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Victory for South Side victim of mortgage fraud

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By Paul Meincke

November 19, 2010 (CHICAGO) -- A woman who nearly lost her South Side residence in a mortgage rescue scheme gets to keep the home she has lived in for the last 40 years.

The man who operated the mortgage company is now banned from working in the mortgage business in Illinois for life.

Lessie Towns launched a fight in court to keep her home. She won and her case triggered a new law to better protect homeowners.

Towns has a birthday coming up, and this one will be far more relaxed than her birthdays of the last several years. She has gone from a foreclosure action to a near eviction, to TV and newspaper attention, to having the governor in her backyard sign a new law strengthening sanctions on mortgage fraud.

It's been quite a roller coaster for someone unsure of who was friend and who was foe.

"I wasn't eating. I wasn't sleeping. I wasn't doing anything but just running," said Towns. "I didn't have no appetite. I was just doing what I thought I could to keep this house."

Her neighbors all look out for Lessie Towns. After all, she has lived in her home for over 40 years, and they like her a lot.

Five years ago Towns was facing foreclosure, and she signed what she thought was a refinancing agreement that would keep her in her home. That agreement, state investigators say, was with Oak Brook-based Trust One Mortgage and its President Paul Shelton.

"Mr. Shelton was essentially coordinating a mortgage-rescue scheme, whereby he would be conceiving home owners to eventually sign over their homes," said Brent Adams, Illinois Department of Financial and Professional Regulation secretary. "Those homes would be sold to a straw buyer and effectively flipped at a higher appraised value."

Towns continued to live in her home completely unaware it had been sold twice to straw buyers who failed to pay the mortgage.

Then, one evening, sheriff's police come to evict the owner.

"We're looking for Willie Smith. No Willie Smith lives here," said towns. "They said, 'How long you lived here?' I said, '40 years or more.' "

Towns got mad, went to court, and earlier this year won a settlement that allows her to stay in her home.

And Paul Shelton of Trust One Mortgage has agreed to a consent order that bans him for life from any work originating loans. The department of financial and professional regulation won't pursue a big fine, and Shelton admits no wrongdoing.

"Lifetime bans are never issued without cause. There are always reasons for lifetime bans," said Adams.

Lessie Towns is happy, and proud that she stood up to fight, and relieved that the fight is now over.

"I just said, 'Lord, I need a vacation to go and thank God and sit down and relax.' "

ABC 7 was unable to reach Shelton Friday, though he previously said that there never was any purposeful attempt to mislead Towns, and that the papers she signed were very clear.

Shelton does not face any criminal sanction, though he could be subject to additional discipline from the Illinois Attorney Registration and Disciplinary Commission.

Towns will now be able to stay in her home for the rest of her life by way of a reverse mortgage

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