

AMERICAN PREDATORY LENDING AND THE GLOBAL FINANCIAL CRISIS

ORAL HISTORY PROJECT

Interview with

Mark Lawson

Bass Connections

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PREFACE

The following Oral History is the result of a recorded interview with Mark Lawson conducted by Patrick Rochelle on February 10, 2021. This interview is part of the Bass Connections American Predatory Lending and the Global Financial Crisis Project.

Readers are asked to bear in mind that they are reading a transcript of spoken word, rather than written prose. The transcript has been reviewed and approved by the interviewee.

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Interviewee: Mark Lawson
Interviewer: Patrick Rochelle

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Patrick Rochelle: I'm Patrick Rochelle, a Master of Public Policy candidate at Duke University Sanford School of Public Policy and a member of the Bass Connections American Predatory Lending and the Global Financial Crisis team. It's Wednesday, February 10th, 2021. I'm speaking via Zoom with Mark Lawson, President and CEO of the Community Action Agency of Cincinnati, Hamilton County, for an oral history interview. Thank you for joining me today.

Mark Lawson: I'm glad to be here, Patrick. Thanks.

Patrick Rochelle: I'd like to start by establishing just a little bit about your background. It's my understanding that you received a BA in mathematics from Xavier University in 1991 and a JD from the University of Cincinnati in 1998. Did I get that right?

Mark Lawson: That is correct. It sounds funny, right? Math major going to law school, but yes, that is correct.

Patrick Rochelle: I am curious. What drove you to go to law school?

Mark Lawson: Well, I went to law school because I had always thought about giving back and working in the public interest. I spent my young life following my single mom around, who spent a lot of time at our local homeless shelters, taking food to the sick, and so that was sort of where I wanted to go. And I thought that law school and public interest was the way to get there.

Patrick Rochelle: ... Did you grow up in Cincinnati?

Mark Lawson: I did. I've been in Cincinnati my whole life for one reason or another. So, like I said, I grew up with a single mom who had a debilitating disease, multiple sclerosis. So, it was just the two of us. And anytime I thought about leaving town, there was always something bringing me back. I started to take care of her, so ... it kept me here, but Cincinnati is a great place to live.

Patrick Rochelle: After graduating from law school in 1998, what led you to the Legal Aid Society of Greater Cincinnati? I take [it] that was your first legal job.

Mark Lawson: It was. During law school, I clerked [during] the summers and during the year with a civil rights firm here in town, doing a lot of civil rights work for a really great lawyer named Bob Newman. And he was a Legal Aid lawyer back in the day. [He] had a Skadden fellowship early on in the 60s. And so we did a lot of talking and I realized, Legal Aid seemed like a perfect fit for me after graduation. I jumped right in with both feet.

Patrick Rochelle: What kind of cases were you involved with in the early days at the Legal Aid as a new fresh attorney?

Mark Lawson: Back in the early days, 20 plus years ago. I started out doing a lot of landlord tenant work. We had a lot of evictions, so that was a big bulk of the work I did. A lot of conditions work with slumlords not taking care of multi-unit buildings. I also did a lot of work with the VA [Veterans Affairs] and getting benefits for veterans, which is also very interesting work. And although it took a long time in those cases, when we would win, we could lift those folks out of poverty, because their servicing benefits were so huge, so that was great work too. That was in the beginning days, a lot of evictions and a lot of VA benefits work.

Patrick Rochelle: ... Our conversation today will mostly focus on residential mortgages, but ... when you're talking about evictions and rent and that sort of thing, were there specific neighborhoods in Cincinnati that ... you were dealing with folks a lot?

Mark Lawson: Sure. There's definitely pockets and neighborhoods, and it's interesting if you were to map those neighborhoods with redlining and discrimination back in the day, that would align almost perfectly with the poor neighborhoods around Cincinnati today. Predominantly African American neighborhoods. We saw a lot of folks being evicted back in the day, and it's interesting talking about that now because right now we're in the middle of the biggest eviction crisis I've seen in a long time. It was bad obviously before the pandemic and it was bad back then, and there were a lot of folks living in poor conditions that we did a lot of work on too. It seemed to me there was a lot of marginalized folks that were easy to discriminate against and didn't have a voice. That's really another reason that brought me to Legal Aid was to give a voice to those in poverty that otherwise wouldn't have it.

Patrick Rochelle: ... Are there names of specific neighborhoods where you were working with folks in a lot? Or is it kind of hard to put a name on it?

