Annual Report
2013–2014
HERA
housing and
economic
rights advocates
LETTER FROM 
THE EXECUTIVE DIRECTOR

DEAR FRIENDS,

As Californians continue to struggle to get back on their feet after the Great Recession, HERA is here to provide advice and advocacy to those in need. Over the past two years, HERA has provided individual legal counseling and referrals to nearly 3,000 clients and has assisted many more through our consumer workshops and consumer advocate trainings.

In 2013 and 2014, we expanded our services to better address the diverse needs of low- and moderate-income Californians. We now offer assistance on a broad range of financial issues, including student loan, medical and auto debt, wrongful debt collection and credit reporting. In addition, we are helping clients identify and access more affordable credit and launching an extensive consumer legal and financial counseling initiative for vulnerable residents of Bay Area counties. We plan to expand the scope and reach of these much-needed efforts in coming years.

Along with our new services, HERA continues to help California homeowners. We’ve made significant progress getting better legal protections at both the state and federal level, but many homeowners still get a raw deal from mortgage servicers. HERA helps homeowners get crucial information from their servicers, understand their options and achieve the best possible outcome.

We are also honored to bring the voices of Californians in need into the national policy discussion via my service on the Consumer Financial Protection Bureau’s Consumer Advisory Board.

We want to thank our funders and other partners and supporters for making all of our work possible. As HERA nears a decade of service, we look forward to another ten years of helping Californians achieve economic security and prosperity.

Sincerely,

Maeve Elise Brown, Esq.
Executive Director
HERA is a California statewide, not-for-profit legal services organization based in Oakland, California. Dedicated to achieving economic justice for all Californians, HERA provides:

- direct legal services to individuals (advice, advocacy, litigation)
- technical assistance and training to non-profit and private attorneys, government agencies, and other professionals to expand the pool of resources available to serve consumers
- policy work to translate consumers’ experiences and concerns into effective laws, guidance, and procedures
- workshops to train and educate the public on their rights and options
- creative, strong collaborations and partnerships to better serve those in need

HERA focuses particularly on seniors, women, people with disabilities, veterans, active servicemembers and their families, people of color, immigrants, and low to moderate income individuals. Our diverse staff serves the public in the language of their choice.

I just wanted to say thank you very much from the bottom of my heart for helping me. Before we got connected I was ready to give up and I truly appreciate everything HERA has done for me. Having HERA on my side gave me a sense of ease.

– Tamura Wallace, loan modification client

**THE NUMBERS**

**DEMOGRAPHICS**

- African American 30%
- Hispanic 31%
- Asian 10%
- American Indian 0.3%
- Pacific Islander 0.7%
- White 25%
- Other 2%
- Mixed Race 0.2%
- Declined 0.8%

**INCOME RANGE**

- Low 96%
- Moderate 2%
- Above Moderate 2%

**GENDER**

- Male 36%
- Female 64%

**LOCATION**

- Northern California 86%
  - Alameda 40%
  - Contra Costa 13%
  - Marin 2%
  - Napa 5%
  - San Francisco 4%
  - San Mateo 6%
  - Santa Clara 2%
  - Solano 9%
  - Sonoma 1%
  - Other 4%
- Central California 5%
- Southern California 9%

**2013-2014 BY THE NUMBERS**

- 77 HOA Cases
- 419 Loan Modifications Completed
- 76 Advised on Credit
- 161 Helped with Non-Mortgage Related Debt
- 44 Widows or Orphans
- 78 Vets/Servicemembers
- 192 Scam Victims Helped
- 19 Litigation Cases Filed
- 43 Consumer Advocate Trainings
- 70 Consumer Workshops
- 986 Referrals Made
- 802 Other Advice
SAVING HOMES

MORTGAGE SERVICER ABUSES

Imagine that you were able to obtain a modification to your mortgage payments, so that you could afford to keep your home. You made payments on that modification for months, maybe even years, and then, one day, the mortgage servicer rejects your payments and tells you that you do not have a modification in place. They tell you that, as a result, you are now months behind on payments. Maybe they even start making collections calls to you every day, and falsely reporting your on-time payments as late or never made. This is real; this is something that homeowners experience with shocking frequency and can rarely get a servicer to remedy without legal help.

In 2013 and 2014, HERA worked tirelessly to help Californians fight these kinds of abuses and avoid foreclosure. Beyond litigation, we helped secure loan modifications that resulted in more affordable payments. For others, we were able to access state and local funds to resolve a delinquency. When such solutions aren’t possible, HERA helps those in need understand their rights and options and steer clear of the myriad costly “rescue” scams targeting homeowners in financial distress.

