

IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

PEGGY S. SPAULDING,	)	
	)	
Plaintiff,	)	
	)	CIVIL ACTION
vs.	)	FILE NO.
	)	
BEN CARSON, in his capacity as	)	
SECRETARY OF THE UNITED STATES	)	
DEPARTMENT OF HOUSING AND	)	
URBAN DEVELOPMENT, and REVERSE	)	
MORTGAGE SOLUTIONS, INC.,	)	
Defendants.	)	

**COMPLAINT**

Plaintiff Peggy S. Spaulding brings this action against Ben Carson, Secretary of the U. S. Department of Housing and Urban Development (“HUD”), and Reverse Mortgage Solutions, Inc. (“RMS”) and states as follows:

**I. PRELIMINARY STATEMENT**

1. Mrs. Spaulding files suit under the Administrative Procedure Act, 5 U.S.C. § 551 *et seq.*, for judicial review of final agency actions by HUD regarding federally-insured reverse mortgages under the Home Equity Conversion Mortgage (“HECM”) program. Mrs. Spaulding challenges HUD’s promulgation of HECM regulations and policies that violate statutorily-mandated protection against displacement for spouses of reverse mortgage borrowers, and its continued

enforcement of those regulation and policies that require foreclosure on widow(er)s in violation of the HECM statute.

2. Mrs. Spaulding challenges HUD's failure to protect her, a surviving spouse of a reverse mortgage borrower, from foreclosure and displacement, as required by the reverse mortgage statute, 12 U.S.C. § 1715z-20(j), titled "Safeguard to Prevent Displacement of Homeowner." As a result of HUD's failure, Mrs. Spaulding is facing the risk of foreclosure and eviction from her home of 38 years, where she expected to live for the rest of her life.

3. HUD promulgated an illegal regulation that required foreclosure on non-borrowing spouses despite the statutory mandate to protect them. After it was sued and the illegal regulation was struck down, HUD changed its illegal rule for new loans made after August 2014, but still refused to provide protections for spouses with loans made prior to that date. Only after multiple successive court decisions did HUD purport to create a pathway for relief for spouses harmed by the illegal rule with HECM loans issued prior to August 2014. However, non-borrowing spouses with these earlier loans are still being foreclosed on in violation of the statute because the path to obtain this relief is overly restricted by arbitrary and capricious deadlines as well as HUD's imposition of additional requirements

not in its written policy. The Court should protect Mrs. Spaulding and the lender in this case from the harms created by HUD's illegal policies.

4. Mrs. Spaulding seeks a declaration that HUD's regulations and policies violate the HECM statute. Mrs. Spaulding further seeks a declaration that because the regulation is invalid as applied to the Spaulding loan, the foreclosure provisions of the regulations have not been triggered, that RMS is not required to foreclose, and that HUD may not penalize RMS for not foreclosing (on the sole basis of Mr. Spaulding's death) and displacing Mrs. Spaulding from her home.

5. Mrs. Spaulding also seeks a declaration that the Spaulding loan meets the criteria for assignment to HUD pursuant to the guidelines for the Mortgagee Optional Election ("MOE") set forth in Mortgagee Letter 2015-15, that HUD's rejection of the MOE assignment in her case was arbitrary, capricious, and not in accordance with the law, and that the deadlines set forth in Mortgagee Letter 2015-15 and HUD's enforcement thereof are arbitrary, capricious, and not in accordance with the HECM statute.

6. Mrs. Spaulding seeks a declaration that due and payable status of the loan remains in a deferral period under the terms of Mortgagee Letter 2015-15.

7. Mrs. Spaulding further seeks reformation of the mortgage to include the provision protecting her from displacement, as required by the tripartite HECM insurance agreement with which the parties intended to comply.

8. Mrs. Spaulding seeks a preliminary injunction preventing HUD from penalizing RMS for deferring any initiation of foreclosure during the pendency of this action.

## **II. THE PARTIES**

9. Plaintiff Peggy S. Spaulding is an 85-year-old widow who was married to her husband, Henry L. Spaulding, for fifty-seven (57) years. In 1980, Mr. and Mrs. Spaulding purchased their home at 5412 Hugh Howell Road in Stone Mountain, DeKalb County, Georgia, and Mrs. Spaulding has lived there continuously since that time. Mrs. Spaulding is currently facing the risk of non-judicial foreclosure sale of her home of thirty-eight (38) years as a result of HUD's failure to protect surviving spouses as required by statute.

10. Defendant Ben Carson is the Secretary of the Department of Housing and Urban Development, a cabinet-level federal agency. HUD's headquarters is located at 451 7th Street S.W., Washington, D.C., 20410.

11. Defendant Reverse Mortgage Solutions, Inc. is a Delaware corporation with its principal office in Texas. RMS regularly engages in the

business of purchasing and servicing reverse mortgage loans in the State of Georgia. RMS is the assignee and holder of the HECM mortgage loan securing Mrs. Spaulding's homeplace property. RMS is also the servicer of the Spaulding loan. RMS may be served on its registered agent for service of process, C T Corporation System, 289 S Culver St, Lawrenceville, GA, 30046-4805.