Mark Lawson: Not hard at all. Price Hill is a big neighborhood. There's Lower Price Hill and East Price Hill. Appalachian neighborhoods. There's Evanston. Madisonville. There's a whole host of places. Winton Terrace, Millvale. A lot of places where a public housing authority has units. The list goes on. But it's the haves and the have nots. It's a pretty segregated city, in fact.

Patrick Rochelle: ... When and how did you first become involved with residential mortgages given your work at the Legal Aid?

Mark Lawson: It's interesting. I was doing the work with landlord tenant stuff and VA benefits, and then I actually left Legal Aid for a year in 2005 and opened my own practice with a partner doing consumer bankruptcy work. That's where I really first encountered residential mortgages and the power of a chapter 13 bankruptcy to help someone in foreclosure strip off the second mortgage if it's not collateralized, and put people in a five-year repayment plan. So, that's really

when I first got into working with mortgages, and then I got a little bored. I missed my clients, and I missed my colleagues, and I decided to go back to Legal Aid in 2006. So I had a one-year hiatus, learned a lot about bankruptcy, but realized that I really craved a much richer practice that's more multifaceted to help clients. So I went back.

Patrick Rochelle: Ohio is said to have felt the impact of the mortgage crisis earlier than other states. What were you seeing among your clients' cases at the Legal Aid Society of Greater Cincinnati that was concerning specifically?

Mark Lawson: When I went back in 2006, I switched out of the VA benefits work and right into homeowner and consumer work. Going back a little bit, the Legal Aid Society of [Greater] Cincinnati has been doing work for clients related to mortgages all the way back to the 60s and 70s. I wasn't part of this group, but we had a fraud squad that was working on predatory lending, and that's where we started to see [problems concerning lending practices] initially in Ohio. And you're right that Ohio was one of the first states to get hit. So, we started with the fraud squad looking at predatory lending. And then from there, we started to see just a steady increase of foreclosures, and it was folks who maybe had lost their jobs or were underemployed. So, we made sort of a conscious decision to move away from the predatory lending cases that took a lot of resources and time and realized that we better turn ourselves on a dime and address this huge mounting crisis that we anticipated with foreclosures. We really ramped up our staff, got up to – at one point we were up to seven full-time attorneys doing the work – and really took a multifaceted approach to it early on because we knew it was a big crisis coming.

Patrick Rochelle: And what year was that, do you think, if you can remember?

Mark Lawson: I went back in 2006. So 2006, 2007. '08 and '09. I think that in our county, which is Hamilton County, I think the foreclosures peaked in '09 at about 7,000. For context, I think that was a 100% increase from 2001 to like say 2009 or 2008, and then a 500% increase if you go back to the late 90s. I'd always kept those numbers in mind that we saw this huge peak. I think at that time is when we had the most lawyers and paralegals working on these cases, and we realized that we really just need to get in and really represent as many folks as we can and try to save as many homes as we can. And we can get into later the reasons why ... the foreclosure crisis wasn't just affecting families, but also neighborhoods.

Patrick Rochelle: Were you able to help everyone?

Mark Lawson: [Laughs]. Well, no. That's the problem with the Legal Aid Society's resources, right? You can't help everyone who asks, although part of my job was fundraising, and we did. And I think in part because we had a national reputation in our little shop in Cincinnati, and we did get a lot of funding from a lot of different sources, whether it's bank foundations, or even some hedge fund managers who shorted the market and ended up donating back. We got

some money to work on it, but no, not enough ever. But over time, I did look back, we've saved thousands of homes based on our coalitions with housing counselors and other things that we did. It wasn't just us working by ourselves. As lawyers, we roped in a lot of housing counseling agencies, trained them, met with them weekly.

We called it the Homeowner Preservation Initiative of Hamilton County. We also made a big push along with others in the state. We were at a lot of these statewide task force meetings but getting volunteer lawyers involved. We got up to 60, 70 volunteer lawyers to pitch in as well, trained them because they didn't know how to do foreclosure defense. Along with that, we got as part of the task force — Chief Justice Moyer back in the day brought a task force together and he was really helping us push the need for mediation. We got mediation in every county and it ended up being required. We got all of our volunteer lawyers trained on that. Lots of different folks coming to the table to help us basically with our eye fixated on saving homes and saving neighborhoods. We would save [900 to 1,000] homes a year, basically, with the coalition.

Patrick Rochelle: When you were trying to decide which cases to take on, how did you decide which to prioritize?

