

Spring Forward with NWCLC

Spring is in the air and NWCLC is invigorated with recent successes, outreach and upcoming expansion. We were privileged to have been able to assist victims of the Oso slide at a recent legal clinic in Arlington and look forward to the next clinic in Darrington.

We are developing a long range strategic plan which includes opening satellite offices in Spokane and the Tri-Cities. These areas are in need of our bankruptcy, foreclosure and other consumer services and we are anxious to close the gap for the underserved moder-

ate and low income consumers in those areas.

We have had a wonderfully productive first year and a half and we thank you all for your financial and moral support thus far. We are over half way through our AG National Mortgage Settlement grant funding and are in high gear on our fundraising and grant acquisition with a goal of not only staying alive beyond mid 2015 but expanding our geographical and consumer practice areas.

We would like to celebrate with you so please mark your calendar for our September 10th evening event featuring Attorney General Bob Ferguson.



Sheila O'Sullivan
Executive Director



Too many Washington consumers have nowhere to turn for legal help. You can change that.

Use the enclosed envelope or visit www.nwclc.org to make a donation and support consumer rights in your home state.

NWCLC will be speaking about issues with reverse mortgages at the Wallingford Community Senior Center on July 29th at 10:30 a.m. To learn more, visit wallingfordseniors.org or call (206) 461-7825

In the Foreclosure **E.R.**

Tales of Consumer Victories
by Staff Attorney Audrey L. Udashen

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Agnes* was referred to NWCLC less than 24 hours before her home was scheduled to be sold in foreclosure. She was in her mid-80's and had lost her



spouse. She was burdened not only by grief but also complicated financial challenges from her husband's death. The best solution she could find was to get a reverse mortgage loan to tap into her home equity.

The loan agreement required Agnes to pay the property taxes herself. As a senior citizen receiving only \$1,700 per month from Social Security, she found it harder and harder to make the tax payments, but was too embarrassed to reach out to her loved ones for help. She fell behind on the taxes, which violated the loan agreement, causing the mortgage company to come after her home.

NWCLC sprang into action and got the foreclosure sale postponed. We then filed a Chapter 13 Bankruptcy for Agnes, which stopped the foreclosure sale and gave her a reasonable payment plan for getting caught up on the taxes she owed. **Because we were able to act quickly, Agnes can continue enjoying her golden years in a home she can call her own.**

* Names have been changed to protect the privacy of our clients.

How to lighten slide victims' financial burden

The March 22 Oso mudslide was an unspeakable tragedy. As workers continue to search for still-missing loved ones, those who survived find themselves confronting a host of financial and legal uncertainties.

In leveling over 40 homes, the mudslide also washed away residents' personal effects. As a result, the most basic challenge of proving legal identity to engage in a host of essential transactions is just the beginning. Survivors and the heirs of the deceased must establish or re-establish proof of right, title, or ownership in real and personal property. Only then can they begin to address legal matters involving their mortgages, automobile loans, and other obligations — facts of life that, sadly, were not extinguished by the mudslide.

In general, issues of probate and residential mortgages will be most profound for the survivors. Establishing a legal interest in a destroyed residence will be indispensable to negotiating with any mortgage servicer or lender. Moreover, if a home was not in the name of a survivor, and if the home was willed to several heirs, clearing title may be a precondition to receiving assistance from various services such as FEMA or Fannie Mae. The very practical barriers to property ownership and title verification, probate, estate, and other domestic and family law issues will continue to make life difficult for the survivors — especially if no proactive measures on the part of government and financial institutions are taken.

Standard insurance policies

do not cover landslides. Unless big mortgage lenders follow the admirable lead of Coastal Community Bank and agree to forgive the homeowners' mortgage loans, many survivors will find themselves in the absurd position of being obligated to make payments on a home that no longer exists. Since the area has been declared a disaster area by President Obama, lenders, at the very least, should suspend the obligation



Bryan Adamson

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to make mortgage payments for at least six months. Such a moratorium should include one on assessment of late fees. Importantly, because survivors will need new housing, and because credit reports are used by landlords and lenders alike in deciding who can access housing, lenders should not report adverse events such as past due payment to credit bureaus. Loan forgiveness and relaxed credit reporting policies should be applied not just by mortgage

lenders, but by business lenders, automobile or agriculture equipment purchase lenders as well as credit card companies.

The federal and state government could also go far in helping mitigate the resulting distress by refusing to tax any mortgage forgiveness as income. Because Congress refused to extend the Mortgage Debt Relief Act of 2007, extinguishing the homeowners' mortgages will be considered "income" and thus taxable. That outcome is cruelly unconscionable, especially where the homeowner has lost life, if not property to a natural cause. Moreover, while federal disaster aid compensates homeowners for their losses up to \$32,400, not all survivors were homeowners. Consequently, relief should be extended to all those adversely impacted by the mudslide — whether an owner, renter, or someone just passing through.