### **III. JURISDICTION AND VENUE**

12. This Court has subject matter jurisdiction under 28 U.S.C. § 1331, under 5 U.S.C. § 702 for the APA claims, under 28 U.S.C. § 1346(a)(2) for the reformation claim against HUD, and under 28 U.S. Code § 1367 to the extent that any claims against RMS are determined not to fall under this Court's subject matter jurisdiction.

13. Venue is proper in this Court under 28 U.S.C. § 1391(e).

### **IV. FACTUAL BACKGROUND**

#### **A. The HECM Program**

14. HUD's duty to protect Mrs. Spaulding from foreclosure and displacement is rooted in a federal program to insure reverse mortgages called the Home Equity Conversion Mortgage ("HECM") program. The HECM program was originally authorized by the Housing and Community Development Act of 1987, Pub. L. No. 100-242, 101 Stat. 1815 (1988); 12 U.S.C. § 1715z-20. Under the

program, the United States Government insures reverse mortgages originated by private lenders.

15. A reverse mortgage is a loan that allows older homeowners to convert part of the equity in their homes into cash. It is the “reverse” of a traditional mortgage, in which the borrower repays the borrowed sum on a monthly basis; instead, reverse mortgage borrowers are not required to make monthly or other periodic payments to repay the loan. The loan balance increases over time, and the loan does not become due and payable until one of a number of defined triggering events occurs. 12 U.S.C. § 1715z-20(j).

16. The HECM program was enacted by Congress in 1988 “to meet the special needs of elderly homeowners by reducing the effect of the economic hardship caused by the increasing costs of meeting health, housing and subsistence needs at a time of reduced income.” 12 U.S.C. § 1715z-20(a).

17. The HECM program meets this primary purpose by allowing older homeowners to access their home equity without risking foreclosure, eviction, and homelessness. The statute recognizes that in order to preserve the housing of older married homeowners who use the HECM program, it is imperative that both spouses be safe and secure in their home while either of them is still living there,

regardless of whether both spouses appear as borrowers on the loan documents. 12 U.S.C. § 1715z-20(j) (“Subsection (j)”).

18. HUD administers the HECM program and issues its governing regulations. HUD further governs the HECM program through the HUD Handbook, 4235.1 REV-1 Home Equity Conversion Mortgages (1994), in a series of “mortgagee letters” directed to private lenders participating in the program, and in its online “HECM Servicing Frequently Asked Questions.”

19. The HECM statute states that the loan becomes “due and payable” upon the death of the homeowner(s) (defined to include any non-borrowing spouse), sale of the property, or other events to be determined by HUD. 12 U.S.C. § 1715z-20(j).

20. Any lender intending to participate in the HECM program for a particular loan must extend the loan in compliance with the HECM statute and HUD’s regulations. If approved, HUD issues an insurance certificate for the loan. An initial mortgage insurance premium is paid from the funds at closing, and ongoing monthly premiums are added to the balance of the loan securing the borrower’s residence.

21. No written binder or separate document sets forth the terms of the HECM insurance. Instead, the “contract of insurance” is defined as “the agreement

evidenced by the issuance of a Mortgage Insurance Certificate or by the endorsement of the Commissioner upon the credit instrument given in connection with an insured mortgage, *incorporating by reference* the regulations in this subpart and *the applicable provisions of the Act.*" 24 CFR 203.251 (j) (emphasis added).

22. HECM insurance provides a number of benefits to the borrowers who pay for it, as well as benefits to their heirs. It provides protections for borrowers if the lender defaults on its obligations under the mortgage, *see* 24 C.F.R. §§ 206.117, 206.121, and ensures that neither borrowers nor their heirs will face a deficiency in the event that the balance of the reverse mortgage grows to exceed the value of the home. 24 C.F.R. §§ 206.123(b); 206.125(c).

23. HUD's issuance of an insurance certificate for a particular loan "shall be conclusive evidence of the eligibility of the loan or mortgage for insurance." 12 U.S. Code § 1709 (e).

### **B. HUD Has Failed to Protect Spouses from Displacement**

24. The federal reverse mortgage statute, reflecting the will and intent of Congress in passing the law, demonstrates significant concern for the welfare of elderly homeowners and their spouses. It includes a section titled "Safeguard to prevent displacement of homeowner," which states that HUD "may not insure a

home equity conversion mortgage under this section unless such mortgage provides that the homeowner's obligation to satisfy the loan obligation is deferred until the homeowner's death, the sale of the home, or the occurrence of other events specified in regulations of the Secretary." 12 U.S.C. § 1715z-20(j). This provision further states that "[f]or purposes of this subsection, the term 'homeowner' includes the spouse of a homeowner." Thus the loan may not become due and payable until the death of both the homeowner *and the homeowner's spouse*, regardless of whether the spouse is named on the mortgage.