Mark Lawson: Yeah. That's a really good question and a really difficult question to answer. We prioritized families with kids, elderly, disabled folks. Those were always priorities for us. If we couldn't take a case, then we would use our volunteer lawyers to help. We would always do something for them, whether it was brief advice or not. Other than those priorities, we've [only] got so many slots for our seven attorneys each month and then we can only give folks so many cases. People were working really hard in those days and had huge caseloads, so some had to be turned away with just some brief advice, or some *pro se* materials.¹ We tried to come up with as good *pro se* materials as possible, a solid answer with some instructions. We spent a lot of time trying to craft that and make it easy to understand. That's the toughest part about being a Legal Aid lawyer is turning folks away.

Patrick Rochelle: Are there any specific cases that come to mind, any specific clients that come to mind, that you think are sort of illustrative of that time period in your career? I realize there might be some attorney –

Mark Lawson: Countless. There [is] attorney-client privilege, but also confidentiality and settlements. That's probably the main barrier here, but we had several different kinds of cases as part of our multifaceted approach. One thing we saw early on was there were issues with standing and the real party of interest. We saw banks, lenders bringing cases when they didn't have – own the note or have any

¹ "Latin for 'for oneself, on one's own behalf.' When a litigant proceeds without legal counsel, they are said to be proceeding 'pro se.'" Quote from: Cornell Law School, Legal Information Institute. https://www.law.cornell.edu/wex/pro_se. Accessed April 14, 2021.

affiliation to the note yet. And that seemed really odd to us. You [couldn't] repossess somebody's car because maybe sometime in the future I might own the debt on that car. So that was crazy. We brought a case, it was *Wells Fargo v. Byrd*, that made it to the District Court of Appeals, where we won there.²

They said that “No surprise, you've got to have some ownership in the debt before you can bring a lawsuit because you don't have any interest in the case yet.” And then the Supreme Court of Ohio in *Schwartzwald* reaffirmed that and basically said “There's no standing if you don't have an interest.”³ That was something we stood our ground on and that was an early case in the country. We stood our ground on that a lot and that forced lenders to sort of shape up on that. So that was one sort of –

Patrick Rochelle: And what year was that again?

Mark Lawson: Oh man. That case was probably in '08 or '09, I think. Sorry, it was a while ago. And then we had a whole other slew of cases against big national banks in federal court. And they all had a really similar theme that is a bit astonishing. So, one of them, I brought a case in federal court on behalf of 12 homeowners who went to a Treasury sponsored outreach event. They were all promised loan modifications, and the bank had brought computers and brought their loans up and everything else, and promised loan modifications that never materialized. I brought that case saying, “based on promissory estoppel, and some other ideas that you guys promised these loan mods, you never came through, and you ought to set these people straight.”⁴ So that case settled favorably for our clients, but another similar set of cases we had against national banks were these cases where loan mods were promised to people or even given to people.

We had one case where we had two families that got loan mods with Countrywide, I think, and that was bought out by a different bank. And then the new bank ended up, even though our clients kept paying payments, didn't honor the loan modifications, accelerated the loan, sent a foreclosure notice. We had to bring an affirmative case in federal court and settled that case as well.

And then one other one at [the] same national bank, honestly. This one was the craziest one I can remember. We had a couple who were hardworking folks, and they'd never missed a payment, but they had lost jobs in an industry that went

² Wells Fargo Bank, National Association et al. v. Byrd et al. Decided: September 12, 2008.

<https://caselaw.findlaw.com/oh-court-of-appeals/1411989.html>

³ Fed. Home Loan Mtge. Corp. v. Schwartzwald, 134 Ohio St.3d 13, 2012-Ohio-5017.

<https://www.sconet.state.oh.us/rod/docs/pdf/0/2012/2012-ohio-5017.pdf>

⁴ “Promissory estoppel is a longstanding rule developed in Anglo-American law to prevent injustice when someone makes a promise that by itself does not add up to an enforceable contract but on which someone else relies to his detriment.” Quote from: London, Robb. “When a Promise Isn't a Contract but Is a Promise”. The New York Times. June 28, 1991. <https://www.nytimes.com/1991/06/28/archives/when-a-promise-isnt-a-contract-but-is-a-promise.html>

away where they lived, and so they reached out to the bank and said “Hey, we're going to be in trouble, we're not yet, but what can you do for us?” They [the bank] gave them a loan modification, and while they're waiting for the loan mod, they still never missed a payment, they were making the old payments. So then they got the loan modification and never missed a payment. And then all of the sudden out of the blue, the bank says “Hey, you're not paying the right amount of money and we're going to foreclose.” So, I had to bring that case. The craziest part of that was that was an FHA [Federal Housing Administration] loan, and you might know that FHA has some extra requirements [prior to a foreclosure]. Face-to-face meeting for loss mitigation is the most important one in some ways. The bank sent out an agent to these clients' house.

