



# FORECLOSURES FLAILING

**Big banks run into legal trouble** BY SHANNON FINNELL

**C**indy Littrell is in homeowner limbo. The proud grandmother and insurance franchise owner is stuck in a years-long process of applications, phone calls and negotiations, waiting to find out if her house will be foreclosed on.

Littrell filled out an application to refinance her west Eugene home in 2010, thinking it was a smart move. And by all standards of reason, it was. Interest rates had shrunk since first purchasing her home in 2006, and Littrell also wanted the added security of lower payments after her husband's death in 2007.

Bank of America told her that to proceed with the refinancing, she'd need to open an escrow account. The process got muddled as she and the bank simultaneously paid property taxes and homeowner's insurance, and Littrell became frustrated. The refinancing process seemed to go nowhere.

Littrell asked the bank to cancel the escrow account and added about \$300 to her monthly payments, thinking she was doing exactly what was needed to move forward. She repeatedly phoned Bank of America to cancel the escrow. "From one department to another," Littrell says, "I don't know how many times I got passed around, they said, 'Oh, they're working on it.'"

By August 2011, she thought she was in the clear, and dropped her payments from \$1,500 to a little more than \$1,400. Bank of America returned the check, telling her it couldn't accept partial payment.

"So needless to say, I called them and I said, 'Hey, what's this?'" Littrell recalls. She reiterated that she'd long ago asked that the escrow account be canceled. She says that Bank of America told her they would fix the problem, but she was instructed, "don't send any more payments until they get that taken care of. So I didn't. And four months later they sent me a foreclosure notice."

## Oregon's Own Foreclosure Crisis

Angela Martin, executive director of Economic Fairness Oregon, says that situations like Littrell's are all too common. One in five Oregon homeowners owes more than the home is worth, and one in 12 is behind on the mortgage or in foreclosure.

Despite reports of the economy's glacially paced improvement, foreclosures in Lane County continued to rack up in the first months of 2012. A total of 218 notices of default (the first formal step in the foreclosure process) were filed in Lane County between Jan. 1 and March 8.

What led to this?

Martin has a thousand examples, and she tells the stories of the homeowners she's met, ticking off names, cities and financial institutions more and more quickly, recounting their frustrations as she speaks.

"Many individuals got into this because they followed the advice of their financial institution," Martin says. "Their banks tell them, 'stop paying, that's what's going to prove to us that you're really in financial distress.' So they stop paying."