



Mortgage Rescue Scams Resolved: Metropolitan Milwaukee Fair Housing Council Helps Borrowers

Like millions of Americans, Judith Volovsek and Judie Papadakis faced problems making mortgage payments and feared losing their homes. They sought the help of companies that advertised easy and effective ways to help them. Unfortunately, these companies were mortgage rescue scam operations, which took their money, but took no action to help them. But with the help of private and public agencies, both women were able to recover thousands of dollars they had almost lost to these scammers.

Judith Volovsek, a Franklin resident with spine and vision disabilities, contacted a company called Legal Helpers for help modifying her home mortgage loan. She hoped that Legal Helpers would convince her lender to lower her interest rate and monthly payments. Volovsek was not yet behind on her mortgage payments, but her income had dropped and, because she has multiple physical disabilities that prevent her from working, her income was unlikely to increase in the future. Renegotiating her loan would allow her to keep her home and make her mortgage payments on time. She paid Legal Helpers \$2400 up front for this assistance. But during multiple telephone conversations, Legal Helpers staff told Volovsek that they had not yet contacted the lender, because they needed more paperwork from her, including paperwork that she had already sent them. Even after Volovsek sent Legal Helpers all of the documents they requested, Legal Helpers did not contact her lender or attempt to help her modify her home loan.

Volovsek contacted the Metropolitan Milwaukee Fair Housing Council (MMFHC) for help. MMFHC investigated the case and helped Volovsek file a complaint with the Wisconsin Department of Financial Institutions (DFI) the following month. Following intervention by DFI, Volovsek was notified by her bank that \$2400 had been deposited back into her account by Legal Helpers. Volovsek, who continued working with MMFHC to get a modification on her mortgage loan, commented on the refund, "I didn't want to admit to myself that I had been scammed. Even though they might be alert and careful, all borrowers should seek free help from nonprofit mortgage counseling agencies."

A second case involves Judie Papadakis, a single mother who has resided in the same home in Milwaukee's Riverwest neighborhood for over two decades. She was struggling to make timely mortgage payments and had fallen behind when, as a State of Wisconsin employee, she was furloughed one day a week. The resulting drop in her income caused her to fall further behind.

Papadakis turned to MI Solutions/First Asset Relief Center, a company in Houston that claimed that they could work with her home mortgage lender and get her a lower interest rate

and monthly payment. Based on their promises, she paid them \$1050. A representative of MI Solutions/First Asset Relief Center told Papadakis that while they were working on her case, she did not have to make any mortgage payments to her lender. Papadakis later found out that her home mortgage lender had never been contacted by MI Solutions/First Asset Relief Center, and the lender notified her that they considered her loan to be delinquent.

Afraid that she was going to lose her home, Papadakis contacted MMFHC. MMFHC investigated the case and helped Papadakis file a complaint with the Wisconsin Department of Financial Institutions (DFI). DFI discovered that MI Solutions/First Asset Relief Center wasn't licensed in Wisconsin, and contacted the company to demand that it repay Papadakis and cease activity in Wisconsin. Within a couple of months, Papadakis received a check for \$150 from MI Solutions/First Asset Relief Center, with a promise that the company would continue to make a payment to her every month until the entire \$1050 they had taken was repaid. While they did not make payments every month, within a year, the \$1050 had been repaid.

Bethany Sanchez, Director of MMFHC's Fair Lending Program, notes that "financially strapped homeowners should know that they do not have to pay money for help with obtaining loan modifications or foreclosure prevention. If homeowners feel they have been scammed, they should contact the Fair Housing Council at 414-278-1240 for free, confidential assistance."

MMFHC services provided to mortgage rescue scam victims are supported by a grant from US Department of Housing and Urban Development.

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MMFHC is a private, non-profit organization whose purpose is to promote fair housing throughout the State of Wisconsin by combating illegal housing discrimination and by creating and maintaining racially and economically integrated housing patterns. It operates satellite offices in Dane County (the Fair Housing Center of Greater Madison) and in Northeast Wisconsin (the Fair Housing Center of Northeast Wisconsin).

Persons who feel they may have experienced unfair lending practices or illegal housing discrimination should call 414-278-1240 or 1-877-647-FAIR (a toll-free number for use outside the 414 area code).

MMFHC is a participant in Take Root Milwaukee, the City of Milwaukee's Homeownership Consortium that works to prevent foreclosures and turn already-foreclosed homes back into assets for the neighborhood. See www.takerootmilwaukee.org for more information.