25. The legislative history behind the bill enacting the HECM program confirms the plain meaning of this provision. The Senate Report on the legislation states that HECM mortgages shall "defer[ ] any repayment obligation until death of the homeowner *and the homeowner's spouse . . .*" (emphasis added).<sup>1</sup>

26. For many years, HUD had never fully implemented the plain meaning of this mandate. Instead, its regulations substituted the term "mortgagor" for "homeowner" and "spouse," and stated that the duty to satisfy the mortgage occurs when the "*mortgagor* dies and the property is not the principal residence of at least one surviving *mortgagor*. . ." 24 C.F.R. § 206.27(c) (emphasis added). HUD

---

<sup>1</sup> Report 100-21 by the Senate Committee on Banking, Housing and Urban Affairs accompanying S. 825, 100th Congress, Section 135 (reporting on Subsection 254(j)).

defines mortgagor as “each original borrower under a mortgage. The term does not include successors or assigns of a borrower.” 24 C.F.R. § 206.3. Thus HUD’s regulations did nothing to protect widows or widowers, in violation of the statute.

27. HUD’s mortgage documents further eroded the statutory protection that Congress enacted. The “Standard Mortgage,” which HUD wrote and required to be used in all HECM transactions until August 4, 2014, made the mortgage due and payable upon the death of the borrower, regardless of whether a non-borrowing spouse survives the borrower.

28. HUD’s substitution of the term “mortgagor” for “homeowner,” and its adoption of a definition of “mortgagor” that is contrary to and more limited than the HECM’s statutory definition of “mortgagor,” makes the HECM “due and payable” upon the death of the borrowing spouse. Thus, the regulation violated the key statutory protection for a surviving spouse who is not named on the HECM. 12 U.S.C. § 1715z-20(j).

29. The U.S. District Court for the District of Columbia and the U.S. District Court for the Northern District of Georgia have both ruled that HUD’s regulation at 24 C.F.R. § 206.27(c)(1) (requiring the loan to come due upon the death of the “mortgagor”) violated the plain language of the HECM statute and is invalid. *Bennett v. Donovan*, Case No. 11-498, 2013 U.S. Dist. LEXIS 140440,

\*17 (D.D.C. Sept. 30, 2013) held: “Subsection (j) means what it says: the loan obligation is deferred until the homeowner’s *and* the spouse’s death. Therefore, the judicial inquiry stops there.” *See also, Harris v. Castro*, 1:14-CV-3110-TCB, 2015 WL 13547618, at \*8 (N.D. Ga. Nov. 19, 2015).

30. After the 2013 *Bennett* ruling, HUD changed its policy, effective August 4, 2014, so that new reverse mortgage loans would comply with the statute and protect future non-borrowing spouses from foreclosure and displacement. Pursuant to Mortgagee Letter 2014-07, new loans issued after the effective date were required to provide a deferral period on the due and payable status of the loan after the borrower’s death for an eligible non-borrowing spouse identified in the loan documents at the time of closing. In order to remain eligible for this deferral period, the spouse must obtain legal ownership or other ongoing legal right to remain in the property within 90 days of the borrower’s death, ensure that all obligations of the borrower remain satisfied (i.e. payment of property taxes and homeowner’s insurance), and ensure that the loan does not become due and payable for any reason other than the borrower’s death.

31. For HECMs originated prior to August 4, 2014, non-borrowing surviving spouses have continued to face foreclosure and displacement due to HUD’s failure to comply with the law it was charged with implementing.

32. Six non-borrowing surviving spouse plaintiffs were parties to two lawsuits filed against HUD by AARP: *Bennett, Id.*, and *Plunkett v. Donovan*, D.D.C. Case No. 14-cv-326. As a result of the *Bennett* ruling striking down Section § 206.27(c)(1) as invalid, HUD recognized the “automatic” result that the death of the borrower spouse is not a trigger for the foreclosure provisions in 24 C.F.R. § 206.125. HUD notified the mortgagees of the six plaintiffs that no foreclosure was required as a result of the borrower’s death, since HUD’s regulation was ruled invalid.

33. However, HUD failed to extend this principle beyond those six individual plaintiffs. The *Plunkett* court held that it was arbitrary and capricious for HUD to differentiate the six plaintiffs from other surviving spouses in the application of this “automatic” relief, and remanded to HUD. *Plunkett v. Castro*, 67 F. Supp. 3d 1, 22 (D.D.C. 2014).

34. In *Harris v. Castro*, a Georgia non-borrowing spouse of a reverse mortgage borrower brought suit against HUD, challenging the regulation that required foreclosure and displacement from her long-time home following the death of her husband. The Northern District of Georgia agreed with the *Bennett* and *Plunkett* decisions, and recognized that Section § 206.27(c)(1) was invalid as applied to the Harris loan. Accordingly, the Court held that Mr. Harris’s death did

not trigger the HUD regulations that would require the loan to be called due and payable, and there was no basis for HUD to require foreclosure under its regulations. *Harris v. Castro*, 1:14-CV-3110-TCB, 2015 WL 13547618, at \*8 (N.D. Ga. Nov. 19, 2015) (“The Court has already found that HUD's regulation is invalid, and HUD does not dispute that as a result, George Harris's death did not trigger the foreclosure provisions in HUD's regulations and Harris's loan documents. The Court concludes that Harris is entitled to an enforceable judgment memorializing these findings and recognizing her right to remain free from displacement so long as no other event of default occurs. . . . The Court hereby declares 24 C.F.R. § 206.27(c)(1) invalid as applied to Harris and holds that George Harris's death was not a triggering event for purposes of HUD's HECM regulations and the Harris loan documents incorporating language from those regulations.”) The Court further held that HUD had not amended the invalid regulation, and that its provision of other relief in Mortgagee Letter 2015-15 did not moot the plaintiff's claims concerning the validity of the regulation. *Id.* at \*5, 7–8.

