

**CUYAHOGA COUNTY TREASURER JIM ROKAKIS  
2/25/2010 CONGRESSIONAL TESTIMONY  
DOMESTIC POLICY SUBCOMMITTEE, OVERSIGHT & GOVERNMENT REFORM**

**THANK YOU, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE FOR ALLOWING ME TO SPEAK HERE TODAY. MY NAME IS JIM ROKAKIS AND I AM TREASURER OF CUYAHOGA COUNTY. WHILE THE COLLAPSE OF THE REAL ESTATE MARKET HAS SHIFTED THE FOCUS AWAY FROM MY COUNTY AND STATE, IT IS IMPORTANT TO NOTE THAT NO COMMUNITY HAS SUFFERED THE CUMULATIVE IMPACT MORE THAN CUYAHOGA COUNTY. WE WERE FIRST NATIONALLY IN FORECLOSURES FROM 2000 TO 2006. WHEN THE BUBBLE BURST AT THE END OF 2006 AND THIS DUBIOUS DISTINCTION – WORST IN THE COUNTRY – MOVED TO OTHER COMMUNITIES, ESPECIALLY IN STATES LIKE CALIFORNIA, NEVADA, ARIZONA AND FLORIDA, THIS CRISIS DID NOT GO AWAY IN COMMUNITIES LIKE CLEVELAND. IN 2006, THE LAST YEAR CUYAHOGA COUNTY LEAD IN FORECLOSURES, WE HAD 13,600 FORECLOSURES. WELL, WE HAD 14,267 IN 2007, 13,858 IN 2008, 14,171 IN 2009 AND ARE EXPECTING A SIMILAR NUMBER IN 2010. A QUICK REVIEW OF COUNTY FORECLOSURE MAPS SHOWS THAT FORECLOSURES HAVE NOT DECREASED BUT HAVE REMAINED STEADY AND HAVE SHIFTED FROM THE CORE CITY – CLEVELAND – TO THE INNER-RING AND EVEN OUTER-RING SUBURBS.**

**EVEN MORE TROUBLING IS EVIDENCE THAT TENS OF THOUSANDS OF LOANS THAT COULD BE FORECLOSED ARE BACKED UP AND ARE AT LEAST 90 DAYS LATE AS EVIDENCED BY THIS QUICK PROGRESSION OF SLIDES THAT CLEARLY DEMONSTRATE THAT DELINQUENT LOANS ARE BACKED UP IN THE**

**FORECLOSURE QUEUE AND THIS DAM – WHEN IT BURSTS – WILL ADD TO OUR MISERY AND DESPAIR.**

**THIS CRISIS HAS RESULTED IN AT LEAST 35,000 VACANT PROPERTIES, 18-20,000 AWAITING DEMOLITION AND A POPULATION LOSS IN CUYAHOGA COUNTY THAT IS SECOND ONLY TO ORLEANS PARISH IN LOUISIANA, AND WE KNOW WHY THEY ARE FIRST. CLEVELAND, WHICH HAD 473,000 RESIDENTS IN THE 2000 CENSUS, MAY DROP TO AS FEW AS 325,000 RESIDENTS IN THE 2010 CENSUS – A 30% LOSS OF POPULATION IN JUST 10 YEARS. PROPERTY VALUES HAVE PLUMMETED THROUGHOUT THE COUNTY. HALF OF ALL SALES IN THE CITY OF CLEVELAND LAST YEAR WERE SHERIFF’S SALES. THE CONSEQUENCES ON GOVERNMENTAL BUDGETS, ESPECIALLY PUBLIC SCHOOLS WHICH RELY YEARLY ON PROPERTY TAXES, WILL BE FELT FOR AT LEAST THE NEXT 10 YEARS.**

**IN ONE RECENT STUDY, OHIO RANKS 9<sup>TH</sup> IN THE PERCENT OF NEGATIVE EQUITY BUT REMEMBER WE NEVER EXPERIENCED THE RUN-UP OF REAL ESTATE PRICES THAT MANY OF THE STATES AHEAD OF US EXPERIENCED, SO OUR LOSSES WERE MORE SIGNIFICANT AS THEY TOOK AWAY REAL VALUES, NOT ONE DRIVEN BY REAL ESTATE SPECULATION.**