The Right to Bring Negligence Claims Against Mortgage Servicers

For years, courts had blindly analogized mortgage servicing to loan origination and held that loan servicers had no duty of care to borrowers. In multiple lower court cases, HERA prevailed against motions to dismiss borrowers’ negligence claims, arguing that modern mortgage servicing practices require a duty of care.

HERA was able to build on its trial court successes in an amicus brief in Alvarez v. Bank of America, where the Court of Appeal held—after quoting the HERA brief extensively—that borrowers could bring negligence claims against their servicers.

ENFORCING MORTGAGE MODIFICATIONS

HERA has actively litigated to enforce modification agreements on an individual and class basis. In one case, HERA and co-counsel William Kennedy forced a major mortgage servicer to comply with a modification agreement it had failed to honor for nearly two years, waive nearly $70,000 in interest that accrued during the period of noncompliance, and pay significant monetary damages. In another, HERA sued after a major mortgage servicer failed to honor a “deed in lieu of foreclosure” agreement and continued to collect on the mortgage years after the homeowners had signed over title and sent back the keys. HERA and co-counsel Cotchett, Pitre & McCarthy, LLP obtained a settlement that allowed the family to return to their home with significant financial benefit.

HERA’s ongoing class action, Esquivel v. BANA, targets Bank of America’s repudiation permanent modifications. The case has a special focus on Bank of America’s practice of imposing liens on borrowers’ homes as part of the modification of FHA loans, then failing to honor the modification while leaving the lien in place.

Deion Harris and his family in front of their Richmond home.

Deion lost a paying boarder and suffered severe emotional distress while battling with Nationstar for over a year. Because of HERA’s advocacy, Nationstar reinstated the modification.

Deion Harris is a VETERAN who works hard to provide his family with a comfortable home, but careless mortgage servicing nearly cost Deion and his three children their home. Bank of America approved Deion for a permanent loan modification, but when it transferred his loan to Nationstar, the new servicer claimed it didn’t have records verifying the modification and refused to accept his modified payments. While Deion was waiting for Nationstar to verify the modification with Bank of America, Nationstar foreclosed.

HERA worked diligently to obtain a modification with payments that Louanna could afford.
WRONGFUL COLLECTIONS BY HOMEOWNERS ASSOCIATIONS

In 2013 and 2014, HERA expanded its foreclosure prevention work to include clients at risk of losing their homes due to missed homeowner’s association (HOA) dues.

ONE HERA CLIENT missed three HOA payments while undergoing treatment for cancer. When she returned home and attempted to pay what she owed, she found that the HOA had handed her account over to a debt collector. The debt collector piled on exorbitant (and illegal) charges, demanded more than double the amount of the missed payments and threatened to foreclose if they didn’t receive payment in full. HERA filed a class action on behalf of our client and all others who have been victims of the same illegal and abusive collection tactics.

Challenging Illegal Fees on Homeowner Association Dues

HERA successfully got past the motion to dismiss stage in our suit against Pro Solutions for parasitical debt collection practices. Their business model includes loading hundreds to thousands of dollars worth of unearned and illegally charged fees onto any homeowner association dues that a homeowner owes. The company also pushes homeowner associations, their clients, not to have contact with the homeowner directly, and not to agree to a repayment plan, which is a violation of our state law. These practices have been driving homeowners into foreclosure.

As a result of our litigation, collection companies and HOAs across the state are changing their consumer-harming practices. With millions of Californians living in communities with homeowner associations, the ripple effect of HERA’s work in this subject area is tremendous. Cotchett, Pitre & McCarthy, LLP is our co-counsel on this important litigation.

ADDRESSING DEBT COLLECTION AND CREDIT REPORTING PROBLEMS

With more and more debt “relief” and credit “repair” scams flooding the market, HERA has started to address the critical need for trustworthy legal advice and advocacy on individual and household financial matters.

RAUL PASTRANA AND HIS WIFE hoped to buy their first home, but Raul learned that his credit report was a mess of negative accounts that didn’t belong to him. In addition, debt collectors were coming after him for a towing debt on a car he never owned. HERA helped Raul launch an investigation with the DMV, got the debt collectors to back off, and got the three major credit reporting agencies to clear the false accounts.