35. Eventually, more than three years after the *Bennett* ruling declaring the regulation to be invalid, HUD amended 24 C.F.R. § 206.27(c) effective September 19, 2017 to provide a deferral period on foreclosure for an eligible non-

borrowing spouse. However, this deferral period only applies to loans originated on August 4, 2014 or after, where the non-borrowing spouse is specifically named in the loan documents and contractually entitled to receive the deferral protection from foreclosure. The amended regulation did not incorporate any deferral period for non-borrowing spouses with loans issued prior to August 4, 2014, where no deferral period was expressly provided in the loan documents.

36. Accordingly, for loans originated prior to August 4, 2014, the regulation is still in violation of the HECM statute and is invalid, as it continues to require the loan to be called due and payable upon the borrower's death, regardless of whether a non-borrowing spouse still resides in the home.

### **C. The Mortgagee Optional Election Assignment Program**

37. On June 12, 2015, nearly two years after the *Bennett* ruling and almost a year after the *Plunkett* remand, HUD issued Mortgagee Letter 2015-15, which created an alternative to foreclosure for mortgagees of reverse mortgage loans originated prior to August 4, 2014 where the home is occupied by a non-borrowing spouse. That option is the Mortgagee Optional Election ("MOE"), which purportedly allows the mortgagee to assign the loan to HUD, so that HUD can allow the spouse to continue living in the home for his or her lifetime.

38. In order to qualify for the MOE assignment, the non-borrowing spouse must satisfy a number of substantive criteria, including requirements that the non-borrowing spouse: (1) was legally married to the borrower at the time the HECM was originated; (2) currently resides and resided at the property securing the HECM as his or her principal residence at origination and throughout the borrower's life; and (3) must have or be able to obtain, within 90 days of the borrower's death, good, marketable title to the property or a legal right to remain in the property for life. In addition, in order to be eligible for assignment, the loan must not be eligible to be called due and payable for any reason other than the borrower's death.

39. HUD imposed arbitrarily tight deadlines for the mortgagee to elect and initiate the assignment. First, if the mortgagee elects to pursue the MOE assignment option, it must notify HUD that it is making such election within 120 days of the borrower's death (referred to herein as the "election deadline"). Second, within 60 days of making the election, the mortgagee must review and certify to HUD that the non-borrowing spouse is eligible under all MOE criteria. Third, within 120 days of making the election, the mortgagee must initiate the assignment to HUD (referred to herein as the "assignment initiation deadline").

40. HUD made the MOE assignment optional for the mortgagees, as an alternative to pursuing foreclosure. On information and belief, all mortgagees (including RMS) would prefer to assign loans to HUD rather than foreclose on a widow or widower whenever possible. Mortgagees do not want the negative public perception created by foreclosing on a grieving spouse and also do not want to cause unnecessary suffering if their financial interests are protected in some other way. Mortgagees are electing to participate in the MOE program and are endeavoring to comply with the MOE requirements in order to assign loans to HUD whenever possible.

41. On information and belief, based on conversations with mortgagees and their counsel, mortgagees have had difficulty successfully assigning many of the loans that they have determined would be eligible under the MOE criteria, and HUD has arbitrarily denied MOE assignments.

42. According to HUD's January 2018 response to a request for information under the Freedom of Information Act, HUD had only accepted approximately half of the loans submitted for assignment.<sup>2</sup>

---

<sup>2</sup> FOIA 17-FI-HQ-00484; Press Release, California Reinvestment Coalition (March 12, 2018), <http://www.calreinvest.org/news/federal-reverse-mortgage-program-results-in-widows-losing-their-homes-after-death-of-spouse>.

43. Many loans are being denied for MOE assignment due to the short deadline of 120 days from the borrower's death for the mortgagee to make the MOE assignment election to HUD. There is often a significant delay in the mortgagee learning of the borrower's death, which makes this deadline impracticable. Non-borrowing spouses, already struggling with the death of their spouse, are often unaware that the reverse mortgage will come due, or that there is an MOE assignment option for surviving spouses about which they need to start communicating. HUD has not notified, or suggested or required that mortgagees notify, reverse mortgage borrowers (and their spouses) of the MOE program prior to the borrower's death. Thus, non-borrowing spouses frequently do not understand the need or importance of notifying the mortgagee of the borrower's death in order to initiate the MOE assignment process.

44. According to HUD's January 2018 FOIA response, missing the 120-day election deadline was the top reason HUD denied the later submission of the loan for assignment.

45. Even after the mortgagee has made the election, determined the non-borrowing spouse to be eligible under the MOE criteria, and initiated assignment to HUD within the deadlines proscribed, HUD has routinely denied assignment for

additional reasons that are not set forth in the MOE criteria of ML 2015-15.<sup>3</sup> HUD's denials frequently state that the mortgagee can correct the issues and resubmit the loan for assignment. However, once the mortgagee does so, HUD then denies the assignment for being past the assignment initiation deadline (120 days following the date the MOE election was made). This is true irrespective of the fact that the assignment was *initiated* within the applicable deadline, and the denial was for reasons other than those listed in the MOE criteria. It was this precise HUD policy that prevented Ms. Spaulding's loan from being assigned, as described more fully below.

