

Post Meltdown Foreclosures in CA:

How we got here and what can we do



Issues Affecting the Homeless

◎ Foreclosures and Homelessness.



Issues Affecting the Homeless

- How Foreclosures Otherwise Affect the Homeless



Background

- ◎ The mortgage world in “the old days”.



Background

◎ 1995 and the “Feel Good Fee Frenzy”.



Background

○ Meet Bill and Earl.



Background

- ◎ The secondary market:
REMIC and you



Individual Borrower Issues

- Fraud in the execution (Loan origination).

Anatomy of Common Mortgage Fraud



Step 1 – Subject "A" purchases a property for \$200,000.



Step 2 – Subject "A" has the property fraudulently appraised for \$800,000.



Step 3 – Subject "A" sells the property for \$800,000 to Subject "B" (straw-buyer). A straw buyer is a loan applicant used to obtain a loan, but who does not intend to occupy the property.



Step 4 – Subject "A" pays off first loan of \$200,000. Subjects "A" & "B" split the \$600,000 balance.



Step 5 – No payments are made towards the mortgage. Home goes into foreclosure.

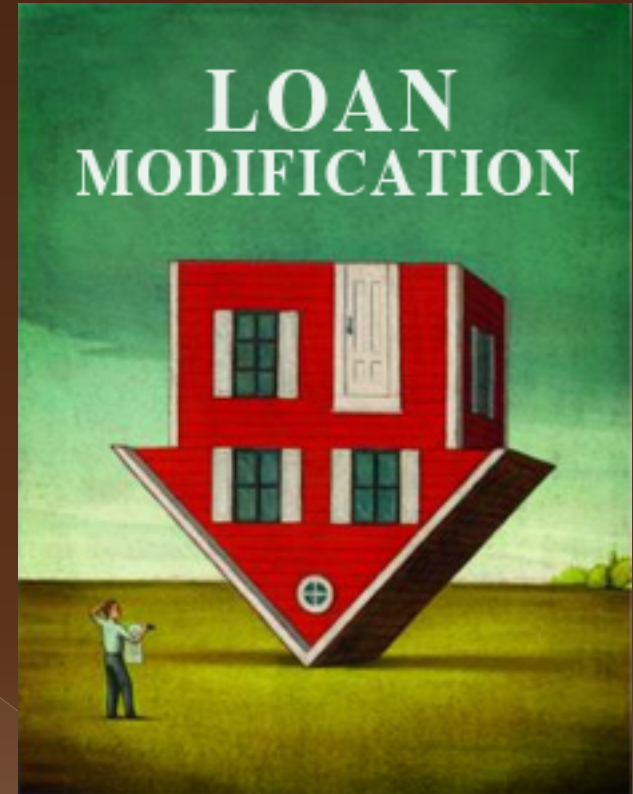


Step 6 – The bank is left with a \$600,000 mortgage on a \$200,000 home. If the loan was FHA-insured, the federal government absorbs the loss.

Source: Miami-Dade Police Department

Individual Borrower Issues

- ◎ Bogus assistance (Vapor money, guaranteed mods, the Good Ship USA).



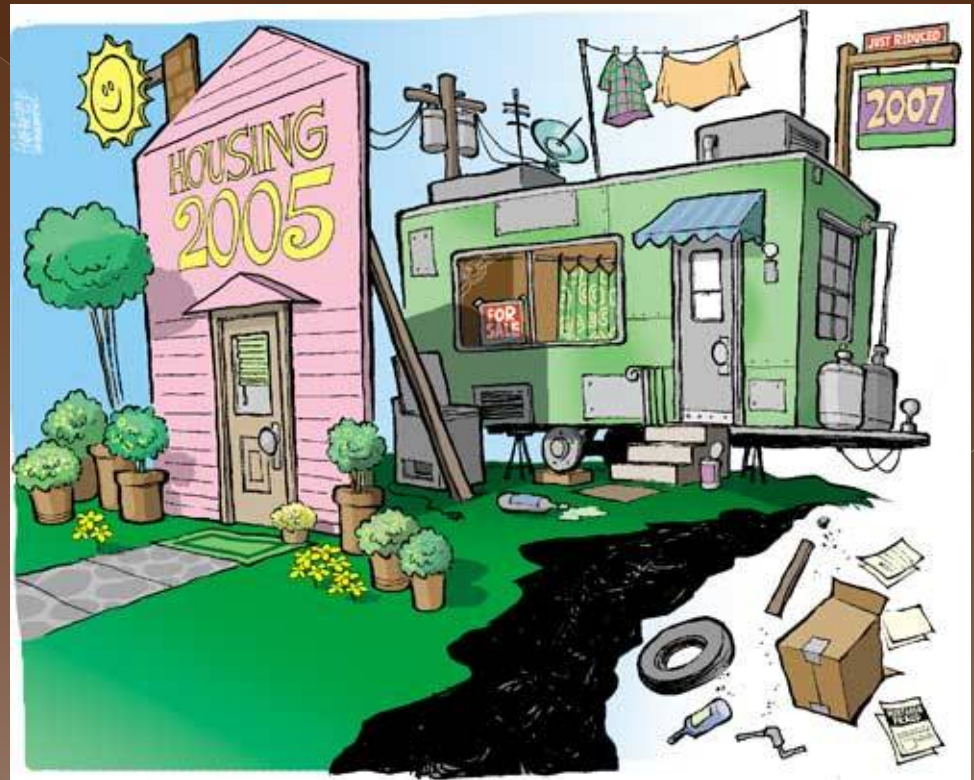
Individual Borrower Issues

- Fraudulent instruments (fabricated Assignments of Deeds of Trust and many more).



Individual Borrower Issues

◎ The MERsMen.



Individual Borrower Issues

◎ Securitization issues.





Rent Skimming: Mortgage Fraud

- Rent Skimming (Fraud)
- Civil Code section 890

Rent Skimming: Blatant Deception and Fraud

- ◉ Trustee Sales
- ◉ Internet
- ◉ Craig's List/Classified
- ◉ Other



What Can Be Done

- ◎ Understanding HAMP and the NPV.



What Can Be Done

- Defending UD cases (non-compliance with Civil Code section 2924, no BFP (Bona Fide Purchaser), false instruments).



What Can Be Done

- ◎ Affirmative litigation.

