Borrowers Beware: Frightening Foreclosures!

Ariel Speser
Staff Attorney, Northwest Justice Project’s Foreclosure Prevention Unit
Today’s Borrowers Beware Panel

• Why am I here?
  – Legal aid perspective.
  – Foreclosures are still a problem.
  – Things are getting better.
  – But, in some respects, they’re also getting worse.
  – How are we using CFPB regulations to help homeowners facing foreclosure?
Foreclosure Rate in WA

http://www.realtytrac.com/statsandtrends/foreclosuretrends/wa
Before CFPB

• Little oversight
• Lack of regulation
• Lots of bad guys (banks)
• Homeowners on their own…
In Washington State:

- Strong network of allies: legal services, housing counselors, AG, DFI, HFC, etc.
- Foreclosure Fairness Act
- Making Home Affordable Program
- Litigation
Benefits of CFPB

• Complaint Process
  – Resolution to specific problems
  – Document trends and patterns

• Mortgage Servicing Rules
  – Loss mitigation, foreclosure prohibitions, charges and fees, error resolution, requests for information, and requests for payoff statements.

• Mortgage servicers are more inclined to follow the law.

• Increases accountability and transparency for everyone.
Day-to-Day Benefits

• Clear Timelines
• Single Point of Contact
  – More sophisticated customer service
• Missing Document Letters
• Prohibitions on Foreclosure
Are there still problems?

• Servicers up to old and new tricks
  – Servicing transfers
    • Nonbank servicers
    • Delay
    • Failing to honor TPP’s
  – Modification steering
  – Improper denials
    • “Investor restrictions”
  – Dual tracking
  – Failure to follow the rules
So, what works?

• Regulations and rules that put people first.
• Sending lots of demand letters.
• Using CFPB mortgage servicing rules in FFA mediation.
• Educating mortgage servicers and counsel.
• Filing complaints. Escalation.
• Filing lawsuits.
Is it working?

• Yes!
• We regularly settle cases and save homes.
• We are obtaining affordable modifications, including principal reduction.
• But, there’s more work to be done.
So, what’s next?

• Let’s discuss.
  – Questions?
  – Comments?
    • ariels@nwjustice.org
    • 360.452.9137 ext. 202