

Testimony
United States Senate Committee on the Judiciary
The Looming Foreclosure Crisis: How To Help Families Save Their Homes
December 5, 2007

Nettie McGee

Testimony of Ms. Nettie McGee

Chicago, Illinois

Before the United States Senate Committee on the Judiciary

Hearing on "The Looming Foreclosure Crisis: How To Help Families Save Their Homes"

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Senator Durbin, Members of the Committee, thank you for inviting me to speak before you today. My name is Nettie McGee, and I have lived in Chicago, Illinois for 53 years. I live in a home I waited my entire life to own. Now, the interest rate on my mortgage is going up 3% and my payments are \$200 more each month. I am here to ask you to please help me save my home.

In 1997, I began renting my current home on South Aberdeen Street in Chicago. I rented it for two years with an option to buy. Then, I finally bought it, my first home, in 1999 for \$80,000. I was 65 years old.

I made the payments for six years. I had a fixed rate mortgage and I knew what to expect each month -- it was \$735.00 every month. I was able to make my payments and pay my taxes. I could afford all my bills.

Then, in October 2005, a sheriff came to my door to tell me my backyard was going to be sold at auction for \$5,000 because of unpaid taxes. I paid the taxes on my house every year. I just didn't know that I had two tax bills, one for my house and one for my backyard. The tax bill for my backyard had been sent to an address across town for years since before I moved in.

I was desperate to keep my backyard and my beautiful trees, but I had to pay the city \$5,000. I had to do something fast before I lost my yard. I didn't have \$5,000 in the bank. I live on Social Security and I get rent from my daughter.

Then, I saw a commercial on TV about refinancing your home. I thought if I refinanced, I could get money to pay the tax bill and keep my yard. I called the number and a broker came to visit me the next day. He wrote down my personal information. A week and a half later, he called me and asked me to come downtown and sign the papers.

After I arrived at the crowded office, I was taken into a small room, handed about 40 pages, and told where to sign. The woman in charge of the closing stood over me and turned the pages as I signed them. The whole process took about 10 minutes. I thought I was signing for a fixed rate loan. Then, with no explanation of the loan, I was sent out the door.

The mortgage company paid the taxes to the county, then to my surprise they called me a few

days later to come back and get a check for about \$9,000. I didn't know they had me borrowing an extra \$9,000, but when I asked about it, the mortgage company said that I could use it for bills. I thought it was a good idea. So, I used the money to pay some bills and fix my plumbing problems.

I started paying the loan back; the payments were about the same as my original loan. It's been difficult at times, but I have never missed a payment.

A month and a half ago, in October of this year, I got a letter from my mortgage company. It said that on December 1st, my payments were going up to \$912.00 a month. I called my mortgage broker, but he doesn't work for that company anymore.

I thought I signed a fixed rate mortgage. I had no idea my payments would jump almost 25%. My interest rate went from 7.87% to 10.87%, and it could eventually go as high as 13.87%. I don't know how I'll make my payments now. They are higher than my Social Security check. The only reason I can get by for now is because my daughter pays me a little rent.

Right now, my lawyers from the Legal Assistance Foundation of Chicago are trying to help me negotiate with my lender, but we don't know if the bank will agree to lower my interest rate back to where it was before. But I know I'll lose the home I waited my entire life to own if I can't get my original interest rate back.

Many people who could originally afford their mortgage payments are losing their homes because they have an adjustable rate mortgage. Please help people like me, people who waited their entire lives to own a home. Please, help us keep our homes.