**THE OBAMA ADMINISTRATION’S HAMP PROGRAM HAS BEEN A HUGE DISAPPOINTMENT FOR REASONS THAT HAVE BEEN WELL REPORTED, BUT HAMP HAS BEEN ESPECIALLY INEFFECTIVE IN OHIO AS EVIDENCED BY THIS SLIDE – ONLY 3 STATES HAVE EXPERIENCED A LOWER PERCENTAGE OF LOAN MODIFICATIONS THAN OHIO. FOR ALL THESE REASONS, WE WERE STUNNED TO SEE THE ROLL-OUT OF THE ADMINISTRATION’S PLAN TO USE**

**\$1.5 BILLION IN TARP FUNDS TO ASSIST CALIFORNIA, NEVADA, FLORIDA, ARIZONA AND MICHIGAN. HOW CAN A STATE AT THE EPICENTER OF THIS CRISIS BE IGNORED AGAIN? HOW IS THAT POSSIBLE?**

**THE ONLY EFFECTIVE REMEDY – IN OUR EXPERIENCE – THAT WORKS IN THIS FIGHT IS FORECLOSURE COUNSELING. I AM NOT TALKING ABOUT 800 CALL-IN NUMBERS, RATHER INTENSE FACE-TO-FACE, PERSONAL COUNSELING WHERE TRAINED FORECLOSURE COUNSELORS WORK WITH HOMEOWNERS IN DISTRESS AND STAY WITH THEM AS THEY DO LOAN MODIFICATIONS. A PROGRAM WE ESTABLISHED IN CUYAHOGA COUNTY IN APRIL OF 2006 – OUR “DON’T BORROW TROUBLE” CAMPAIGN – REFERS PEOPLE WHO CALL OUR CALL FOR ACTION LINE – 2-1-1 – TO ONE OF FOUR TRAINED COUNSELING AGENCIES.**

**HOMEOWNERS ARE ASSIGNED TO FORECLOSURE COUNSELORS WHO MEET WITH THEM, GATHER THEIR FINANCIAL INFORMATION, ASSESS THEIR SITUATION AND PROCEED TO WORK ON THEIR LOAN MODIFICATIONS WITH THE SERVICER. OUR SUCCESS RATE HAS BEEN AS HIGH AS 56%. SOME OF THESE MORTGAGES ARE BEYOND REPAIR BUT OUR SUCCESS RATE WHEN A HOMEOWNER CALLS US, IS – WE BELIEVE – ONE OF THE BEST IN THE COUNTRY. WHICH BRINGS ME TO MY MAJOR REASON FOR BEING HERE, WHICH IS TO PLEAD WITH THIS CONGRESS TO RESTORE FUNDING TO THE NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM, OR NFMC. REDUCTIONS AT THE FEDERAL LEVEL TO THIS PROGRAM HAVE RESULTED IN DIRECT FUNDING CUTS TO COUNSELING AGENCIES IN CUYAHOGA COUNTY AND OHIO TO ORGANIZATIONS LIKE ESOP – A NATIONALLY-**

**REGARDED COMMUNITY ORGANIZATION THAT IS THE MOST EFFECTIVE HOUSING COUNSELING AGENCY IN OHIO. LAST YEAR, ESOP RECEIVED \$1.7 MILLION IN FUNDING THROUGH NFMFC. BECAUSE OF REDUCTIONS IN FUNDING, THEIR ALLOCATION IS ONLY \$568,000. THEY ARE LAYING OFF COUNSELORS BEGINNING NEXT WEEK. LAST YEAR, THEY COUNSELED 8,000 FAMILIES STATEWIDE – THIS YEAR THEY ARE COUNSELING – AS A RESULT OF THE CUTS – ONLY 3,000 FAMILIES. THIS CHART GRAPHICALLY DEMONSTRATES FEDERAL POLICY IS MOVING IN THE WRONG DIRECTION. DELINQUENCIES UP – FORECLOSURE COUNSELING DOLLARS DOWN. IT IS INCOMPREHENSIBLE. IT IS NON-SENSICAL. IT IS WRONG. TIME IS RUNNING OUT. IF ONLY ONE-HALF OF ONE PERCENT OF WHAT WAS ALLOCATED IN TARP DOLLARS TO EACH OF THE STATES IN THE PROGRAM ANNOUNCED BY THE PRESIDENT LAST WEEK WAS ALLOCATED TO OHIO, WE COULD RESTORE THE FUNDING AND CONTINUE THIS FIGHT.**

**THANK YOU, CONGRESSMAN KUCINICH FOR ALLOWING ME TO SPEAK HERE TODAY.**

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