

Weekly

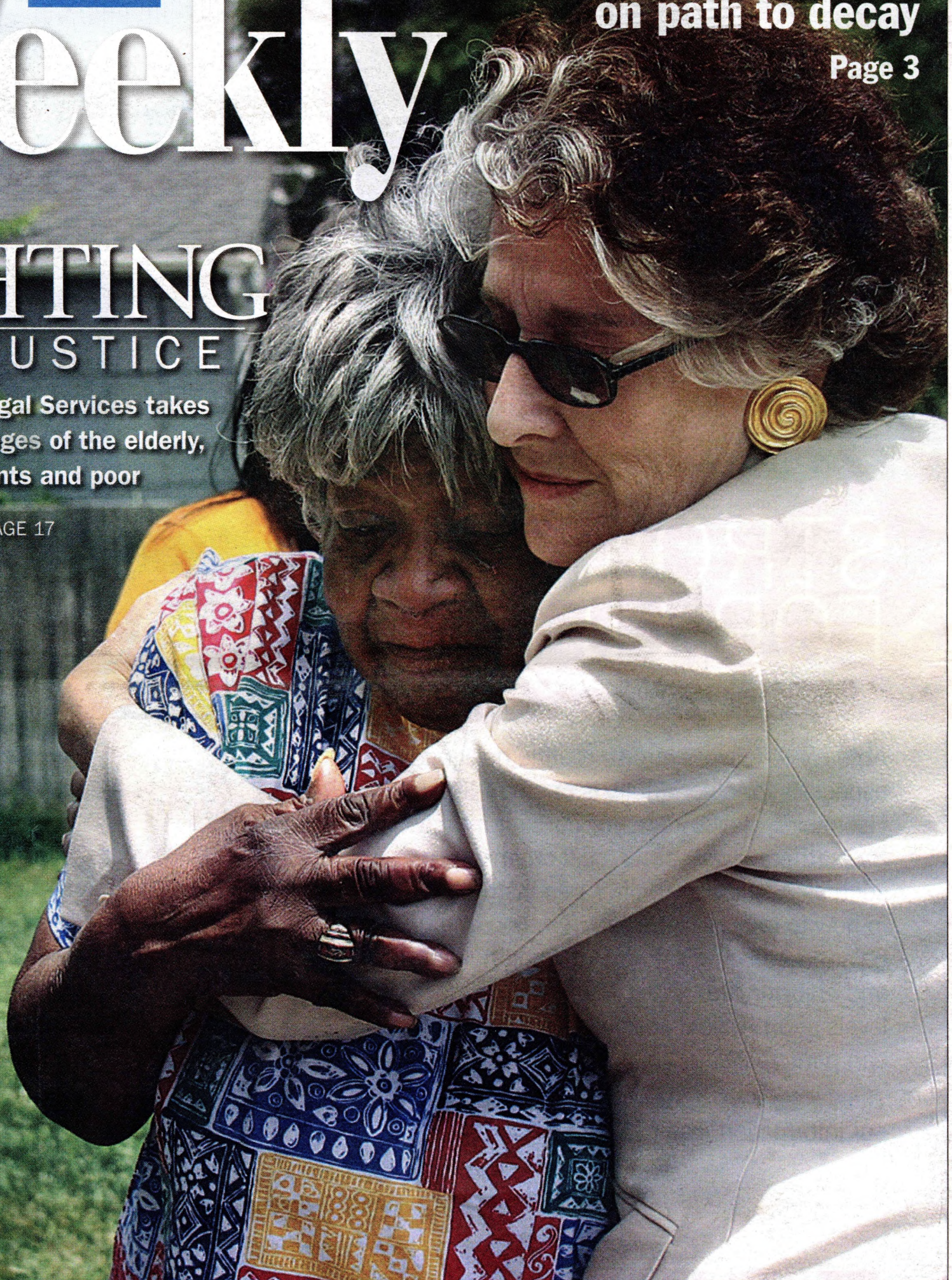
**City roads, buildings
on path to decay**

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FIGHTING FOR JUSTICE

**Community Legal Services takes
on the challenges of the elderly,
immigrants and poor**

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Veronica Weber

Community Legal Services of East Palo Alto takes on the challenges of the elderly, immigrants and poor

FIGHTING FOR JUSTICE



Many attorneys and interns share office space at Community Legal Services in East Palo Alto, due to expanding staff — and need.

STORY BY SUE DREMAN ■ PHOTOS BY VERONICA WEBER

Attorney Shirley Hochhausen recalled the day she prevented the sale of Jacqueline Marcelos' foreclosed home.

The sale was scheduled for completion at 1 p.m.; Hochhausen and Marcelos, a mother of four, appeared before a judge at 10 a.m. to plead Marcelos' case.

