wanted to) as the terms of my 401(k) stipulate that I must be in a state of foreclosure in order to borrow against my retirement funds. And even if it were possible and I did borrow against it, once the money ran out, do I then still end up in foreclosure? And additionally have a loan to repay on my 401(k)?

On the advice of Rhode Island Housing and my attorney, I resubmitted all of my materials and began the process all over again. Following several months of frustrating negotiations with Chase, going through reams of paper, and shedding many tears, they finally, in May 2010, approved me for a loan modification with a reduction of my mortgage payment from \$3,000 a month to \$1,986 a month. The agreement was that I pay the reduced amount for four months. After the fourth payment, the loan modification would become permanent.

This is just the beginning of my story:

In August 2010—one week before the fourth payment—I received a letter from Lenders Business Process Servicers, saying that Chase had sold my mortgage to them and that they were going to foreclose on my house because I was behind in my payments. When I explained that I was in a loan modification agreement with Chase, LBPS said they would not honor that loan modification, that they had bought over 9,000 loans and could not focus on every one of them! I should point here that the loan modification was government-backed by FannieMae and that these banks are not honoring it. LBPS then said that, if I wanted to be considered for a loan modification, I WOULD HAVE TO BEGIN THE PROCESS ALL OVER AGAIN WITH THEM.

I therefore have gone ahead and re-filed all of my documents again with LBPS. Yet they still continue to harass me, and as recently as last week, threatened to foreclose on me and to bring other legal action against me. I have contacted my lawyer again and am contemplating whether to bring legal action against LBPS.

The recent financial crisis has had an impact on my own finances, as it has had on many individuals. Yet, in the four years I have owned the house, I have never missed or been late with a mortgage payment. The divorce has added a further strain on my finances, making it absolutely necessary for me to have a loan modification to meet my mortgage payments and any other bills in a timely manner.

I do not want to end up in foreclosure or go bankrupt. Is this what I am facing? Is all the reassurance I have heard for more than a year from our government about stimulus money being available to assist American people facing possible foreclosures just talk? Please be assured—I am not asking for a handout—just a loan modification to enable me to keep my house.

Not only would a loan modification help me and my children to remain in our home, but most importantly, it would provide my children with much-needed stability and eliminate any further upheaval right now in their young lives.

I am going to continue with my quest for a loan modification, but based on my experience with Chase and now a repeat of the same frustration with LBPS, my hopes are diminished, and I am not optimistic about the outcome.

If LBPS denies my application for a loan modification, I will have no option but to foreclose or short-sell the house or face bankruptcy, all of which I would like to avoid. I cannot understand why Chase or LBPS would not want to help someone who never was remiss in a mortgage payment to hold onto their house. It seems they would rather take the house than work out a reasonable payment plan. I would like to point out that through all of these negotiations, I have complied explicitly with all of their requirements on schedule, time after time again, and yet the request for documents is never-ending.

I have turned to Senator Whitehouse from the beginning of this loan modification nightmare for his assistance, and if it were not for the support his office has given me, I would be fighting this battle alone.

Thank you for listening and I'm happy to answer any questions.