46. HUD has indicated that it will not allow waivers or extensions of the election deadline or assignment initiation deadline under any circumstances. Such a waivers are specifically authorized by 24 C.F.R. § 5.110. Indeed, in a prior version of the MOE assignment program, HUD provided that mortgagees could request waiver of the deadlines.<sup>4</sup> On information and belief, based on conversations with mortgagees and their counsel, mortgagees anticipated that HUD would permit waivers or extensions of the MOE deadlines, because HUD regularly

---

<sup>3</sup> In its January 2018 FOIA response, HUD stated that the second most common reason for denial of MOE assignment was that the "Loan Balance and Net Principal Limit did not meet FHA's tolerance level." This stated denial reason does not relate to any requirements provided in ML 2015-15.

<sup>4</sup> Dept. Housing and Urban Dev't, Mortgagee Letter 2015-03 (Jan. 29, 2015).

allowed extensions of deadlines in other aspects of the HECM program. However, once mortgagees began the process of submitting loans for assignment under the MOE program, they discovered that HUD would provide no such flexibility for loans that otherwise met all substantive criteria for MOE assignment. Instead, if these deadlines are missed, even for good cause, HUD policies and regulations require the mortgagee to foreclose on the non-borrowing spouse.

47. Thus, although the MOE assignment program purports to provide an alternative to foreclosure that would protect the non-borrowing spouse from displacement, HUD's practices and policies in the enforcement of this program have made this alternative untenable for many eligible non-borrowing spouses and mortgagees that want to assign the loan to HUD.

48. The deadlines imposed by ML 2015-15 put non-borrowing spouses of HECMs originated prior to August 4, 2014 at substantially-greater risk of foreclosure and displacement compared with non-borrowing spouses of HECMs originated on or after that date. ML 2014-03, and now the amended regulation 24 C.F.R. § 206.27(c), recognize a deferral period on the due and payable status of the loan for an eligible non-borrowing spouse named in the mortgage documents (originated on or after August 4, 2014) who meets the same substantive criteria as those required for the MOE. Unlike the MOE requirements, however, there are no

similar deadlines for action that the mortgagee must meet in order for the non-borrowing spouse to obtain the deferral period. These non-borrowing spouses with post-August 4, 2014 HECMs have the opportunity to be identified at the outset, such that the deferral period after the borrower spouse's death is essentially automatic. HUD could have provided a similar process for non-borrowing spouses of pre-August 4, 2014 to be identified and pre-qualified for the MOE prior the borrower spouse's death. But instead, ML 2015-15 imposes strict and unwavering deadlines the grieving spouse must meet in order to be protected from foreclosure and displacement.

49. HUD's continuing failure to comply with the law has had tragic consequences for spouses of reverse mortgage borrowers, like Mrs. Spaulding, who unexpectedly face a demand to satisfy the mortgage in full soon after losing their spouses. Those homeowners who cannot pay the often-immense demand face the threat of foreclosure and eviction – piling the tragedy of displacement or homelessness on top of the loss of a husband or wife.

**D. The HECM Statute Requires HUD to Act to Protect Spouses from Displacement**

50. HUD's regulations and its creation and imposition of the "Standard Mortgage" violated a core purpose of the HECM program: protecting surviving spouses from displacement.

51. HUD violated the reverse mortgage statute by failing to exercise its powers to preserve the homeownership of surviving spouses whose partners received reverse mortgages. When a reverse mortgage loan comes due and payable due to the death of a HECM borrower, the HECM borrower's spouse is entitled to protection from displacement even if he or she is not a named borrower on the mortgage. HUD has both the statutory power and the obligation to protect these spouses from displacement. 12 U.S.C. § 1715z-20(j).

52. Subsection (i) of the reverse mortgage statute states that in order to further the purposes of the reverse mortgage program, HUD must take any action necessary to provide reverse mortgage borrowers and lenders with any funds they are entitled to under the reverse mortgage contracts. 12 U.S.C. § 1715z-20(i)(1). Such actions may include, but are not limited to, paying funds from the FHA insurance fund and accepting assignment of the mortgage. 12 U.S.C. § 1715z-20(i)(2).

53. Although HUD has purported to create the MOE program to accept assignment of these mortgages, in reality, the deadlines imposed in Mortgagee Letter 2015-15 and HUD's manner of implementing the program to date have made this program impossible to access for roughly half of the eligible non-borrowing spouses for whom mortgagees have attempted to assign the loan. This is

in addition to the many non-borrowing spouses for whom the servicer never attempted to make the assignment due to HUD's arbitrary and capricious deadlines and implementation rules.

54. The deadlines imposed by HUD in Mortgagee Letter 2015-15, and HUD's practice of denying assignments for eligible spouses, are not in accordance with the HECM statute's unqualified requirement that the non-borrowing spouse be protected from displacement.