Many debt collectors prey on consumers who are unfamiliar with their legal rights. One HERA client took out a payday loan and then several years later started receiving phone calls demanding he pay a debt collector over three times the original debt or risk jail time. To intimidate our client further, the collector contacted his cousin posing as an investigator from “the financial crimes unit”. Afraid he would be sent to jail, our client authorized withdrawals of regular payments on the debt directly from his bank. After connecting with HERA at our booth at a community festival in Oakland, we informed our client that the threats of imprisonment were false and illegal. He quickly cancelled all future payments, and HERA stopped the harassing calls.

HERA’s assistance lifted a huge weight from our client’s shoulders and empowered him to resist abusive debt collectors in the future.

Managing attorney Lisa Sitkin and one of her clients.

I have a lot of respect for your organization and the help you have provided to homeowners."

–Jeremy S. Golden, Consumer Law Attorney

CREATING A STRONGER FINANCIAL FUTURE FOR CALIFORNIANS

One of the many homes HERA has helped save.
STOPTING ILLEGAL POST-FORECLOSURE DEBT COLLECTION

HERA continued its battle against unlawful collection of non-recourse debt by mortgage servicers and debt buyers. HERA’s class action in Banks v. Chase, with co-counsel Arthur Levy and Kemnitzer, Barron & Krieg challenges JPMorgan Chase’s collection on “purchase money” mortgages after the homeowner lost the home through foreclosure or short sale. The case is in its second year of intensive discovery.

HERA has also filed amicus briefs on issues related to the Banks case. The California Court of Appeal held, for the first time, that California’s purchase money anti-deficiency protections apply after short sale after HERA weighed in as amicus. The California Supreme Court granted review. HERA spearheaded filing an amicus brief in the Supreme Court, and the Court will hear the case next term. HERA and co-counsel Arthur Levy also filed an amicus in the Ninth Circuit Court of Appeal, arguing that credit reporting of post-foreclosure debt covered by anti-deficiency laws is incomplete and misleading if it fails to state the debt is non-recourse.

“Thank you very much for your help, and support. I did not know where to start, do, or go to. During this process, I know it was challenging, but I did not feel alone and it meant a lot to me; I did not feel alone. Right now, I can sleep and eat with a peace in my heart and mind. I can go for a walk and feel like a big weight came of my shoulders. People at my church even tell me that I look better and different than before.”

–Edgar Zakata

STUDENT LOANS

American consumers owe over a trillion dollars on their student loans, making it the biggest type of consumer debt behind home loans. HERA began working on student loan cases in early 2014, and we are continuing to expand our work in this critical area.

American consumers owe over a trillion dollars on their student loans.

SHORTLY AFTER GRADUATING from college, Edgar Zakata started suffering from multiple seizures every day.

Medicine that had been keeping the seizures under control stopped working, and Edgar’s doctors were unable to control his condition. He could not drive or even leave his home for extended periods, but he was carrying $33,000 in student loans. The Department of Education granted a disability waiver for the $25,000 he owed to the government, but private lender Sallie Mae would not grant a similar waiver for the $8,000 they were owed.

Edgar came to HERA after Sallie Mae began harassing him with multiple collection calls a day. When HERA appealed Sallie Mae’s denial of the disability waiver, Sallie Mae was very slow to process the appeal. Finally, after persistent advocacy by HERA, Sallie Mae granted Edgar’s disability waiver.

PROTECTING STUDENTS

Student loan debt is difficult for almost everyone to manage, but for students unable to finish their program or unable to pay their debt due to disability, the burden is simply overwhelming. It’s well documented that student loan borrowers are not informed about or given the opportunity to participate in available programs to address their debt burden. HERA has successfully negotiated resolutions on such cases and is currently litigating such a case, working in partnership with Scott C. Borison and East Bay Community Law Center. Instead of offering our client a rehabilitation plan according to her individual circumstances (as required by regulation), the debt collector told her that her only choice was to pay an amount she couldn’t afford. She was put in fear of losing the small disability income that she and her mother lived on. Through advocacy and litigation we resolve situations like this and protect student loan borrowers from illegal and debilitating collections.
In 2014, HERA was happy to bring aboard two new Equal Justice Works fellows as staff attorneys!

