

TESTIMONY OF KEVIN JERRON MATTHEWS
TO THE UNITED STATES HOUSE OF REPRESENTAIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

March 8, 2011

Dear Mr. Chairman and Members of the Committee,

My name is Kevin Jerron Matthews. I was born in Baltimore, Maryland on December 13, 1980. I attended high school at Baltimore Polytechnic Institute where I graduated in June of 1998. While in high school, I was a member of Air Force JROTC. This experience helped me to choose the Air Force as a career after high school, enlisting upon my graduation on July 31, 1998. While in the Air force, I was stationed Kadena Air Base in Okinawa, Japan and Ft. Huachuca, AZ. I also had various deployments, including Iraq in peace time. My Air Force active duty ended in 2001, when I was discharged on a family hardship.

In 2002, I returned home to Baltimore and started working as a security manger, but I still wanted to be a part of the military in some way, so I enlisted in the Maryland Army National Guard. While with the Guard, I was stationed with the 29th Discom Unit based out of Towson, Maryland until April of 2005. In May of 2005, I was selected to be deployed to Iraq with the 243rd Engineer Company. Our Mobilization station was Camp Atterbury, Indiana. We officially deployed to Iraq in August 2005.

While in Iraq, I served in the capacity as a fuel tanker driver, ITT and liaison for state correspondence. After returning home in 2006, I began to feel the effects of the stress of deployment had caused on me and many others like me. I began to suffer from chronic back

pain, tinnitus, post traumatic stress disorder, and migraine headaches. Even with all of my issues, I still continued to work. In 2006 I married and in 2007 my son, Kevin was born.

In 2008, with the help of the VA Guaranty Loan Program, I purchased my home on 3216 East Northern Pkwy. When I purchased my property I had a good income. I was a contractor at Ft. Meade in the field of waste water. I also made all my mortgage payments on time and everything was going okay, but in December of 2008, I was in a horrific car accident that made my previous injuries worse. In February of 2009, as a result of my injuries and resulting continued absence from work, I was laid off from my job while I was in hospital. Realizing the difficulty of my situation and in an effort to be proactive, I contacted my mortgage servicer USAA to inform them of my hospitalization, disability and anticipated financial hardship before I fell behind on my mortgage. I continued to contact USAA after my release from the hospital and during my rehabilitation in a continued effort to keep them informed of my situation and to see if I could secure any help from them while I had no income, including the possibility of a forbearance or modification. I made every effort to keep up on my mortgage payments including draining my all of my 401k, using my tax returns, and short term disability benefits.

I also did not pay any other bills in an effort to keep my mortgage current and depleted all of my savings. In July of 2009, I ran out of money and in August of 2009, I officially went thirty days late. I continued to contact USAA in an effort to find a resolution to the delinquent payments on my home. I wanted desperately to save my home. I faxed hardship letters and called twice a week every month, but I was just given wrong information and guidance, and the situation just got more negative. I informed them that I applied for disability services in March of 2009, but they didn't want to listen. In August of 2009, I contacted USAA about the possibility of executing a Deed in Lieu as an alternative to foreclosure, and was instructed to

draft a letter stating my financial situation and asking that a Deed in Lieu be accepted. I drafted the letter and faxed it to USAA, however I never received a response. In January of 2010, in one of my many phone calls to USAA, I specifically asked about the status of the Deed in Lieu and was told that a Deed in Lieu was not possible unless the house had been on the market for at least ninety days.

By February of 2010, the stress had finally taken a toll on my family and I was going through a divorce. That same month, I received a 45 day notice of intent to foreclose letter. However, some things did begin to turn around for me, I was approved for my disability through Social Security, and also I began school through the Veterans Administration program. In addition, I began making some additional income from tutoring, but it wasn't very much. In March of 2010, I went to the Belair Edison Neighborhood Association for assistance with my mortgage. I began working with Mr. Roy Miller who was assigned to me as a housing counselor. In March of 2010, Mr. Miller submitted a mortgage modification package to USAA. USAA denied my modification on the grounds of insufficient income. I appealed the decision and resubmitted a package in late April 2010. The company received the package on April 30th and acknowledged receipt. By this time, a foreclosure sale date had been set for May 21, 2010. However, since I had a VA loan and the package had not even been viewed, it was my understanding that the date should have been pushed back. At the beginning of May, Mr. Miller contacted USAA on my behalf to verify that the sale date had been pushed back; Mr. Miller never received a response. On May 21, the sale date proceeded with USAA not even looking at my package. On the phone, I was told that they did not care and it wasn't their problem.