... The clients were happy. They said, “Great, we can finally talk to a real person and we'll explain to you how we already have a loan modification, we've been paying it, and never missed a payment.” This person, this is no joke, this agent brought out a letter that they opened on the spot and it said, 'You're refusing to give me documents to process your loan mod,'” and they said, “We already have one.” [The agent] pulled out letter number two and letter number two said, “Nobody was home when we were here, so we're going to go ahead with foreclosure.” And that is no joke. And we settled that case too. To me, it's a story of big dumb banks not knowing the left hand [from the] right hand. It's hard to say if there's malice or not, but if anything, it's just some place that's too big to understand what they're doing.

Patrick Rochelle: In Ohio, what rights do consumers typically have in a foreclosure?

Mark Lawson: Well. Defenses. FHA is a good example. If you have an FHA loan, you've got some built-in defenses because there's some hoops that the lender has to go through before they can foreclose and take your home. One of those I alluded to earlier was the face-to-face meeting. There are some details that I can hardly remember that you have to be – whether your bank has a branch within 200 miles of where you live or something like that. But that's a big one. And we spent a lot of time actually advocating on the national level with senators and others in HUD [Department of Housing and Urban Development] because there were plenty of banks that were not enforcing, not using the required loss mitigation that they're supposed to do. You're supposed to have a whole waterfall of loss mitigation remedies available to you, including things like partial claims, reduced interest rates before foreclosure, and those things weren't happening.

So that's a good example of I think of rights of folks in foreclosure. The good news about Ohio is that [it's a] judicial foreclosure state.⁵ Some of my colleagues around the country were really under the gun and had to file an

⁵ “Foreclosure processes differ by state. They are generally done in two ways. If done by filing a lawsuit, it is called ‘judicial foreclosure.’ In some states, the lender can foreclose without going to court, and that is called ‘non-judicial foreclosure.’” Quote from: “How does foreclosure work?” Consumer Financial Protection Bureau. August 28, 2017. <https://www.consumerfinance.gov/ask-cfpb/how-does-foreclosure-work-en-287/>

affirmative case right off the bat, where we on the other hand had a little bit more time. And for us time was good because it gave our clients time to find resources, to find us – Legal Aid – ... and money. That's another thing that we focused on was getting mortgage assistance for folks. Part of the multifaceted approach was getting emergency mortgage assistance from government sources. At the end of the day, these cases were won really – “won” – by coming up with a loan modification that was fair and affordable to clients, that let them stay in their home with reduced interest rates, maybe a knock-off on the principal. To do that, a lot of times we had to have a pot of money available to help with a down payment to make those work out....

Patrick Rochelle: ...Where did that pot of money come from? Was that outside philanthropy providing that or was that?

Mark Lawson: Different sources. So, we really [shook] a lot of trees for that. So, we got some from our County, some from our city Cincinnati, some from the Greater Cincinnati Foundation. That's a philanthropic foundation that we have that investors – philanthropists park their money there. And even some bank foundations, oddly enough, gave us some money for that. So, all different sources.

Patrick Rochelle: What objections did you hear often from lenders or servicers when you tried to negotiate new loan terms on behalf of your clients? What were their typical objections? Do you recall?

Mark Lawson: Yeah I recall it's like beating your head against the wall because it was the strangest law practice you could imagine. These lenders all had attorneys, which in the normal world, and I'm not talking about – the big cases were different. Those lawyers were very good and responsive, but in the regular foreclosure defense cases, those lawyers didn't know very much about what was going on with their clients. And a lot of times they would say, “Go ahead and call our client directly.” And most times it's the servicers, so it's the middle person who has, we found out over [a] short time, has weird incentives. And you would think that a lender would want to be made whole, use this mortgage assistance money, keep people in the home, reduce the interest rate. But as we all know now, the servicers had very conflicted interests and they were just collecting the money and they didn't really care.

...And not only that but a lot of times, and I am sure you've heard this in your interviews, but our clients didn't know who their servicer even was. It was very confusing. Eventually the law changed and there was a requirement that you really have to name who your servicer is and send notice to clients, but that wasn't always the case. So it was sort of a case of there's no there there. So the negotiation was very difficult. There really wasn't much of a negotiation really. A lot of times it had to come down to the wire and to the judge really holding us sometimes to a trial date, which the lenders and the lenders attorneys didn't want to do. And a lot of times if it didn't get that far, nothing would really

happen. Sometimes we'd have some success in mediation, and I remember we would try to force somebody from the lender, an agent to be on the phone at least in those mediations. That was successful sometimes, but that was a heavy lift to make that kind of stuff happen. They didn't want to do it. So yeah, it's like beating your head against the wall. Lots of resistance to this that you wouldn't expect.

