

## **DCRAC's Housing Clinic**

In 2009, more than over 6,100 foreclosure filings were recorded in Delaware. In 2010, that number jumped to over 6,400. In 2011, three years after the financial collapse, millions of families across the country and thousands of Delawareans continue to struggle to stay in their homes.

Carlos Herrera is the housing clinic director for the Delaware Community Reinvestment Action Council, Inc. (DCRAC). We sat down with him recently and discussed mortgage modifications, client problems, and how to develop relationships with banks.

### **What do you do for your foreclosure clients?**

I explain to them the entire process, what kind of documentation they need and why, what I'll do for them, and what they need to do for themselves.

### **So, have you been able to get any mortgage modifications?**

Yes. One of my clients obtained a permanent modification with GMAC. She had already completed her trial period. Once you finish the trial period, the bank has to decide whether they will offer a permanent modification or not. The decision is based on a lot of things: the completeness, accuracy, and verification of the application and supporting documentation.

### **How did you feel when you got the news?**

I felt happy for her. She had been suffering from depression, so I'm glad it's working for her. She's pretty happy now. She is a really nice lady.

### **How did she become your client?**

She was referred to me two days before a Sheriff's sale.

### **You stopped a Sheriff sale?**

Yes. I told her to come in. Like most of my clients, she didn't know how to work out a budget. She came in the day before the Sheriff sale, we sent in all the paperwork, and the bank agreed to halt the Sheriff sale.

### **What was the problem?**

It is hard for her to open up to somebody because of her medical condition. What she needed was help with paper work.

### **What was it like when you met with her, was she unemployed?**

When she came in she was pretty upset, she was here for three hours. She is a good lady, she just needed some guidance. She's working full time.

**What actually did you do?**

I called my contact from GMAC who has worked with me on other client cases. I explained that my client didn't know how to get her paperwork in order, or get her budget in order, she suffers from depression. My client told me that the bank would call her but she would not answer the calls. She was afraid. She used me to be her voice. I told her to explain everything to me because my contact at GMAC was angry that she didn't return her calls. I told GMAC, "Let me handle it, I can handle it." We got it straightened out in three hours.

**That's fast isn't it?**

Yes, real fast. They don't always go this way.

**Why so fast?**

I had a personal contact at GMAC. In the past, along with the Attorney General's office, DCRAC organized foreclosure workshops. So, DCRAC built strong partnerships with many lenders and servicers. I met her back then; from then on, we had a good relationship. She's like a friend. She's been to our office here on Church Street. So, I had somebody I could call and say, "I have a client, she needs help, and the Sheriff sale is tomorrow." It helps to have one point of contact at the bank. It would be good to have somebody I could call like that at each bank.

**You don't have that type of relationship at each bank?**

I have contacts like that at a couple banks, HSBC and Ocwen to name a few, but not as much as I'd like. At other banks, I work with the loss modification department. But every time I call, I would get somebody else.

**Good relationships with individuals at the banks really matter don't they?**

Absolutely, relationships go a long way to help our clients, and the relationship I have with my GMAC contact helped immensely. The client's reaction was normal. I just gave her the documents that she needed, the resolution was simple; provide all the needed documents to the lender.

**After you worked out the details with your GMAC contact, how did you follow up with your client?**

After we stopped the Sheriff sale, we negotiated a trial modification based on the documents and application we submitted. I called her once a month to make sure that she was making her payments. And I helped her establish and maintain a workable budget.

**So, you had a successful modification?**

I haven't counted this one as a successful modification yet. I need to see the new terms and conditions on her loan. I want to make sure that my client understands and will be able to handle the new terms and conditions. Until I see those documents myself, I don't consider them modified. I want to have those documents in my hand so I can see for myself.

**What was your last conversation like with your client?**

Our last phone call, we talked about how she was doing. She was happy that she was able to budget everything. She was happy she could get some order both financially and emotionally. One feeds off the other.