

Foreclosure catastrophe needs your help

Mid-South residents have volunteered to help Gulf Coast storm victims, but a similarly devastating disaster is quietly happening here and now.

By Paul Morris Special to The
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The South Memphis resident is frail, arthritic and spends most of her day attached to a portable oxygen dispenser inside the tiny home she shares with her two disabled sons.

Two years ago, a broker from a local mortgage company came to her home and persuaded her to refinance her mortgage at a high rate of interest. Little did she know that the broker misrepresented her income on her loan application and falsified information on the settlement statement. Making matters worse, he persuaded her to consolidate a large amount of unsecured credit card debt into the new loan secured by her home. It all seemed like a good idea to her; the broker was nice and handsome, and she believed him.

Like many other victims of predatory lending practices, this Memphian refinanced an existing mortgage to one with much worse terms, and got a lot less in return than she had been led to believe. Soon her mortgage bills and late fees began to pile up, and she was in jeopardy of losing the home she had lived in for more than 35 years. Her home is all she had. She needed a lawyer, but she couldn't afford to pay one.

Earlier this year, this woman called [Memphis Area Legal Services](http://malsi.org) (malsi.org), the nonprofit law firm that provides civil legal services to the poor and the elderly in Memphis and surrounding areas. She was clearly upset at the prospect of losing her home. We sent a representative to her home to talk with her, and a Memphis Area Legal Services lawyer followed up by writing a letter to her mortgage company's legal department. The company ultimately agreed to work with her to repair the loan, and she got to keep her home.

The Commercial Appeal recently reported that one in five Shelby County residents is living in poverty, with an annual income of less than \$10,400 for a single person or less than \$21,200 for a family of four. Many of these citizens are hard-working people who hold one or more jobs but don't earn enough to live on, much less afford an attorney when faced with an unscrupulous lender.

The mortgage lending crisis continues to hurt thousands of people in our community -- especially the poor and the elderly -- and there doesn't seem to be any relief in sight. In Shelby County, more than 2,990 homeowners will face an unmanageable increase in their monthly mortgage payments this year, largely a result of an economic climate rife with exploitation and in which a seemingly endless stream of borrowers agreed to loans they didn't understand and that shouldn't have been granted.

This year Memphis Area Legal Services launched its Home Preservation Project, which was created to strengthen our organization's fight against the home foreclosure crisis. This project provides free services to those at risk of losing their homes because of trouble meeting mortgage obligations. Memphis Area Legal

Services attorneys work closely with trained foreclosure counselors to restructure loans in order to allow some homeowners to successfully pay their mortgages and retain their homes. Our staff also works to educate the poor and elderly about how to identify and avoid predatory lenders.

Memphis Area Legal Services' 16 attorneys provide advice and assistance to more than 3,000 eligible clients a year -- clients whose problems range beyond mortgage lending issues into other legal problems such as domestic violence and consumer fraud. Yet because of limited financial resources, we must turn down more than half of the people who seek legal help from our organization. That means many of the elderly and working poor in our community are left to face critical legal issues alone, without access to a lawyer, and thus, without equal access to justice.

But it is the foreclosure crisis that is consuming so much of Memphis Area Legal Services' energy today. It is a real and threatening problem, and how effectively Memphians address it now will be critical to our future as a community. Our civic and political leaders should work together to create a plan that would serve as a safety net for victims of predatory lending practices.

In recent weeks we have come together as a caring community once again to provide emergency services for our neighbors living on the Gulf Coast who have been victims of another hurricane. As a community, can't we find a way to provide temporary emergency services for families displaced by foreclosure?

Memphis Area Legal Services was created nearly 40 years ago, after the assassination of Dr. Martin Luther King Jr. Its goal then and now is to advance the dream of equal justice for all. But our organization alone cannot solve the foreclosure crisis, a problem that threatens to unravel, for so many of our neighbors, another American dream -- home ownership.

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