"At 12:30 p.m., he signed the order. Jackie and I were running like two fools in high heels from the courthouse to City Hall to file the stay," she said, her cheeks flushing with excitement at the memory.

Hochhausen is the supervising attorney of the anti-predatory lending program at Community Legal Services in East Palo Alto. The nonprofit organization, founded in 2002, aims to help low-income residents fight for their rights against abuses in housing, predatory lending, immigration, domestic violence and consumer concerns.

Anti-predatory lending and tenant issues have emerged as crises in East Palo Alto and the greater Bay Area, according to Hochhausen. With nearly 30 percent of homes currently in default in East Palo Alto, Community Legal Services' free help is even more critical now, she said.

Feisty and determined, with a bold streak of silver in her wavy hair, Hochhausen has a reputation for toughness.

For 31 years, she's worked as a public-interest attorney, including as counsel to the United States Department of Housing and Urban Development and as CEO of the Corporation for Fair Lending.

"I'm mean. I'm a true believer, and I'm not going to be bought off," she said.

Her passion comes from observing many instances of abuse and fraud in credit card and home lending that largely victimize people of color, seniors, limited English-proficient borrowers and female heads of households, she said. Fair and equitable access to credit is a civil-rights issue, without which people can't get ahead, she added.

That zeal permeates through the legal staff at Community Legal Services.

When a landowner in East Palo Alto recently threatened to bulldoze the belongings of 20 homeless people from marshland where many had lived for years, Executive Director Candice Greenberg showed up before the bulldozer arrived. She handed the owner a let-

ter threatening a lawsuit if he took people's belongings.

She then helped negotiate a deal that allowed the residents of the homeless encampment to remain on the 30-acre site for a week, while local religious leaders tried to find a new place for them to live.

Sitting among legal briefs and reports in her packed office, Greenberg reflected on why lawyers would want to spend so much time working with poor folks when they could be making big money.

"Justice doesn't have a price," she said.

Housed in an older one-story building just east of U.S. Highway 101, the organization has six staff attorneys (two part-time), two staff members and a cadre of interns.

But that's not the nonprofit's total legal force. Nearly 200 attorneys from some of the Bay Area's top legal firms — including Bingham McCutchen, Cooley Godward Kronish, Howrey and Wilson Sonsini Goodrich & Rosati — provide pro bono representation to Community Legal Services clients.

In 2008, pro bono attorneys contributed

\$2.8 million in services, Greenberg said.

Jon Frohnmayer, the volunteer-attorney program coordinator, works with pro bono liaisons in law firms to decide which lawyers will handle various cases. Many are enthusiastic about taking on the work, he said.

"A lot really love to do this work. Most attorneys working at a big law firm don't get direct-client work or trial advocacy. This gives them the chance to do meaningful work, and they get to choose the cases that interest them. We do a lot of cases for survivors of domestic violence and where people get taken advantage of," he said.

Community Legal Services also receives help from attorneys who have left the legal rat race but want to continue practicing. Kathryn Latour, the former in-house legal counsel for a biotech firm, pitched in on a recent Friday.

"It's infectious. I can't even think about getting a 'real' job. I'm so validated here," she said, referring to the sense of satisfaction she feels when a home is saved or a tenant receives his security deposit back from a pre-

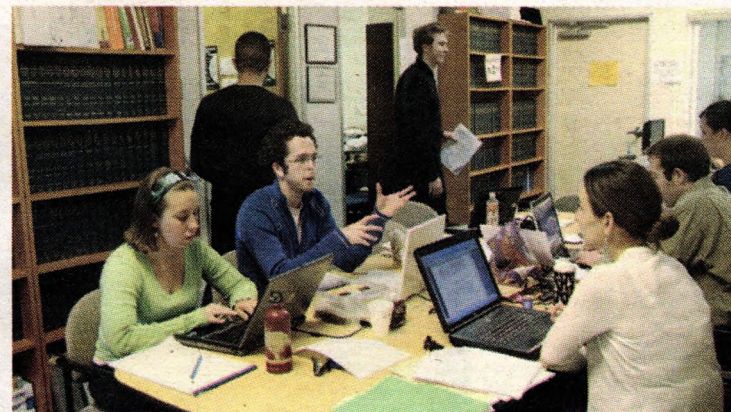
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Robert Long of Long's Custom Discing (from left); Candice Greenberg, executive director of Community Legal Services in East Palo Alto; Pastor Paul Bains of the Lord's Gym warming shelter; and David Nguyen of Shelter Network talk in mid-June about the proposed bulldozing of a homeless encampment near Demeter Street.