55. HUD has (and had) the power to prevent foreclosures of the homes of widows and widowers. HUD controls every aspect of the HECM reverse mortgage program. Congress gave HUD broad statutory powers to protect homeowners and lenders and to ensure the goals of the program are met. 12 U.S.C. § 1715z-20(i). HUD has abdicated its responsibility to protect surviving spouses from displacement, and worked crosswise against the statute it was entrusted with implementing, through its continued failure to implement the mandate of Subsection (j) in its regulations and in the reverse mortgage contracts over which it has near total control.

## **V. THE REVERSE MORTGAGE TRANSACTION**

56. Peggy S. Spaulding is 85 years old. She and her husband, Henry L. Spaulding, were married for more than 57 years. Mr. and Mrs. Spaulding purchased their home at 5412 Hugh Howell Road, Stone Mountain, Georgia, in 1980. Mrs. Spaulding has lived there continuously for 38 years.

57. On or around March 30, 2009, Mr. Spaulding entered into an FHA-insured reverse mortgage loan agreement with Urban Financial Group, Inc. (“UFG”) and HUD.

58. At the time of the loan, the lender never gave Mrs. Spaulding the option of being included as a borrower. However, she was 76 years old at the time of the loan, and was old enough to be a borrower on the mortgage. Indeed, Mrs. Spaulding was only 8 months younger than her husband, and her inclusion as a borrower on the loan would not have reduced the amount of loan proceeds received.

59. Mrs. Spaulding was a party to the HECM transaction. She was identified as a non-borrowing spouse in both the first security deed to UFG and the second security deed to HUD, and signed both security deeds below the signature line for the borrower(s). However, because the loan was originated prior to August

4, 2014, HUD's standard form security deed at that time failed to provide any deferral period or other protection against foreclosure for Mrs. Spaulding.

60. As part of the loan transaction, Mr. Spaulding, UFG, and HUD entered into a Home Equity Conversion Loan Agreement and contract for HECM insurance.

61. The parties intended for the Spaulding loan to meet all eligibility requirements for HECM insurance. On information and belief, if not for the expectation of obtaining HECM insurance, the loan would not have been made.

62. In setting forth the terms of the mortgage contract, UFG and Mr. Spaulding relied on HUD's regulation interpreting the requirements for insurance eligibility as set forth in the HECM statute. However, due to a mutual mistake of the parties, the terms of the mortgage contract did not comply with the statute's requirement that Mrs. Spaulding be protected from foreclosure and displacement.

63. HUD determined that the transaction was eligible for HECM insurance and issued an insurance certificate for the Spaulding loan.

64. Pursuant to 12 U.S.C. § 1709(e), HUD's determination that the transaction was eligible for HECM insurance was conclusive evidence that the transaction met the eligibility criteria to be insured by HUD, including the statutory protection against displacement for Mrs. Spaulding.

65. The Spaulding loan was assigned to RMS, as evidenced by an assignment dated August 12, 2013 and recorded in the DeKalb County deed records on December 24, 2013, and a corrective assignment dated April 1, 2015 and recorded in the DeKalb County deed records on April 16, 2015.

66. The terms of the HECM insurance are an integral part of the three-party HECM loan agreement and apply to the contractual rights RMS purchased in taking assignment of the Spaulding loan.

67. RMS purchased these rights from UFG only because of the HECM insurance benefits, and UFG only entered into the HECM loan agreement because the HECM insurance would make the loan easily transferable.

68. On information and belief, the Spaulding loan would not have been originated if the parties had not believed it to be eligible for insurance under the HECM statute.

69. Mr. Spaulding passed away on January 12, 2014.

70. As the surviving spouse, Mrs. Spaulding was automatically vested with title upon her husband's death under Georgia law of intestacy, and had the legal right to remain in her home for her lifetime. In addition, on August 18, 2014, the DeKalb County Probate Court entered an order confirming that Mr. Spaulding's title interest in the property was conveyed to Mrs. Spaulding, and this

Certificate of Order was recorded in the DeKalb County deed records on September 8, 2014.

71. Mrs. Spaulding continues to reside in the home.

72. Mrs. Spaulding has continually maintained homeowner's insurance for the property, and has timely paid property taxes.

73. As a result of Mr. Spaulding's death, RMS sent a March 3, 2014 notice declaring the entire loan balance of approximately \$192,681.42 due and payable in full.

74. On March 11, 2014, RMS sent a representative to Mrs. Spaulding's home to change the locks for the property. Fortunately, Mrs. Spaulding was home at the time and was able to intervene before the lockout could be completed. However, this conduct caused Mrs. Spaulding significant distress and fear of being put out of her home without notice.

75. Counsel for Mrs. Spaulding began communicating with RMS to demand that it cease any further efforts to displace Mrs. Spaulding from her home, and to notify RMS of Mrs. Spaulding's desire to remain in her home and her efforts to complete probate. RMS agreed to extensions of time to allow Mrs. Spaulding to complete the probate process, and to await HUD's determination as to

what relief it would provide non-borrowing spouses in response to the *Plunkett* decision.