Mr. Miller referred me to legal counsel and my attorneys filed a formal exception to the foreclosure sale with the court. While the exceptions were pending consideration of the Court

and before the the lender had the legal right to acquire possession of the property, I was required to go out of town for an internship related to my studies. I returned home to learned that my house had been taken over by the lender without the permission of the court, that a lockbox had been placed on my front door and all of my personal belongings and property as well as that of my son's had been taken from the house by the lender's agents who secured the house. In addition, as a result of this illegal lockout, I had to go and find an apartment and buy all new furniture and clothing for not only myself but my son. To this date I have never received any of those items back.

After I obtained legal counsel of Civil Justice Inc. and the University of Maryland School of Law Consumer Protection Clinic, I also learned that GMAC and not USAA owned my mortgage. Apparently, according to what USAA has told the media, it permits GMAC to use its name for customers like me so we don't even know the loan has been transferred. Had I known who owned my loan, either Mr. Miller or myself could has escalated my mitigation requests to the true owner. However, this information was concealed from me by USAA and GMAC and their agents in violation of Maryland law requiring the identification of the owner of the loan.

I have also learned since the foreclosure sale that since my loan was a VA Guaranteed Loan, the VA required my lender to undertake loss mitigation efforts prior to foreclosing on the loan including a face to face meeting, review of my loan and circumstances for modification, the possibility of temporarily modifying my loan to allow my conditions to improve, the exploration of the possibility of a deed in lieu as an alternative to foreclosure and as a last resort only foreclosure. None of these things were done for me. At no time did GMAC or USAA ever inquire about the circumstances of my default, what I could afford to pay, the permanency of my condition, the possibility of a short sale or deed in lieu, or the possibility of meeting face to face

to discuss any loss mitigation alternatives. All I received was incorrect or conflicting information, denial letters to my requests for modification with no other explanation other than I had insufficient income and verbal statements from their representatives that I was required to pay my full payment or I would be foreclosed upon.

In the Fall of 2010 when the national and state robo-signing scandals came to light, we learned that an individual by the name of Jeffry Stephan had admitted under oath in a deposition that he had signed tens of thousands of bogus affidavits used to initiate foreclosure proceedings on behalf of GMAC and other lenders including my own foreclosure. Apparently Mr. Stephan never reviewed the required documentation and the affidavits were falsely notarized without Mr. Stephan being present as required under the law.¹

In a further effort to undo my foreclosure sale and the pending foreclosures against hundreds of other Maryland homeowners like me based on bogus documents, we filed a defensive class action case against GMAC in my foreclosure case and asked the court to dismiss all similar cases in Maryland. In response to my request GMAC eventually agreed to voluntarily dismiss hundreds of similar cases in Maryland. This agreement occurred at a hearing in court where GMAC's local counsel stated those pending foreclosures based upon Jeffrey Stephen's signature would be dismissed. To me this was not only a victory but a clear admission by GMAC of their guilt and wrong doing in filing these actions against me and other home owners.

After the hearing, we have attempted to secure the keys to the locks GMAC had illegally placed on the door to my home. However they have never gave my counsel the keys and as a result I had to break into my own house. Unfortunately, certain neighbors who did not know me

¹ We also learned in the Fall of 2010 that the attorneys suing me in the foreclosure have admitted in hundreds of Maryland foreclosure actions that they also permitted non-attorneys to robo-sign their signatures on foreclosure papers and affidavits.

called the police and I had to explain this entire situation to them. Luckily, I was not arrested. Upon entering the house, I found that the house had not been properly winterized by the company hired by GMAC prior to discontinuing the utilities. As a result my sewage pipe and hot water heater cracked from the water expansion in the cold weather, requiring me to fix both in order to move back in and use the house.

Mr. Chairman and Members of this Honorable Committee, as a member of the armed service I took an oath where I rose my right hand and stated that I solemnly swore to support and defend the Constitution of the United States against all enemies, foreign and domestic; that I would bear true faith and allegiance to the same; and that I will obey the orders of the President of the United States and the orders of the officers appointed over me, according to regulations and the Uniform Code of Military Justice. So help me God. I did all that was asked of me proudly and unreservedly. Today I am here to not only tell my story but to ask of each of you that you assist not only me but the tens of thousands of homeowners throughout this country to receive the equal protection of the law and rights to due process that are guaranteed to each of us by that very same Constitution I was asked to defend. I am an example for everything that can go wrong when lenders abuse the system and not held accountable. Hopefully through your actions, other homeowners trying to be proactive and do the right thing will not have to endure what I have suffered through and continue to suffer through each day. Thank you for your time and efforts to work together to find common sense solutions.