

## Gold Coast woman seeks class-action against Wells Fargo over HAMP

Woman said Wells told her to miss a mortgage payment to become eligible

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A Chicago woman has filed a class-action lawsuit in a federal court in Illinois against Wells Fargo Bank, claiming that the lender misrepresented the requirements of the U.S. government's Home Affordable Modification Program.

The [lawsuit](#), filed in U.S. District Court in the Northern District of Illinois, alleges that Wells Fargo advised borrowers that they must miss mortgage payments to qualify for a loan modification. When customers followed that advice, Wells Fargo charged fees and penalties, reported delinquencies to credit-reporting agencies, and ultimately failed to modify the mortgage, the suit said.

The lead plaintiff is Stephanie Watson, a resident of Chicago's Gold Coast neighborhood. She had inquired about a loan modification in spring 2010. That fall, Wells Fargo told her that she had to miss a mortgage payment to qualify, so in November 2010, she intentionally missed her mortgage payment, the lawsuit said.

Then Wells Fargo charged her late fees and penalties and told her that if she didn't bring her account current, she'd face foreclosure. After a few months, she brought her account current, but still didn't get a mortgage modification.

The Treasury Department's Web site says qualifications for HAMP include having a "financial hardship and are either delinquent or in danger of falling behind on your mortgage payments."

The lawsuit also says that, according to the mortgage contract, Wells Fargo may hold a partial payment until a borrower makes sufficient additional payment to bring the loan current. But Wells Fargo must pay interest to the

borrower on that partial payment, unless Wells Fargo applies the funds to the mortgage on the scheduled date.

Watson's monthly mortgage payment was more than \$2,300. On January 6, 2011, she inadvertently sent a payment of \$2,000. Wells put that into an un-applied funds account and didn't apply any of it toward principal, interest or fees.

On Jan. 27, Watson made a payment that brought her account current, but Wells Fargo didn't pay any interest on the \$2,000 that it held for about 21 days, said the lawsuit, filed on behalf of Watson by Chicago lawyer Myron Cherry.

Wells Fargo said it's "currently researching this case to better understand the nature of the lawsuit."

"In general, we work hard to keep our customers in their homes when they encounter difficulties," Wells Fargo spokesman Jim Hines said. "Since January 2009 through the end of August 2012, more than 800,000 of the loans we service were in active trial or completed mortgage loan modifications. We can provide additional context when we have more information about the facts of the filing."

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