76. After HUD's issuance of the first version of the MOE program in ML 2015-03, counsel wrote to RMS on March 2, 2015 to provide information and documentation demonstrating Mrs. Spaulding's eligibility for the MOE and request that RMS make the MOE election for the Spaulding loan. Under the first version of the MOE, the non-borrowing spouse was required to pay down the balance of the loan to the amount it would have been if the original principal limit had been based on the age of the non-borrowing spouse. Because Mrs. Spaulding was so close in age to her husband, the loan balance was already no greater than it would have been if the original principal limit of the loan had been based on her age, and Mrs. Spaulding met the principal limit test requirement.

77. On April 13, 2015, RMS notified Mrs. Spaulding's counsel that it agreed the loan appeared to be a candidate for MOE assignment, and would be sending MOE documents for Mrs. Spaulding to sign.

78. Following HUD's issuance of the amended MOE program in ML 2015-15, RMS made the MOE assignment election for the Spaulding loan on October 9, 2015 (before the election deadline of 120 days from the later of the borrower's death or the date of ML 2015-15).

79. Mrs. Spaulding timely signed and returned documents as requested by RMS, including a non-borrowing spouse certification and a forbearance, extension, and release agreement in support of the MOE assignment.

80. RMS told Mrs. Spaulding that it appeared she qualified as an eligible non-borrowing spouse and met the requirements for the MOE deferral period, and that RMS would be submitting her loan to HUD for consideration and approval of the MOE assignment.

81. On information and belief, RMS initiated the assignment to HUD on or around December 21, 2015, before the assignment initiation deadline of 120 days from the date of election.

82. In response to numerous calls and emails from Mrs. Spaulding's counsel throughout 2016 and 2017, RMS advised that the MOE assignment was pending with HUD, and RMS was awaiting HUD's approval of the assignment.

83. On information and belief, HUD denied the assignment on or around January 11, 2016 for reasons other than the criteria set forth in ML 2015-15, including an issue relating to the title insurance policy for the loan.

84. The denial letter advised that RMS could resubmit the assignment once the denial reasons were corrected. HUD did not provide any deadline for RMS to resubmit the corrected documents. However, on information and belief,

the title insurance issue (which was not part of the eligibility criteria set forth in ML 2015-15) was not the type of correction that could have been made within the time remaining before the assignment initiation deadline.

85. On information and belief, RMS worked to correct the issues identified in HUD's assignment denial in preparation to re-submit the assignment. RMS either resubmitted the documents to HUD, which then denied the assignment as being submitted after the assignment initiation deadline, or RMS understood from HUD that such resubmission would be denied as untimely and thus futile for the Spaulding loan.

86. On information and belief, RMS would prefer to assign the loan to HUD, but because HUD has refused to accept assignment, counsel for RMS has advised that it must proceed with foreclosure in order to avoid further financial penalty under HUD's regulations.

## VI. FIRST APA CLAIM AGAINST HUD

### **HUD's Contravention of the Anti-Displacement Provision of the HECM Statute Is Arbitrary & Capricious or Otherwise Not in Accordance with Law & Exceeded HUD's Statutory Authority in Violation of § 706(2) of the APA**

87. Plaintiff incorporates by reference paragraphs 1 – 86 above.

88. Federal agency action is unlawful if it is arbitrary, capricious or otherwise not in accordance with law, or if it exceeds the agency's statutory authority. 5 U.S.C. § 706(2).

89. The anti-displacement provision of the HECM statute provides the spouse of a HECM homeowner the same protection from displacement as the homeowner named on the mortgage. *See* 12 U.S.C. § 1715z-20(j).

90. The HECM statute's anti-displacement provision states that reverse mortgages must "provide[] that the homeowner's obligation to satisfy the loan obligation is deferred until the homeowner's death, sale of the property" or other occurrence to be identified by HUD.

91. "Homeowner" is specially defined for purposes of 12 U.S.C. §1715z-20(j) to include a homeowner's spouse. A spouse like Mrs. Spaulding who is not named as a borrower on the HECM mortgage is a "homeowner" entitled to this protection.

92. HUD failed to give effect to the plain meaning of the anti-displacement statutory mandate, and enacted regulations that violate it. Specifically, 24 C.F.R. § 206.27(c)(1) states that the mortgage is due and payable in full if a mortgagor dies and the property is not the principal residence of at least one surviving mortgagor.” The regulations define a “mortgagor” to exclude the homeowner’s spouse.

93. Although the regulation as amended effective September 19, 2017 now provides a deferral on the due and payable status for an eligible surviving spouse, that provision only protects surviving spouses with post August 2014 loan transactions. 24 C.F.R. § 206.27(c)(1),(3). The amended regulation still fails to implement the statutory anti-displacement provision for non-borrowing spouses of HECMs originated prior to that date, including Mrs. Spaulding.

94. HUD’s regulations as applied to pre-August 4, 2014 HECMs are arbitrary and capricious or contrary to law, and exceed (indeed, flatly contradict) HUD’s statutory authority.

95. Mrs. Spaulding is a “homeowner” entitled to protection from displacement by the HECM statute. *Bennett v. Donovan*, Case No. 11-498 (ESH), 2013 U.S. Dist. LEXIS 140440 (D.D.C. Sept. 30, 2013).

