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Jury gives woman \$1.25M in lawsuit over mortgage

Baltimore Business Journal - by [Eli Segall](#) Staff

A Baltimore native who defaulted on a subprime loan has been awarded \$1.25 million in damages from her lender, Wells Fargo Bank N.A. The case may lead to similar lawsuits nationwide, and also may help Baltimore City's suit against the bank, claiming it targeted minority neighborhoods with subprime loans, legal and banking experts say.

Kimberly L. Thomas was awarded \$250,000 in damages and \$1 million in punitive damages in Montgomery County Circuit Court July 31. A six-member jury convicted Wells Fargo of fraud, negligence and other charges for inflating Thomas' income and assets on her mortgage application, and locking her into a bigger loan than she had applied for -- one she couldn't afford.

Thomas, 41, said in an interview with the [Baltimore Business Journal](#) that her case "destroys the myth" that the subprime mortgage meltdown is fueled by homebuyers taking loans they can't handle.

"They make it seem like it's the person's fault," Thomas said from her Silver Spring townhouse. "But they don't know what's going on behind the scenes."

Brian Maul, her attorney, said Thomas' loan agent pushed through a bigger mortgage to reap a higher commission. Teri Schrettenbrunner, a Wells Fargo spokeswoman, said the bank followed "responsible lending practices" and will appeal the verdict.

Thomas' lawsuit, filed in February 2007, may impact Baltimore City's case; the city alleges that Wells Fargo targeted Baltimore's minority neighborhoods with "unfair, deceptive and discriminatory lending," thus helping fuel a foreclosure crisis. The suit, filed in January in U.S. District Court of Maryland, has not gone to court yet.

Suzanne Sangree, chief solicitor in the city's Department of Law, said the case may not set a legal precedent because it was decided by a jury, without a judge-issued opinion. But the verdict would help nonetheless, as it "supports the allegations of our complaint," she said.

"The fact that a jury looked hard at the loan documents and said Wells Fargo was negligent, that's essentially what we're saying in Baltimore City as well," Sangree said.

Thomas' case dates back to June 2006. At the time she was considering separating from her husband, so Thomas, a mother of two, decided to leave Silver Spring and buy a \$505,000 house in Burtonsville. Her sister referred her to a Wells Fargo Home Mortgage office in Westminster, where Thomas applied for a \$535,000 loan, with a 7.13 percent interest rate.

Roughly two to three weeks later, her loan agent submitted the application with a string of incorrect information, according to court documents. This included the Social Security number of Thomas' sister, who had a higher credit rating; a monthly income of \$14,000, which was nearly double Thomas' actual income; and assets that included \$30,000 cash at Constellation Federal Credit Union. According to the suit, Thomas never claimed to have this much money socked away, at Constellation or elsewhere.

Thomas soon learned that her loan was at 10.625 percent interest, with a monthly payment of roughly \$4,600, well above the \$3,000 she was expecting. She signed the contract anyway, at the urging of her attorney at the time, figuring it was an honest mistake and Wells Fargo would correct it.

But over the next few days, Thomas said, the bank urged her to refinance with another lender. Thomas then realized she couldn't back out of the deal, and within a week of closing on the loan, she put the house back on the market.

She also decided to sue; among other problems, her credit rating was getting clobbered by missed mortgage payments. She feared this would harm her job as a government contractor and impede future big-ticket purchases.

Eight law firms rejected Thomas. She said they worried she didn't have enough money to take on the bank, before Gordon & Simmons LLC, of Frederick, took the case.

"Everybody knows somebody who's been messed over by them," Thomas said of the San Francisco bank. "But you don't see results. You don't actually see people who say that they won."

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