2024 General Assembly

Vote YES on HB 184

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Zombie mortgage foreclosures

At one time there were a lot of 80/20 mortgages being used to allow home buyers to finance 80% of the purchase price through a first mortgage and a 20% down payment to finance the down payment. When the mortgage crisis of 2007-2008 hit, many homeowners were forced to modify their first mortgage while the second mortgage was charged-off.

Once charged-off, homeowners no longer received statements nor heard about the mortgages. Often, the second mortgage debt is sold (for pennies on the dollar) to debt buyers.

Now that homes are rising in value; the second mortgage rises from the dead and homeowners are getting notice that their home is in foreclosure. Typically, the zombie debt buyer is now asking for many thousands of dollars in fees and interest for the many years that the mortgage has appeared to be dead.

> *A Virginia couple recently discovered a zombie mortgage on their home. The balance on the second mortgage at the time it was charged-off and they stopped sending statements was $36,000. Twelve years later the owner of the debt claimed they owed $73,000.*

HB 184 by Delegate Simon amends Virginia law concerning foreclosures. A second mortgage holder must detail what is owed and must prove they have sent monthly statements to the property owner to recover fees and interest covered by the period the mortgage appeared to be dead.

Use this QR code to read the Wall Street Journal article investigating the problem of zombie mortgages and forcing homeowners into foreclosure.

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