Jaqueline Marcelos, a client of Community Legal Services in East Palo Alto, stands outside the home that was almost lost due to lending fraud.



Interns gather around a table at Community Legal Services in East Palo Alto. They implement the work of six staff attorneys and close to 200 pro bono attorneys.

Justice

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viously unrelenting landlord.

Frohnmayr said the energy at Community Legal Services is palpable when someone sends out an e-mail reporting a success: an immigrant who was scammed on by a "notorio" got his money returned, a tenant was saved from eviction. Then, everyone claps, he said.

Interns also contribute to the organization's work. Included in the volunteer-attorney program are trained Stanford Law School students, who screen clients and write legal memoranda, negotiate with landlords and opposing attorneys and provide advocacy at no cost.

Paralegal Victor Ramirez is a soft-spoken man with large, gentle eyes. His face became emotional recently as he discussed how some local families are renting converted garages without bathroom facilities — and being charged rents that Ramirez says are blatantly unfair.

As the director of the nonprofit's housing program, Ramirez says his is a fight to prevent homelessness. Among the court battles he's involved in is representing 136 tenants in a case against Palo Alto's Page Mill Property and its subsidiary, Woodland Park Management, regarding the company's controversial rent increases at apartment buildings housing some 1,400 tenants.

Frohnmayr said Ramirez works long hours on behalf of his clients,

often staying until 9 p.m. in the office. And Hochhausen reports working 70 to 80 hours a week. She spends some of her time reaching out to the community, speaking at meetings and helping to write a "California Homeowner's Guide to Mortgage Foreclosure," which is published in English and Spanish, with planned versions in Tagalog and Korean.

"They are people who really, really care about what they do and put themselves on the line personally," Frohnmayr said.

In that sense, Community Legal Services staff members are striving to live up to the charter under which they were founded. The nonprofit organization was launched in the wake of the closure of the East Palo Alto Community

Law Project, which was founded by Stanford University Law School students but ultimately lacked sufficient funding.

Community leaders, concerned about the lack of legal representation for the city's largely poor and immigrant populations, held a summit to start Community Legal Services.

The organization served nearly 1,300 clients in 2008-09, with a budget of \$472,000, according to Greenberg. It is funded by foundations, the California Bar Associa-

tion, law firms, businesses and individual donors.

Core areas affecting the community are divided into programs: housing, anti-predatory lending and immigration. The immigration program addresses everything from getting a green card to safeguarding constitutional rights of persons caught up in immigration raids.

One of the most egregious cases Hochhausen and Ramirez are challenging is on behalf of the Ca-

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For more information, contact (650) 496-5910



Stanford law student and intern Stephanie Ahmad meets with a client at Community Legal Services in East Palo Alto.



The Cacho Vega family (from left), Nancy, Soledad, Susanna, Aaron, Betsy, Miguel and Carla, gets ready for work and school inside the small kitchen space of their two-bedroom apartment in East Palo Alto. The family is challenging the alleged fraudulent loss of their home through foreclosure in 2008.

cho Vega family, who were allegedly defrauded by a mortgage agent and lost their home to foreclosure in 2008.

A tile setter by trade, Miguel Cacho Vega and his wife, Soledad, a housekeeper, had worked hard for their \$495,000 three-bedroom home on a corner in East Palo Alto's "Gardens" neighborhood.

In 2006, Cacho Vega went back to a San Jose mortgage broker to obtain a \$20,000 loan to pay off credit-card debts. The agent helped him secure the loan but said his brother had to co-sign, he said.

According to a lawsuit filed by Community Legal Services, the agent, Linda Tran, and Absolute Investment Group, which does business as Palacio Mortgage in San Jose, allegedly sold the home to Cacho Vega's brother for \$675,000 — without either man knowing of the sale.

Tran allegedly paid off Miguel Cacho Vega's original loan with a

new loan from a bank for \$506,250 and obtained a second mortgage from a private lender, Pablo Curiel, for \$75,000. She allegedly gave Cacho Vega the \$20,000 he wanted, but took his name off the title without his knowing, according to court papers.

In the process, Cacho Vega has alleged, Tran took \$190,000 for herself.

Attorney Robert F. Kane and Hochhausen filed suit in federal court against Tran, Curiel and the lending bank, Downey Savings and Loan, to recoup the money and rescind the loan, along with other monetary damages. The suit asks for a permanent injunction against the broker to stop engaging in the alleged frauds.

The Cacho Vegas are in settlement negotiations, but recently Tran filed for bankruptcy and has asked the court to stay the case because the FBI is criminally investigating her, according to court papers.

