

Family sues bank for alleged loan modification snub

John Brooks | July 7, 2011



SAN FERNANDO (CBS) — A Pacoima family is fighting to save their home with a lawsuit filed by Neighborhood Legal services.

The Velasco family said despite making a loan modification agreement with JP Morgan Chase to save their home — which they've owned for over 12 years — the bank plans to auction off the property. As KNX 1070's John Brooks reports, the family is taking the bank to court to fight what they say are unjust mortgage lending practices.

Transcripts:

The Velasco family has owned their home here in Pacoima for 12 years. Even though they have a federal contract to modify their loan, JPMorgan Chase has foreclosed, and plans to, next week, sell this nicely-cared-for middle class house.

Yvonne Jimenez, the lawyer representing the family, said they're going to court to stop it from happening.

"They are a graphic example of the bank's systematic refusal to modify, and the banks are not complying with the Home Affordable Modification Program."

On average, after a foreclosure notice, it takes nearly a year before a bank can sell a home in an auction. During that time, most debtors have made no payments. However in this case, the Velasco family says they are current in their mortgage payments.

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- Yvonne Maria Jimenez
Neighborhood Legal Services