For those who survived the heartbreaking Oso disaster, and those who must assume the obligations of their loved ones lost in the devastation, the road to financial stability may be a long one. However, the government, banks and other financial institutions can go far to making that road as smooth as possible.

Bryan Adamson is a Seattle University associate professor of law who teaches consumer protection matters and a Board Member of Northwest Consumer Law Center.

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Second—and Third—Chances

Tales of Consumer Victories by Staff Attorney Nathan A. Quigley



Donna*, a single mother of three children, worked full-time as a receptionist as well as part-time on the weekends as a cashier just to make ends meet for her family. Years earlier, some legal troubles had forced Donna apart from her children and made her unable to pay her car note, so her vehicle was repossessed. She resolved the legal problems, reunited with her children, and even went on to get an Associate's Degree – but then got a nasty shock when the car lender, to whom she didn't know she still owed



any money, got a court order to garnish her wages. **The garnishment threatened to undo all the years of hard work and tear Donna's family apart again.** The most effective solution for Donna was to file for bankruptcy and eliminate the debt, but she had no way to pay an attorney the typical fees of \$2500.00 or more. Fortunately, she found out about NWCLC. Through a no-fee bankruptcy, **NWCLC was able to stop the garnishment and give Donna and her family a third chance for financial security.**

Our mission is to provide premier representation and litigation services for low and moderate income consumers who have limited or no other access to justice and to ensure that Washington State consumers have the knowledge and resources to protect their rights.

Shelter from a Storm of Wrongful Foreclosure

Tales of Consumer Victories by Staff Attorney Adria Vondra

Mr. and Mrs. Smith* both worked jobs for modest incomes to make ends meet and keep up the mortgage on their family's home. Then Mr. Smith lost his job. As he searched high and low for new employment, the Smiths exhausted all their possible options to get back on track, and eventually the mortgage company started foreclosure proceedings. The Smiths requested mediation to meet with the mortgage company and see what could be done to save their home.

Due to circumstances completely out of their control, the mediation went poorly, and the mortgage company started foreclosure again. Fortunately, that was when the Smiths contacted NWCLC. We stopped the foreclosure process while



advising the Smiths on reapplying for a loan modification to make their mortgage affordable. The Smiths were approved for a trial payment plan, and all of their trial payments were accepted. However, the mortgage company failed to ask for some required documents. **Because the mortgage company never received those documents, even though that was its own fault, it cancelled the loan modification and started foreclosure a third time.** NWCLC finally put an end to the unrelenting storm of foreclosure by filing a lawsuit. **The mortgage company quickly realized its error and agreed to settle the case. Now the Smiths can afford their mortgage and keep their home.**

Biting the Hand that Pays the Mortgage

Tales of Consumer Victories by Staff Attorney Kathleen S. Box

Mr. and Mrs. Cunningham* were upstanding, retired senior citizens. They bought their home 30 years ago and were loyal borrowers ever since, making every mortgage payment on time and in full. **They had no idea that their mortgage company had made a mistake in re-crunching some numbers and was wrongly applying their payments, until they received a notice that *their final payment was six times as much as they agreed upon.***



There was no way that the Cunninghams, living on fixed incomes, could come up with that kind of money. The mortgage company was unresponsive to the complaints they filed with regula-

tory authorities. It seemed the Cunninghams had no choice but to miss the last payment, go into foreclosure, and watch helplessly as three decades of hard work went down the drain.

Fortunately, they contacted NWCLC. **We filed a lawsuit against the mortgage company to force it to honor the contract it had signed, and a fair settlement was quickly reached.** The Cunninghams, incredibly respectful of their mortgage obligation, had continued to make payments into a trust account the whole time and ended up with \$4,000.00 more than they would have owed! Theirs were truly hands that should not have been bitten.

NWCLC Consumer **HOT** Topic: Wolves at the Wrong Door

How would you feel if your phone began constantly “blowing up” with calls from collection agencies hurling abusive insults and threatening to put you in jail? What if it was for debts that you already paid off or never even owed in the first place?

When the Consumer Financial Protection Bureau (CFPB) began accepting debt-collection consumer complaints last summer, it was like opening a flood gate. Over 30,000 were received in the first six months, more than any other type of complaint. According to the report they published about it last March, the top three types of complaints involved continued attempts to collect debt not owed, improper or abusive communication tactics, and taking or threatening to take illegal action to



collect a debt.

The CFPB passed along about 11,000 of the complaints to the collection companies to discuss. The companies backed off, closed their file, and stopped harassing the consumers in response to about 8,900 of them, according to the report. That’s a success rate of about 80%! **It could mean that 80% of people who felt they were victims of improper or illegal debt collection practices were right.**

You can read the whole report, download a sample letter to shoo away the wolves who shouldn’t be at your door, and pick up other useful tips at <http://www.consumerfinance.gov/newsroom/consumers-report-being-hounded-about-debts-not-owed/>.

If you or somebody you know is facing foreclosure, call us toll-free at (888) 978-3386 today.