Tran and Absolute Investment are also being sued in a separate federal case by the nonprofit Law Foundation of Silicon Valley and Greenberg Traurig, LLP, an East Palo Alto law firm (no relation to Candice Greenberg), on behalf of 12 Latino clients in San Jose. A judge ruled that the case could go forward despite the criminal investigation, Hochhausen said, and she is hopeful that a San Francisco federal judge will do the same in the Cacho Vega case.

Hochhausen is confident she can win the predatory-lending case.

"We have a batting average of 1,000. We haven't lost a case yet," she said.

The foreclosure crisis has hit the area hard, Hochhausen said. In October 2006, there were fewer

than 10 foreclosures in East Palo Alto. As of this month, banks own 32 homes, 120 are in pre-foreclosure and 53 have been prepared for auction, according to Greenberg.

The foreclosures are sometimes caused by fraud.

Immigrants and elderly residents in their 80s were tricked into signing loan papers they couldn't read; home titles were sold out from under unsuspecting owners; huge loans were taken out when homeowners wanted only small second mortgages, with Realtors pocketing hundreds of thousands of dollars, according to Hochhausen.

"East Palo Alto is in bad shape. What's happening is devastating to individuals and families and it's devastating to the viability of the community," she said.

Dessanola Swain, 84, typifies how the backbone of the community is being broken by the foreclosure crisis — and how Community Legal Services has become her ally in her fight.

Swain has lived in her home for 52 years, where she raised her family. She added her son to the home's title, thinking she was protecting herself from predators.

But her son took a loan on the property in his own name for \$300,000; she alleges it was without her knowledge and that the bank didn't check with her even though her name was on the title.

"They just acted like I didn't exist. I feel like I was misused, and the banks took advantage," she said.

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Justice

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The loan was funded by New Century Mortgage, which was caught up in the subprime crisis. Deutsche

Bank National Trust Company purchased the loan and is trying to foreclose on the home, according to lead attorney Kane, who has provided hundreds of hours of free legal services to Community Legal Services clients, he said.

The fight to keep Swain's home has only begun.

The bank filed a judicial foreclosure in San Mateo Superior Court, an unusual proceeding that requires a trial to evict her, probably because the home's title is in her name but

the loan is not, Kane said.

Hochhausen and Kane will soon file a cross-complaint, but they hope a settlement can be reached, Hochhausen said.

On a recent Friday, Swain's eyes welled with tears. Standing in front

of her well-tended roses, she reluctantly discussed her plight.

"When I step out on the street, I don't want people giggling at me, saying: 'Oh, what a poor thing,'" she said.

Hochhausen isn't backing down. "I have never been more committed to a case than this one, Miss Swain," Hochhausen said.

"I want to embarrass the bank and not keep the bad things they do a secret. I want the bank to back off and leave you alone."

Swain said she prays all of the time.

"You pray I'm going to kick a--. That's the division of labor," Hochhausen said.

Hochhausen said banks have a handy excuse for not renegotiating the mortgages.

"They say there's a moral hazard (with homeowners who are defaulting on loans). You're a bank that made a loan to someone who makes \$20,000 in a year. You gave them a preposterous loan you knew they couldn't pay back. Do you call that moral?" she said.

Marcelos, whose home Hochhausen saved in court just a half hour before it was to be sold, stood at the podium of the Four Seasons Hotel June 4 telling her story to a roomful of lawyers and donors.

In 2005, Marcelos' husband was approached by a real estate agent about purchasing a second home. The man, who spoke Spanish, allegedly warned Marcelos' husband that his children were of an age when rooming together could lead to unhealthy behavior, insinuating incest.

Then, the agent sealed the deal: "God wants you to have this house," he said.

The agent allegedly submitted false papers to the mortgage company and refinanced Marcelos' first small house for \$260,000 — pocketing nearly \$200,000.

When the balloon payments began, the family faced losing both homes.

"I asked for help; I called the police, the FBI. I went to pro bono lawyers," she said. She even posted a request on craigslist.com.

Community Legal Services helped her keep the home. Hochhausen helped her settle with Countrywide Financial Corp. and lowered the mortgage payments.

Marcelos said she was inspired by Community Legal Services and became an advocate for the agent's 22 other victims. The agent is in jail and facing up to 30 years in prison for fraud, she said.

"I never thought I would be empowered. Even though I speak English I was not familiar with legal terms. ... I saw so many families lose everything: homes, jobs. Finally the families split.

"You can't just say, 'I'm going to move to a small apartment.' We have to fight. It's our right," she said. ■

Staff Writer Sue Dremann can be e-mailed at sdremann@paweekly.com.

On the cover: Attorney Shirley Hochhausen gives a big hug to Dessanola Swain, an 84-year-old who is fighting to keep her East Palo Alto home after alleged foreclosure fraud. Photo by Veronica Weber

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