

Testimony of Mr. Walter Malone
Before Senate Aging Committee
February 13, 2008

Good morning Members of the Committee. My name is Walter Malone. I am 72 years old and have owned my home here in DC at 1606 A Street S.E. since 1994. I grew up in the country in Sussex County, Virginia and moved here in 1953. I have worked in the construction business for my entire life. I have owned my own construction company in DC since 1953. I am married and the father of eight children, most of them grown now.

I bought my house for about \$100,000. It's now worth about \$400,000. In early 2002, I had a problem in my business. I had been working on a major job for several months but wasn't getting paid at all because there was some problem with a lien on the property. Each week, I thought the payment would clear but it didn't clear soon enough. I got about 3 months -- about \$8,400 -- behind in my mortgage payments and got a notice of foreclosure.

I was looking into the possibility of refinancing my mortgage, and even into filing for bankruptcy when I was visited one day by a man named Calvin Baltimore. Mr. Baltimore told me I didn't need to refinance the mortgage and promised that he could loan me the money both to stop the foreclosure and to do some repairs on the house. He told me, "That's what we're about -- helping people." Even though the offer sounded good, it was hard to understand. Mr. Baltimore promised that the house would stay in my name and everything would stay just like it was but at the same time he talked about how much I would have to pay to buy the property back.

I didn't take Mr. Baltimore up on his offer right then. For one thing, my wife told me she didn't trust him. I kept thinking the construction payment owed to me would come any day. I did consult with a bankruptcy attorney and learned that I could stop the foreclosure temporarily by filing bankruptcy.

The weeks went by -- and the pressure inside me built up. About a week before the house was to be sold at foreclosure, Mr. Baltimore came back. He commented on the religious pictures in my home, told me he was a believer himself, that he had been preacher and that his uncle was a pastor in a church in Annapolis. This made me feel connected to him. I trusted him because he said he was a believer. In order to convince me to accept his offer, he said things that made me feel like I would be doing something wrong if I filed for bankruptcy. He told me, "Don't mess yourself up like that Mr. Malone."

As the foreclosure date got closer, the pressure built up on me. Within a week of the foreclosure auction, I signed some documents Mr. Baltimore gave me and some others a few days later at the offices of Vincent Abell. I learned later that one of the documents was a deed that signed my house over to Mr. Abell. But all Mr. Abell ever

paid was about \$10,000 to the mortgage company to catch up the payments. Even though the Deed lists the purchase price as \$157,987, he never gave me any money for the house. The worst part was that, even though Mr. Abell was on the Deed to my house, the mortgage on the house was still in my name. The papers said that I had to pay my mortgage payment plus a few hundred dollars more to Mr. Abell every month. They also said that, if I made all my payments on time, I could buy the house back from Mr. Abell for \$215,000 within the first 12 months.

I got lucky. The lawyers at AARP and Legal Counsel for the Elderly had a lot of folks coming to them who had done the same kind of deal with Mr. Abell and Mr. Baltimore. The AARP lawyers joined up with lawyers from Hogan and Hartson. They represented me along with five other older homeowners in a case against Mr. Abell, Mr. Baltimore, and other people involved in their business. All of us were in the same condition: we had all been through some hard times. One of the others was a veteran of three wars who suffers from post-traumatic distress. One was a woman who had been in a bad car accident in the 1990's and suffered brain injury. Several of the others had been passed from one dishonest lending company to another.

People's homes are important. One of the folks in our case was born in the house they tried to take away from him. Most of the others had lived in their homes for 30 or more years, raised their kids there, made their lives there. People like Mr. Abell and Mr. Baltimore make their living by hitting you when you're down, all the while pretending they're helping you.

Like I said, I was lucky to get the help I got. I get to stay in my home. But others aren't as lucky.

I hope that you in the Congress can pass some laws to stop some of the bad lending and to stop people like Mr. Abell. People who have worked hard their whole lives should not have to fight this kind of thing just to hold on to their homes.