

**Statement of Al Wilson  
Defrauded Homeowner  
and  
Founder and CEO, Pocono Homeowners Defense Association**

**Before  
the United States Congress  
Committee on Financial Services  
Field Hearing  
“Broken Dreams in the Poconos”**

**East Stroudsburg University  
June 14, 2004**

## **Introduction**

Chairman Baker, Ranking Member Kanjorski, Distinguished Members of the Committee:

Thank you for an opportunity to come before you to share the concerns of serious issues facing families that have become victims of predatory lending.

The Poconos has much to offer new families starting off, established families seeking a better lifestyle, and even seniors looking for a great place to retire. Known for outstanding greenery, good schools, beautiful lakes, it is a place attractive to many looking for a new beginning away from urban areas. This was a solution to many family's dreams.

My family along with over 6,000 other families from many nationalities and ethnic backgrounds saw those dreams turn sour. I come before you not just to represent the Wilson Family, a family who eagerly moved to a new home only to later realize we had been defrauded, but thousands of others who also have been run back to various large cities, or they are on the verge of losing their homes as well.

## **Our Story**

It was a glorious day in September of 1999 that we made what I called our journey to a new and wonderful life in the Pocono Mountains. This is what we saved for diligently. We were finally realizing our dream of home ownership, something I know our government encouraged and supported with various loan programs, assistance, and support. It was while reading the Pocono Record in April of 2001 that I first heard about housing fraud in the Poconos. The story was about a person losing his job and having to sell his home. Nothing unusual about that I thought initially. Reading more of the story revealed the person in question was

living in a home that was not worth what the builders told him it was worth. The builder had inflated the purchase prices, used cheap building materials, and even had the home assessed higher than it was worth. I thought to myself at the time this could not pertain to my family since we were well treated and told not to worry about anything, no lawyer was needed, everything is handled here. Being a former law enforcement officer I became suspicious.

Many more articles continued to be published in reference to predatory lending in the Poconos.

My suspicions turned out to be right when I did research on my family's home. Oddly enough, I did not do research until I participated in a few marches and demonstrations in support of the alleged homeowner victims.

I found out that our dream home was not worth what the builder charged us. We also realized that the appraisal was questionable. Lastly, we knew we had to do something, not just for us, but also for many others who had no voice. Therefore, in June of 2001 a Forum was held at East Stroudsburg University made up of local politicians and disgruntled homeowners.

Beginning in 2002 a District Attorney Taskforce was formed along with the State Attorney General, the FBI and Justice Department. Later the FBI was pulled off the case, weeks after the District Attorney released findings. We also noticed that other States had predatory lending problems. We began to wonder why there is no enforcement of laws and regulations. Also we asked why no one questioned the reasons for nearly one thousand foreclosures per year in Monroe County.

Many people were being drawn to the area because of the dreams they had and promises they received via TV, radio, and newspaper ads. The Pocono Record has published many investigative articles with an unbiased angle. The New York Times also released an overwhelming 3

day investigative series as well as an NBC station Telemundo from NYC featuring Monroe County housing fraud.

## **The Creation of PHDA**

Because of the wide spread fraud and predatory lending practices occurring so often, people were going all over for assistance. Unfortunately, no one knew where to turn and who to turn to.

I along with other victims of fraud planned a March and protest to Washington, DC at the FBI Building.

As upsetting as it was to hear some of the stories and to see the actual paperwork, it became more intriguing as to what was happening to the homeowners.

I saw people who put down \$60,000 deposits get final papers that showed they had only put down \$24,000. I saw workmanship that would make a true builder roll over in his grave. I saw people have homes built for a price only to have the same home appraised months later for much less. The area DA was no help! The Attorney General made us feel like we were the ones committing crimes. And lastly, many folks were just giving up on the dreams that they had by walking away from their investment and crimes committed against them. Something had to be done, and done soon. I felt we all needed a voice.

Along with my wife of 25 years Marilyn Wilson, Maria Yagual and Charmain Cooper, PHDA was created in my kitchen. With little funding and no support from local officials, we have been able to assist many homeowners. Often we eat at each other's homes to save money and share babysitting responsibilities to give each other a break. This has been a full-time job, with the reward being a family being able to save their home and keeping a roof over their head. It has been a hard, yet rewarding worthy venture.

PHDA continues to assist homeowners from throughout the Poconos.

PHDA'S goal was to uncover alleged predatory lending by insisting that Local, State and Federal agencies start an investigation of the allegations. We want to make sure those who commit the fraud are held accountable and that there are serious repercussions behind the misuse of their professional position through deception. If a homeowner can be held accountable for falsifying documents, so should the real estate professionals that are offering the services needed to acquire the American Dream.

People deserve financial rewards and justice by indictments, in order to get back to their lives. We must remember even though the President has the Homeowner Initiative Program, how many people actually go into foreclosure? In Monroe County from 1995 until now there were more than 6,000 foreclosures, and our foreclosure-to-sales rate of more than 25% greatly exceeds the national average of about 1%.

From identifying faulty building practices, to fraudulent home assessments, we have been a leader in making things right for families in need. Despite personal attacks and a certain amount of fear for me, my family, and others associated with PHDA, the battle continues daily. Phones in the office in my home ring off the hook 7 days a week. So whether it is a large PHDA sponsored forum at ESU, protest marches, family assistance (mold, heat, etc.), we remain committed to help.

I am here to share what has been a huge battle for many years, one that has claimed families while stripping them of their dreams and dignity. We need assistance. As the founder of PHDA and with a great support team that has great insight into what has transpired in this region, we need to be more involved with what is happening and funding that will be made available. We have done much already, but it is only the tip of the iceberg when looking at what needs to be done.

## **Suggestions and Recommendations to Congress**

1. To federalize and pass stronger legislation on the real estate and mortgage industry, which would include stiff penalties for illegal activity. This will hold any and all accountable for any real estate transactions. However, not to totally pre-empt states from being able to pass state legislation whereby, they would enforce and police the real estate industry.
2. To petition the U.S. Justice Department to investigate the entire real estate housing situation surrounding Monroe County.
3. To provide a larger budget for Consumer Education and Housing Counseling organizations.
4. To petition the U.S. Justice Department to investigate the Monroe County District Attorney's Office, the State Attorney General's Office and The PA State Banking Department and its regulators.

## **Conclusion**

I would like to thank this committee for inviting me to provide this testimony to you today. I greatly appreciate your continued support in this endeavor.