Patrick Rochelle: You mentioned earlier you had gone back into private practice for a little bit, for about a year, and then returned to the – actually the Legal Aid Society in Southwest Ohio as Managing Attorney of Consumer Law. Could you just briefly describe your – that new role? [It was] more of a leadership role when you returned. Also, I'm interested to know whether you were, in that role, whether you were tasked with overseeing, managing, developing a strategy for foreclosure defense and that sort of thing.

Mark Lawson: Yes. It's interesting. When I came back ... I didn't have that history of working in residential mortgages. We had somebody who had been doing that work for 30 or 40 years retire, and so I stepped into that role. I remember telling my boss at the time that I didn't really know much about this. And it's like, "Yeah but you'll be fine. You'll learn it and you're a leader." And I had great people around me. We had actually an amazing staff. Staff attorneys were just amazing. And yes, I did have to craft the leadership strategy part of the multifaceted approach, and that's when we switched away from the predatory lending resource sucking cases to representing a whole bunch of people in foreclosure.

Like I said, raising money for mortgage assistance, getting volunteer lawyers involved, getting mediation up and running, doing some of these bigger cases that could set down a marker. We also pushed really hard for a moratorium because we knew the laws were coming, that they were changing, that there was going to be assistance available on a national level, the Home Affordable Modification Program hadn't come into place yet. We thought there needs to be a moratorium while the government can get all their ducks in a row. No one should be foreclosed upon while you're waiting in line for government help to come. And we made a big pitch for that. I remember I took my kids, they were like three, five, and two, to the courthouse steps on Christmas Eve. I think it was '08.

Yeah it must've been 2008. It was raining and my kids were out there in their umbrellas, and I was making a strong plea to the state legislature that we needed a foreclosure moratorium for at least six months to let these programs get in place. And we did a lot of work behind the scenes before we even got to that point. We had some speakers, it was well attended. We eventually got the City Council of Cincinnati to pass a resolution, and the Hamilton County commissioners to pass a resolution. We got some statewide partners, and we got it passed in the House and it stalled in the Senate, so it never made it. But that was another piece of the strategy. The lesson there is [that] we didn't get the moratorium, but we sure raised awareness, and we even had a lot of our local bank presidents sign on saying that it was a good idea.

I think that really helps momentum and for people to realize the importance of keeping people in their homes and the foreclosure crisis was coming and we ought to do something big. That was a big part of setting the strategy. The other piece. Go ahead.

Patrick Rochelle: No, no, no. Please, please. I didn't mean to interrupt. Go right ahead.

Mark Lawson: Well, I was just going to say a few more pieces of the strategy. There's pre-foreclosure, foreclosure and then the aftermath. The pre-foreclosure side we partnered with a big housing counseling agency and got a half million dollars to help people before they're even in foreclosure. That was a big push there. And then I've told you a little bit about while they're in foreclosure. The aftermath, we made the pitch all over the place to city government, county government about the effect not just on families, but the effect of foreclosures in neighborhoods, and the way that neighborhoods just spiraled down.

We saw that in many of our neighborhoods. I mentioned earlier Price Hill. That was one of the hardest hit neighborhoods that we had. You have a foreclosure on your block, your street, you have a couple, and you have some vacant homes. ... Then you've got crime and back in those days, people were coming in and stealing the copper out of the basement. And then so, you've got crime and it just spirals from there and housing prices keep going down. We did a lot on that end, on the aftermath, helping prop up neighborhoods. We sued a couple national [and] international banks on the theory that they were causing a public nuisance because they were not maintaining the properties that they held after foreclosure. A very cutting-edge theory that was in a bit of a ways a lot of time and resources, and these guys obviously lawyered up with New York and California attorneys. At the end of the day, we had a settlement that was favorable, but it was a lot of work.

The other thing that we did that was important on the aftermath side was stood up a program that we called a Homesteading Program, because we saw a whole bunch of vacant homes. We did this as a pilot in Price Hill, the neighborhood I told you about. A lot of vacant homes there, and then there were a lot of folks that couldn't get conventional mortgages at that time, but had some sweat equity abilities, had some capabilities. So, we worked with the local community development corporation and acquired these properties out of tax foreclosure from the land bank and did a little bit of work to them to get them up to code.