**SERVING SERVICEMEMBERS, VETERANS AND THEIR FAMILIES**

California is home to more servicemembers and veterans than any other state, and Sparky Abraham’s project at HERA brings much needed focus to protecting their financial wellbeing. Servicemembers often pay a high price for debt and credit problems, including loss of security clearance that can interfere with their ability to continue serving. Despite federal efforts to broaden legal protections, servicemembers and their families still fall prey to many schemes designed to take advantage of them, including high-cost lending, expensive debt settlement services and other scams. Sparky’s project provides direct legal services as well as training and technical assistance for other organizations and attorneys about best practices for representing servicemembers, veterans and their families across California.

Thank you again so much for HERA’s assistance. It is a huge relief to know that we can stay in our home and potentially work our way out of this formerly debilitating situation. My grateful thanks to the HERA team for saving my home!

—HERA Loan Modification Client

**ELIMINATING BARRIERS TO AFFORDABLE CREDIT**

Megumi Tsutsui’s project at HERA targets abusive lending practices, and promotes access to safe, affordable credit for low income consumers, with a particular focus on Spanish speaking immigrants. Each year, Americans spend over $103 billion on costly alternative financial services such as payday loans, auto title loans and pawn shop loans. These loans often carry exorbitant interest rates, require immediate repayment, and involve other predatory practices that trap people in a cycle of debt. Through outreach and education, Megumi helps clients access affordable small-dollar credit, and teaches them how to avoid predatory loans and scams. In addition, Megumi educates clients about their legal rights and about how to access, understand, and correct their credit reports. For households already burdened with debt, Megumi negotiates payment plans and fights wrongful debt collection practices.

What a relief!! Thank you so very much for all your very knowledgeable assistance with my approved loan modification. After 800 pages of documents on my own, this is almost unbelievable! The process was indescribably frustrating. Thank you for your astute persistence. Without your research for reliable resources, I think this modification would have never happened. I am forever grateful.

—HERA Loan Modification Client

**PROTECTING IMMIGRANTS AGAINST ABUSE**

Abuses leveled at immigrants can be particularly vicious. As part of a foreclosure rescue scam, Marco Gutierrez bullied and intimidated HERA’s monolingual Spanish-Speaking homeowner client, charging over $16,000 for a loan modification. He took the homeowner’s car as partial payment but never changed registration, racking up unpaid tickets under the homeowner’s name. When HERA helped the homeowner complain to authorities, the scammer filed a meritless lawsuit against the homeowner (and against a HERA staffer). In the course of defending the case, HERA discovered that Gutierrez was a serial litigant who had filed dozens of actions against his “clients”. Gutierrez was using the court system to bully vulnerable residents across several counties into paying amounts they did not owe him and to retaliate against those who complained about his practices. After defeating Gutierrez’s claims HERA brought a successful vexatious litigant motion against Gutierrez. As a result, both HERA’s client and countless other unrepresented homeowners who might have fallen prey to Gutierrez’s tactics are now protected.
POLICY WORK

PROTECTING THE FAMILY HOME FOR WIDOWS AND OTHER HEIRS

For most families, particularly households of color, the family home is the biggest asset they will ever own and represents economic opportunity and financial security. Yet, for tens of thousands of California households, mortgage servicer practices pose a threat to this financial safety net. In case after case across the state, mortgage servicers tell widows and other family members who are usually on title but are not on the mortgage loan, that they cannot give them basic information or work with them on a loan modification because the servicer can speak only to the family member who is deceased. In close partnership with California Reinvestment Coalition, HERA worked successfully over the past two years to secure protective rules from Fannie Mae, Freddie Mac, and the Consumer Financial Protection Bureau. Because abuses continue, HERA and CRC have also sought to expand the California Homeowner Bill of Rights to help keep families from losing their homes.

I do want to thank you and acknowledge your successful efforts and ongoing, conscientious follow up. From when we first went over the facts of the situation and the problems, you quickly were able to grasp the key issues and figure out a plan of action to address the wrongdoing. After having got a runaround or lack of responsible action from GreenTree and various regulators and political representatives, your calm assessment and validation of the problems was more than welcome and ultimately served to put the loan mod back on track with the credits it should have had. What an ordeal and I tip my hat to you for seizing it and seeing it through to the happy ending that has come.

–Kathleen Hurley, friend of a HERA client

TRAININGS AND TECHNICAL ASSISTANCE FOR ATTORNEYS

At HERA, we use many different tools to achieve our mission, including training other attorneys and providing technical assistance in consumer litigation. HERA’s expertise and reputation for high-quality, useful, relevant trainings is known nationally, and HERA staff is frequently asked to speak at other organizations’ conferences and trainings. In 2013 and 2014, HERA multiplied its impact by producing a series of Practising Law Institute trainings on the latest developments in mortgage servicing, fair lending, homeowner association law and other subject areas, presenting to an average of 350 attorneys per training. In addition, HERA regularly provides advice and subject-area expertise to for-profit and non-profit attorneys representing consumers across the state of California.

