

From the Urban Justice Center

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JP MORGAN CHASE ILLEGALLY DENYING HOMEOWNERS FORECLOSURE RELIEF

NYC Homeowners Sue Chase for Unexplained Delays & Denials of Permanent Modifications under Federal Program, Including after Months of ‘Trial Payments’

Latest in Wave of Lawsuits across the U.S. against Banks for Violating ‘HAMP’

New York – Today three homeowners from Queens, New York City’s foreclosure epicenter, joined with attorneys from the Urban Justice Center to announce a lawsuit against JP Morgan Chase Bank for illegally delaying and denying their applications for permanent foreclosure relief under the federal “Home Affordable Modification Program” (HAMP).

The lawsuit charges Chase with breach of contract for violating HAMP requirements, often without providing timely or sufficient information to the homeowners. Under HAMP, servicers are required to provide permanent modifications to all eligible homeowners who complete three months of trial payments and verify their income.

“Chase has collected months of on-time payments from these homeowners— and surely many like them across around the country— with seemingly no intention of giving them real relief through permanent modifications on their loans,” said **Carmela Huang, an attorney at the Urban Justice Center**, which filed the complaint.

The homeowners are suing for an injunction to force the bank to modify their loans, an end to their foreclosures, and damages.

“Chase must end their endless tactics to dodge providing foreclosure aid to eligible homeowners, as required by the federal government,” **Harvey Epstein, Attorney and Project Director at the Community Development Project at the Urban Justice Center**

One **Queens Village homeowner, Shanaz Begum**, has made trial modification payments of \$1576 on time for eight months. Begum bought her home in 2005, where she lives with her husband and two sons, but fell behind on mortgage payments in September of 2008 after losing a previous job as a manager of a retail business. Chase did not offer Begum a trial modification until July 2009, the same month she was served with a foreclosure summons.

Chase claims their consistent income is suddenly inadequate— even though Begum met Chase’s demands for documentation, beyond HAMP requirements, of her husband’s cash income from taxi driving. Begum now works as a clerical assistant at the Department of Transportation on weekdays, and on weekends as a server at Boston Market.

“We made the three trial modification payments, and then didn’t hear a peep from Chase until December; then, abruptly, they said our income wasn’t enough, even though it hasn’t changed,” said **Begum**. “Chase has completely lacked any transparency and has been staggeringly

unresponsive— leaving us in the lurch for months. They have demanded spurious documents and claimed they lost others. Our son is headed to college in the fall. We don't know how to afford those bills too with the possibility of losing our home still looming.”

Chase has also failed to provide a permanent modification to **Tamara Williams, who lives in Jamaica, Queens** with her two sons, despite three on-time trial modification payments of \$1,274 this winter.

Williams bought her house in December of 2005 though a subprime, interest-only loan fraudulently marketed to her by a rental broker. Able to make payments until the summer of 2008, she fell behind when she lost her job in November of 2008, and went into foreclosure in March of last year. She now works doing post-renovation and demolition cleanup for Interior Quality Renovations and also attends school.

“The Obama administration's program was supposed to give people like me a lifeline and a chance to save our homes, but if the banks won't play by the rules, what else are we supposed to do?,” asked **Williams**.

The lawsuit also includes charges of fraud against Chase because the bank instructed **homeowner Alex Lam, of Fresh Meadows, Queens**, to deliberately miss mortgage payments in order to become eligible for a modification. Lam bought his house in 2002, and refinanced in 2005. In 2009, he was told he did not qualify for a modification because he was current on his payments. On the bank's advice, Lam skipped payments in February and March of 2009. To this day, those are the only payments he has missed. He now faces foreclosure.

“I may lose my home and my credit is damaged because I believed what the bank told me,” said **Lam**. “I held out for the HAMP modification because the terms are better. But the months I spent waiting for Chase to follow through on their promises mean I may have lost any chance to get help by refinancing somewhere else.”

Modifications under HAMP reduce mortgage payments to 31% of the homeowners' income, by reducing the interest rate, extending the term of the loan, or adjusting monthly payments. Chase has reported Begum, Lam, and Williams as 'delinquent' to credit reporting agencies, harming their ability to secure other foreclosure relief.

Chase put Lam in a trial modification last year, and then refused to make it permanent. Chase has since denied Lam a HAMP modification because of the remaining value in his house, though they will not share their calculations. HAMP requires servicers to offer trial modifications, as long as the value of modifying the loan would be more than the value of foreclosing, as determined by a “Net Present Value” test.

“Chase has misled these homeowners, plain and simple,” added **Ted de Barbieri, an attorney at the Urban Justice Center**. “Unfortunately, they're not alone— that's why we've seen a recent spate of homeowners suing banks for not complying with HAMP around the country, including in [California](#), [Massachusetts](#), Ohio, and Washington State. These homeowners have done their part and now the banks must live up to their end of the bargain.”

The lawsuit was filed Eastern District Federal Court in Brooklyn this morning. The full complaint is available on request.