Then we put a family in there that could do some sweat equity or had some capabilities or some friends that could do a kind of like a habitat [for humanity] model. And then, we would sell them those homes on a land contract, which to Legal Aid lawyers is taboo, but this was a zero-interest land contract where the families would own the home after five years, free and clear. We had a lot of success with that. It didn't get all the way ramped up. We maybe did 20, 25, 30 homes. It could have been more, but there needed to be more of a subsidy. Just an example of the strategy, which was the original question you asked about the

pre-foreclosure, foreclosure, and the aftermath. We really looked at all sides of it.

Patrick Rochelle: I want to go back for one second to one other thing you had mentioned. You were talking about trying to advocate for a moratorium on foreclosures to buy time for the federal government to get its ducks in a row. ... Are there any names within the legislature or at the city and county level that come to mind of people you were trying to convince, or ... officials who were on your side? I'm kind of curious [about] the mix of folks who were in the middle of this.

Mark Lawson: We had lots of allies and really rounded up the troops. I'm trying to think. I think the County commissioners at the time, we pitched it to them, and they passed a resolution. I think that was David Pepper, Todd Portune, Roxanne Qualls ... I'm not sure about Roxanne. She might've – that's hard. My memory is tough on that, but there were also city council members, and then there were state legislators. Denise Driehaus was involved. She is now Hamilton County commissioner. She was in the state house then. State Rep Foley from the Cleveland area was involved in those. Bill Faith ... was involved with his group, Coalition [on] Homelessness [and Housing] in Ohio. We had lots and lots of different allies. And of course, we allied with all our other Legal Aid partners around the state. There were some, like I said, bank CEOs that also met with us and spoke favorably about it, which also helped. It was really me out being in the streets trying to drum up support for this. And we almost got there. It was close.

Patrick Rochelle: What about the Ohio Attorney General's Office? Did you partner with lawyers there as well?

Mark Lawson: Oh yeah, definitely. So that was a great partnership. Rich Cordray was the Ohio Attorney General. The consumer chief was Susan Choe. We were in constant contact, especially with Susan, basically letting them know what we were seeing on the ground as far as the note issue or robo-signers or those kinds of things that we thought they might be interested in seeing. We also sat on a task force together that Chief Justice Moyer brought together, and later Rich Cordray brought together. I think it was run by the Department of Commerce at one point. We would come and bring our clients. We would testify. Our clients would testify as to what the issues were and what we thought was important statewide. That was a great partnership with the AG in those days. There was a lot of communication back and forth.

Patrick Rochelle: Was your office involved at all in the standing up of the Save the Dream program? I know the Attorney General's Office helped spearhead that.

Mark Lawson: Yeah. I was at every one of those meetings and those task forces. In fact, I was the person who said, "I'm not so sure that's the best name because the acronym isn't going to be so great," but they went with Save the Dream anyway. I distinctly remember that. We were all part of that work and out of that, it came a statewide hotline that people could just call one number. It was heavily

marketed, and then you would get passed through to your local Legal Aid. Mediation in each county was part of that. The volunteer lawyer program I told you about, the training that we did and other partners around the state did, that was part of it. That was a big approach, was to get all those players involved. It was great that Chief Justice Moyer was part of it because he was all about mediation ... He really made the call to get volunteer lawyers involved across the state because he knew that Legal Aids were overwhelmed, and we couldn't do all the work ourselves. He really spearheaded. He [and] Rich Cordray did a heavy lift to get everything going.

Patrick Rochelle: Was there precedent for Save the Dream? Had other states done something like that before? Where did the idea come from?

Mark Lawson: No, I don't think any other states were doing that. We were in the vanguard. Like you said, Ohio was one of the earliest hit and heaviest hit places. ... Cincinnati area was in the top 30 metro areas for foreclosure rates at one point. I know Ohio was up there. They had like 80,000 foreclosures one year. I don't think there was any other model that we went with. We just really sat around a table. I can remember – I remember one meeting especially because it was at the Supreme Court and it was on Martin Luther King Day. That's why I remember it because nobody was working, but we were. We sat around all day and that was really the genesis of all of the stuff that became Save the Dream. What were we going to do to address this on a statewide level? To Rich Cordray's credit and to Justice Moyer's credit, they brought all of us [to] the table, including Legal Aid agencies, housing counseling agencies, and government officials and everybody else. But I don't think there was another – there was no model that we were going off of. Just a bunch of smart people in a room.

Patrick Rochelle: Were there any disputes among [attendees] what the strategy should be or what Save the Dream should look like at that meeting? ...