“Two attempts on a loan modification turned down and we were ready to give up and walk away. One day I came across the HERA website and made a call. We were treated with dignity and respect. They were patient, understanding and very professional. We owe everything to HERA and I can’t express how this experience has changed our lives. We were ready to give up and walk away after staying afloat ten years. Thank you HERA for saving our home.”

–Carrie Reed
9TH ANNIVERSARY CELEBRATION

This year HERA observed its 9th anniversary. The HERA team, friends, family and supporters celebrated over drinks and hors d’oeuvres at the Oakland Impact HUB.

Partygoers heard moving speeches from Solana Rice (left) a Senior Program Manager for State & Local Policy, and Jesus Hernandez, PhD, Researcher and Lecturer at UC Davis.

Senior attorney Joseph Jaramillo (right) and HERA guests enjoying the celebration

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

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<td>Total Liabilities</td>
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<td>Total Net Assets</td>
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STATEMENTS OF ACTIVITIES

Revenue

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<td>Foundation and Community Grants</td>
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<td>Government Grants</td>
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<td>Cy Pres Awards</td>
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<td>Contributions</td>
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<td>Contract Services</td>
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<td>Attorney Fees</td>
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<td>Interest Income</td>
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<td>Total Support and Revenues</td>
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Operating Expenses

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<td>Program Services</td>
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<td>General and Administrative</td>
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<td>Total Expenses</td>
<td>$948,568</td>
<td>$859,368</td>
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Change in Net Assets

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<th>2014</th>
<th>2013</th>
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<tr>
<td>Net Assets, beginning of year</td>
<td>$507,837</td>
<td>$501,567</td>
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<tr>
<td>Net Assets, end of year</td>
<td>$351,761</td>
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<td>Change</td>
<td>$156,076</td>
<td>$6,270</td>
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* 2014 figures are unaudited. 2013 figures are audited.
THANK YOU

$250,000
The State Bar of California, National Mortgage Settlement

$100,000
City of Oakland

$30,000+
Walter and Elise Haas Fund
Napa Valley Community Foundation
San Francisco Foundation
Silicon Valley Community Foundation
Y&H Soda Foundation

$10,000
Friedman Family Fund

$2,500
Bank of America

$1,000
Community Bank of the Bay
Cotchett, Pitre & McCarthy, LLP
Steve Doberstein
John Gertler
Holland and Knight
Elizabeth Letcher
Tri Counties Bank

THANK YOU

$500+
Maev Eise Brown
Scott Chang
Janice Cho
Todd Espinosa
Paul Leonard and Amanda Feinstein
Outten & Golden
Barry Goldstein and Sandy Goldstein
William Kennedy
Steven Pitts

$45+
Allen Matkins Leck Gamble
Mallory and Natsis, LLP
Oscar Alvarez
The Law Office of Morris Baller
Zachary Baron
Caryn Becker
Maria Benjamin
Justin Berger
Debi Schneider and Ivar Bjoeralt
Cheyenne Boyette
Carla Bretones-Jaramillo
Elizabeth Clark
Jeff Clason, CCLS
Alison Cordova
Salud Dacumos
John Dawdy
Patrick Dunlevy

Ben Dupre
East Bay Housing Organizations
Matt Edling
Katrina Eiland
Goldstein, Borgen, Dardarian and Ho
Michael Greenberg
Elizabeth Hom
Joseph Jaramillo
David Kohls
Arthur Levy
David Lim
Barry Marchessault
Michael Meinert
Adam Poe
Sandra Price
Solana Rice
Renay Rodriguez
Roxanne Romell
Laura Rutherford
Richard Spiegelman
Stephen Stapleton
Robertta Steele
Sylvia Torres
Eric Weaver

CHARITABLE BEQUEST
Elizabeth Renuart

"Thank you for all that you do for our community! Your acronym should be HEROS."
– HERA loan modification client

"Thank you for helping people attain knowledge—knowledge that gives people options to hold their homes is priceless."
– HERA Client
Protecting all people from discrimination and economic abuses, especially in the realm of housing.

HERA
housing and economic rights advocates

(510) 271-8443
www.heraca.org
inquiries@heraca.org
PO Box 29435, Oakland, CA 94604