

**PUBLIC COMMENT FOR THE NEW JERSEY SENATE HEARING ON THE
REAPPOINTMENT OF NEW JERSEY SUPREME COURT
CHIEF JUSTICE STUART RABNER**

By Carolyn Bailey (June 16, 2014)

I fully expect that the New Jersey Legislature will extend Justice Rabner's term and grant him tenure that could result in him serving until the year 2030 when he turns 70. Therefore my remarks are to highlight a key role of the New Jersey Supreme Court – the oversight of foreclosure proceedings in a state that ranks Number 1 in the nation !

New Jersey leads US with biggest share of loans in foreclosure

<http://www.northjersey.com/news/business/new-jersey-leads-us-with-biggest-share-of-loans-in-foreclosure-1.1016907>

http://www.nj.com/business/index.ssf/2014/05/nj_now_tops_nation_in_foreclosure_rates.html#incart_river_default

<http://www.bloomberg.com/news/2014-05-15/new-jersey-leads-u-s-with-most-loans-in-foreclosure.html>

My passion on the subject of fraud and unfairness in predatory lending began several years ago when I read about the **Alberta Harris case**.

Ms. Harris had lived in her home in Newark, New Jersey for over thirty years; she had no mortgage, owning her home free and clear. At the time of the loan origination in December 1999, Ms. Harris was seventy-eight years old, an African-American with little education or financial sophistication. She received formal schooling only until the sixth grade, when she quit and began work in the cotton fields of Georgia. After moving to New Jersey, she worked in laundries and as a home health aide. Ms. Harris lived alone, housebound by illness, had no financial support other than a meager monthly sum from Social Security benefits, which barely covered her utilities, life insurance and medical costs. Sometimes, after expenses, Ms. Harris had no money left to buy food.

*Ms. Harris was solicited by phone for a loan by the **Lending Source**, a mortgage broker and agent of **Delta Funding**. Ms. Harris expressed interest, but explained she could afford nothing more than \$300 a month in payments. After that telemarketing call, an employee of a window installation company arrived at Ms. Harris' home and had her sign a contract for the installation of fifteen windows into her house; the contract stated no price for the proposed work. Soon after she signed the home improvement contract, **an agent of a third party title company, came to Ms. Harris' home at approximately 10:00 p.m. to have Ms. Harris sign a mortgage.***

*Although Ms. Harris was sick, in bed, and refused to sign the documents, the title agent persisted until Ms. Harris signed a number of papers. Despite her request, Ms. Harris never received copies of the mortgage or other loan documents. **Delta Funding** collaborated with these other actors to fund a mortgage that Ms. Harris did not understand, could not afford to pay and would lead to inevitable foreclosure on her life-long residence, in order to extract unreasonable points, fees and interest payments from her \$11,000 of the \$37,000 loan went to the window installation contractor, \$4,000 (or approximately 11%) went to points and fees to the broker and lender that were added to the principal of the loan and financed at a high rate of interest, and that the broker received an additional kickback for financing a loan at a marginally higher interest rate. The annual percentage rate on this loan was 14%, resulting in monthly payments of approximately \$444.44 – approximately half of Ms. Harris’ total monthly income from Social Security. **Delta Funding, Wells Fargo** and all other parties engaged in unconscionable violations of the New Jersey Consumer Fraud Act.*

[Summary/excerpt of Amicus Brief – <https://www.aclu-nj.org/files/5313/1540/4577/DeltaAmicusBrief.pdf>]

Some things have change. Some have not.

Today’s Star Ledger Legal Notices bear proof to that unfortunate reality. I marked up three copies with indications of suspect cases. One copy is for Chairman, Senator Scutari, and another for Vice Chair, Senator Gill. Over the last year I have scrutinized the Legal Notices and developed a “DEEP-6” labelling system. **“DEEP-6ing” is a fraudulent “technique” unscrupulous lenders use nationwide to place properties in suspended animation until it is “convenient” to file suit.** I have shared my insights with the Department of Justice, Securities and Exchange Commission, Consumer Financial Protection Bureau, and other parties with interest in such matters. I recently learned that the State of Texas Office of Attorney General opened an investigation. A social service agency also has expressed interest in doing additional research. Details of “DEEP-6ing” practices and reprints of various correspondences are posted on my web site – **www.HurtingHomeOwners.com**

I encourage each New Jersey legislator to conduct an ongoing probe of the Legal Notices to see if you detect suspicious patterns and practices and then use your oversight role to call for redress.

My hope and pray is that Chief Justice Rabner will utilize his remaining years to rendering justice for all the residents of New Jersey so that there are no more Alberta Harris type cases.

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“...For unto whomsoever much is given, of him shall be much required: and to whom men have committed much, of him they will ask the more.” Luke 12:48

*“...and who knoweth whether thou art come to the kingdom for such a time as this?”
Esther 4:14*