



Housing Preservation Project
A Public Interest Law Firm

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HOMEOWNERS FILE LAWSUIT TO STOP FORECLOSURES IN MINNESOTA Alleges Federal Modification Program Violates Constitutional Protections

SAINT PAUL, MINNESOTA--- A class action lawsuit was filed today with the intent of halting foreclosures to allow homeowners to get a loan modification. The lawsuit, filed in Minnesota federal district court, alleges that the federal government's loan modification program violates Constitutional procedural due process requirements. Specifically, the lawsuit alleges that the program fails to provide homeowners with proper notice and a right to appeal decisions by loan servicers administering the program. Plaintiffs seek to enjoin foreclosures until the government promulgates the necessary procedures to ensure its fair administration.

In response to the current foreclosure crisis and as required by Congress, the United States Department of the Treasury created the Home Affordable Modification Program ("HAMP"). Congress and the Treasury Department have designated up to \$75 billion for foreclosure prevention programs. In doing so, however, the government failed to establish procedures necessary for its fair and uniform administration.

"The government's loan modification program lacks transparency and accountability," said Mark Ireland, supervising attorney for the Foreclosure Relief Law Project. "The government does not require its loan servicers to tell a homeowner the specific reason why they have been denied a loan modification. Decisions are made under a cloak of secrecy and there is no formal way to challenge these decisions. A federal program can't be administered arbitrarily. There has to be rules. Otherwise mistakes happen, and people don't get the benefit they are entitled to."

Plaintiffs seek an injunction of foreclosures by the federal government and participating servicers related to Minnesota mortgage loans. The lawsuit is modeled after similar lawsuits filed in the early 1980s, which sought and successfully stopped all farm foreclosures until the government ensured that the farmers' procedural due process rights were not violated when administering a similar foreclosure prevention program. This lawsuit applies to approximately 85% of all mortgage loans in Minnesota.

The class representatives in the lawsuit are Nichole Williams, a single mother who cannot get a response from her servicer related to whether or not she is eligible for HAMP, and Johnson Sendolo, whose house was foreclosed upon even though he should have received a modification through HAMP. The Defendants are United States Secretary of the Treasury Timothy Geithner, the Treasury Department, the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac.

The Foreclosure Relief Law Project is a program of the Housing Preservation Project ("HPP"). HPP is a non-profit, public interest law firm dedicated to preserving and expanding the supply of affordable housing.

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