Mark Lawson: No ... looking back on it you'd think, man, there would be, but it's funny. People were all on the same page and realized it was a big deal that we needed to come together. It wasn't political at all, and it was refreshing honestly. And to have the chief justice there was super helpful. Everybody was on the same page and you wouldn't imagine how many volunteer lawyers just came out and really wanted to help. That was really heartwarming. ... There were even folks that were general counsel in corporations that had never even set foot in court and they signed up. They didn't want to go in court, but they wanted to at least do the negotiation part.

And that was another piece now that I'm remembering it. The chief justice allowed us to bifurcate some of ... the representation in those cases, so that we could tap into those corporate counsel that wouldn't know what to do in court but could certainly negotiate with a servicer in mediation. So that was big too. People just really got together. There was no rancor. ... Maybe just over some of

the details and maybe some of the grant reporting that we got when we got some money to do this, but other than that, we were all on the same page.

Patrick Rochelle: Why was it important that Chief Justice Moyer was there?

Mark Lawson: Well, because he could have that voice that rang out across the state to all lawyers. When the chief justice of the state is saying “Hey, we have a big crisis. We would like all of the counties to offer a mediation program, and we would also like all of you attorneys to pitch in on your pro bono work and take on these cases because we need all hands-on deck.” When the chief justice of your state comes out asking like that and putting the call out, that's powerful. More powerful than me standing up and asking folks to pitch in.

Patrick Rochelle: And just going back one second, just for clarity. You had mentioned the corporate attorneys were volunteering, is that correct? Was I understanding that correctly? Where corporate attorneys were volunteering to work with the servicers, is that right?

Mark Lawson: Well, to represent clients working with servicers in mediation and negotiation. Yes.

Patrick Rochelle: How was Save the Dream different from a program you mentioned, or a group you mentioned earlier, the Hamilton County Home Ownership Preservation Group? Are they one in the same or are they two separate work streams?

Mark Lawson: No, entirely separate. We made up the Hamilton County Homeowner Preservation Initiative, and that was a sort of a loose coalition of five different housing counseling agencies, Legal Aid, some government officials, even some bank officials would be there. And that was sort of a clearing house of ideas on how to address the foreclosure crisis on the neighborhoods, and how we could help save homes. That was more of a clearinghouse of ideas, and getting everybody together, and there were different viewpoints there. It wasn't really an advocacy group, but there was a subgroup of that group and that was Legal Aid and the five housing counseling agencies. And that group was powerful. We would meet weekly and provide training to those housing counselors on all the ins and outs of what defenses are available, what mortgage assistance is available. And between us, Legal Aid and those counseling agencies, that really was what we referred to as the Homeowner Preservation Initiative. And their work was – together would save 900 to 1,000 homes a year. That's us in foreclosure defense and housing counselors with our help and our money to provide their client's mortgage assistance, if that makes sense.

Patrick Rochelle: ... Is the group still present today? Is it still operating today or is there no need for it today?

Mark Lawson: The group has morphed. As you know, I'm no longer at Legal Aid. It certainly doesn't meet every week anymore, and there's not even five housing counseling

agencies anymore. Some of them have disbanded over time, but the group morphed into. What are they calling themselves? I think it's just Homeowner Preservation Group now or something, with some different stakeholders, different nonprofits working. It's really neighborhood work because it's not the foreclosure crisis, but it's anything to do with neighborhoods now, whether it's property tax foreclosures, or third-party liens on tax foreclosures, or gentrification in the neighborhoods. The group has stayed together for the most part. They've just morphed a little bit based on the needs in the community now.

Patrick Rochelle: Having worked at both the Legal Aid Society of Greater Cincinnati, and the Legal Aid Society of Southwest Ohio before and during the financial crisis, did either organization face financial challenges during the financial crisis itself?

Mark Lawson: Yes. We were always under-resourced, that's the fate of Legal Aid. It never has enough money. A big piece of the funding pie for Legal Aids in Ohio is interest on lawyers' trust accounts, and the interest rates in those days were near zero. That was always difficult. The low interest rates obviously had some effect on the foreclosure crisis, but definitely an effect on Legal Aid. We did spend time raising money. Part of my job along with my boss, my Executive Director, Mary Asbury, was to raise money for this and other things. Like I said earlier, we did have a strong national reputation based on some of these strategies that we did, and some of the national advocacy we did on FHA [Federal Housing Administration] loans that people ... noticed us.

