

Winston Joins Texas Legal Services Center's Fight Against Predatory Lending

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A collaboration between Winston & Strawn and the Texas Legal Services Center led to the successful settlement of a Federal Case against landlord and mortgage lender HMK. The Winston & Strawn team included Dallas Partner Thomas Melsheimer and Associates Alex Wolens and Ahtoosa Amini Dale.

When the City of Dallas raised habitability requirements for rental housing in 2016, HMK served over 300 families with notices to vacate, including our clients. When a court intervened with a restraining order, HMK changed its strategy and offered to sell houses to our clients. With the prospect of eviction looming, our clients, monolingual Spanish speakers, were relieved to take the offer.

However, HMK did not complete their legal obligation to provide them with copies of the disclosures explaining the loan's terms prior to the signing deadline, nor did they provide an explanation of the agreement's contents—or any other documents—in Spanish.

All parties settled in June 2020 when HMK dropped the controversial restrictions in mortgages it granted in 2017—a huge victory for the 150 low-income families involved. The original terms included a “due-on-demand” clause that allowed the lender to call the loan at any time, for any reason or no reason at all. These terms stayed in effect for the entire life of the loan, which could have left the families on the streets, even if they had paid off 95% of the mortgage.

“Without Winston & Strawn’s involvement, these families may have never realized the security of true homeownership, which is particularly critical during this ongoing health crisis,” said the Texas Legal Services Center in a statement regarding the case.

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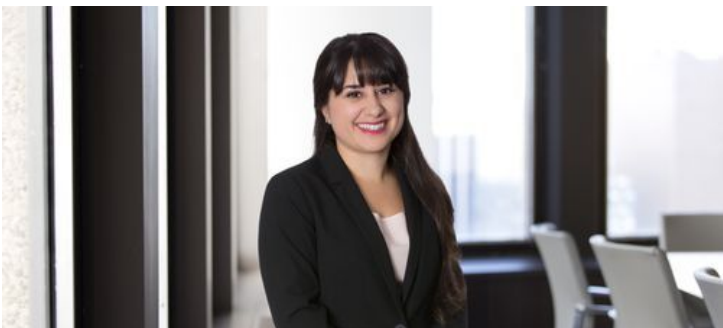
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