We did get some national funding, and I can't remember exactly where that money came from. I knew – who was that hedge fund? John Paulson shorted the market, got a bunch of money. I think he gave back a bunch of money. It ended up coming out to some Legal Aid societies and we were in the first wave of that. I think our reputation really helped us that we got some funding to do this work, but the short answer is, it's always a struggle for Legal Aid to raise money. But I'll say this that some of the biggest private funders of Legal Aid in Cincinnati are attorneys. The attorneys in the Cincinnati area realize the importance of the work that Legal Aid does and how it helps the cause of justice overall. There are just super generous donors in the Cincinnati area that help. And like I said earlier, we also went to the Greater Cincinnati Foundation. They are a generous donor and they realized the needs – that we needed more funding to do this work and they pitched in too, and there were others as well.

Patrick Rochelle: Are Legal Aids still funded that way through the interest on lawyers' trust accounts? Or is it different now?

Mark Lawson: No, it's still funded the same way, but they have other funding streams too. There's also Legal Services Corporation, [which] obviously is the federal funding mechanism for Legal Aids that started in the War on Poverty in 1964. Before that they weren't federally funded, but since then the Legal Services Corporation has been funding Legal Aids. But that money stays relatively flat over time. And then, beyond that, yeah the big one is the interest on trust

accounts. And then there's obviously different County, city grants, different grants that they get over time also.

Patrick Rochelle: One other question as well ... Could you just paint a picture for us of Cincinnati of sort of the damage, or just the ramifications that the foreclosure crisis had on neighborhoods? Obviously, the national economy starts to improve around 2012, 2013. Was that impact felt in Cincinnati throughout the city...?

Mark Lawson: Yes, for sure. So, the aftereffects were devastating, like I said, not just to families but to neighborhoods. There were slews of vacant homes that became crime-ridden in certain neighborhoods and property values took a long time to come back. That's the point to remember. It's not just families that were hurt, but neighbors and neighborhoods and streets. And so, that work is still ongoing. We're still trying to build back those neighborhoods. The Homestead Program that we – that I talked about earlier was just a pilot ... but there are now many others working on similar projects. We have the Port Authority of Cincinnati now. They are a quasi-public entity that is pitching in in neighborhoods to provide that subsidy to catalyze rehab of houses and business districts that were hurt and still recovering from the financial crisis of '08-'09.

Patrick Rochelle: Over the last decade, we've seen a number of different narratives emerge to explain the financial crisis. How do you understand what caused the crisis?

Mark Lawson: Well, I don't know. Greed, maybe? There was a lot of money-grabbing going on, and not to get too in the weeds, but back in the day, there was always a secondary market for mortgages, and then what we saw with the securitization of mortgages really caused a lot of issues. ... And that caused some strange incentives. You've got an originator of the loan, who then sells the mortgage. So they don't really care anymore. They've made their profit. We had a bunch of mortgage brokers, who were making money – head over heels money. There was even the yield spread premium, which I'm sure you know about that put folks in a loan with a higher interest rate than their credit really matched, and then the banks and the broker would split the difference.

There was some craziness going on. And then securitization and the slicing off of tranches of these bundled securities and Wall Street coming up with these – what they thought were these fancy bundles. ... It was one thing with conventional loans. They started doing [it with] subprime loans and slicing off these tranches and then bundling them up. Then you've got credit rating agencies to give them AAA ratings when the underlying mortgages are a little shaky. And the brokers, they were putting folks in teaser rate, low interest loans, adjustable rate mortgages that ballooned up – they're balloon payments. I had folks, I had little sweet old ladies on fixed incomes that were in adjustable rate mortgages.

And this is the thing too. A lot of my folks that I represented were pretty unsophisticated and subscribed to the old idea that this bank is not going to give me a loan that I can't afford because it's going to hurt them too. If they think I

can afford this loan, I probably can – where that wasn't the case because the originators just wanted to make a quick turn, and same with the broker. And then you've got servicers that all along the way, the risk was mispriced. It all worked fine if housing prices kept increasing and then they didn't. And then they went down, and all these homeowners were underwater on their mortgages and couldn't get out. And I don't know, there you have it.

Patrick Rochelle: Thanks. Looking back on the crisis over a decade later, what do you see as its most important lessons ...?

Mark Lawson: Well, a couple things. Like I said, when you have a crisis like this, you got to take a multifaceted approach and bring in all sorts of folks into a coalition to get things done. The other thing is regulation and tight, strong regulation on markets. Don't let the pendulum swing back because people have a short memory on these kinds of things. If we don't remember where we were, the pendulum's going to swing back and the regulation's going to go away again, and people are going to get creative on Wall Street with securitizing stuff again. I think that's the main thing. Strong coalitions when you have a crisis and then strong, tight regulation is crucial.

[END OF SESSION]