96. Had HUD properly implemented the anti-displacement provision of the HECM statute, the reverse mortgage undertaken by Mr. Spaulding would not be due and payable and Mrs. Spaulding's home would not now be threatened with foreclosure.

97. Mrs. Spaulding has been injured and continues to be injured by HUD's failure to accord her the protections provided by 12 U.S.C. § 1715z-20(j).

98. HUD is mandated by the HECM statute to take all actions necessary to ensure the purposes of the program. 12 U.S.C. § 1715z-20(i)(1). The protection from displacement is one of those purposes. HUD must take action to ensure this core protection for Mrs. Spaulding.

99. 24 C.F.R. § 206.27(c)(1) is invalid as to Mrs. Spaulding.

100. HUD's HECM foreclosure regulations are provided in 24 C.F.R. § 206.125. This Section sets forth specific procedures and timelines for foreclosure "whenever the mortgage is due and payable under the conditions stated in § 206.27(c)(1)."

101. As set forth above, HUD regulation 24 C.F.R. § 206.27(c)(1), stating that the mortgage is due and payable in full when the mortgagor dies and failing to provide a deferral period for spouses of pre-August 4, 2014 loans, violates the HECM statute and is invalid as applied to Mrs. Spaulding.

102. Because Section 206.27(c)(1) is invalid as applied to the Spaulding loan, the loan is not due and payable under that section as a result of Mr. Spaulding's death. Accordingly, there is no due and payable event to trigger the foreclosure provisions of 24 C.F.R. § 206.125.

103. In its briefs in *Plunkett*, HUD recognized that "Section 206.125 is triggered only by a due and payable event described in 206.27(c), and, in the absence of 206.27(c)(1), no such event has occurred in plaintiffs' cases as a result of their spouses' deaths. Foreclosure on the mortgages at issue is not required on any time schedule (or at all). The mortgagees in plaintiffs' cases are not required by HUD to pursue foreclosure to continue to get the benefits of their insurance contracts with HUD." HUD Brief at 24, *Plunkett v. Donovan*, 1:14-cv-00326-ESH (Doc. 37, July 21, 2014).

104. In *Harris v. Castro*, this Court similarly held that because § 206.27(c)(1) was invalid as applied to the non-borrowing spouse, the borrower's death did not trigger the foreclosure provisions of HUD's regulations. 1:14-CV-3110-TCB, 2015 WL 13547618, at \*8 (N.D. Ga. Nov. 19, 2015).

105. As Section 206.27(c)(1) is invalid as applied to Mrs. Spaulding, the death of Mr. Spaulding did not trigger the foreclosure provisions of Section 206.125.

106. HUD's failure to inform RMS that it will not be financially penalized for not foreclosing on the basis of Mr. Spaulding's death has materially affected RMS's decision to proceed with foreclosure.

107. Mrs. Spaulding is entitled to a declaratory judgment that Section 206.27(c)(1) is invalid as applied to her loan, that the foreclosure provisions of Section 206.125 have not been triggered by Mr. Spaulding's death, that RMS is not required by the insurance contract to foreclose, that RMS may continue to hold the loan without losing any HECM insurance benefits, and that the loan will be eligible for assignment to HUD when the balance reaches 98% of the Maximum Claim Amount.

## **VII. SECOND APA CLAIM AGAINST HUD**

### **HUD's MOE Deadlines and Denial of the MOE Assignment of the Spaulding Loan Are Arbitrary & Capricious or Otherwise Not in Accordance with Law & Exceeded HUD's Statutory Authority in Violation of § 706(2) of the APA**

108. Plaintiff incorporates by reference paragraphs 1 – 107 above.

109. Mrs. Spaulding meets all substantive criteria set forth in ML 2015-15.

110. In addition, RMS timely made the MOE election, completed its review to confirm Mrs. Spaulding's eligibility within 60 days thereafter, and initiated the assignment to HUD prior to the assignment initiation deadline.

111. HUD's denial of the assignment included additional reasons that are not required by ML 2015-15.

112. HUD further prevented RMS from making the assignment by implementing a policy of not accepting corrected documents after the assignment initiation deadline, regardless of whether the original assignment was initiated prior to the deadline, and regardless of whether the corrections were actually required by ML 2015-15 or could realistically be made within such a short time period.

113. Because ML 2015-15 only requires that the assignment be "initiated" within 120 days of the date of MOE election, and does not require that the assignment be completed by such date, RMS complied with the procedural requirements of ML 2015-15, and HUD's policy of not accepting corrected documents after the assignment election deadline is not consistent with the provisions set forth in ML 2015-15 itself.

114. Furthermore, the deadlines set forth in ML 2015-15, and HUD's policy of not granting waivers or extensions of those deadlines under any circumstances, are arbitrary, capricious, and not in accordance with the anti-displacement provision of the HECM statute.

115. As a result of these deadlines and HUD's practice of denying assignment for reasons other than those included in ML 2015-15, only half of the assignments submitted to HUD have been accepted. In addition, many more non-borrowing spouses are denied by the servicer for these procedural issues without the assignment ever being submitted to HUD for review.

116. HUD has never explained its basis for imposing these arbitrarily short deadlines, or its policy of refusing to grant extensions or waivers for good cause. The deadlines imposed by Mortgagee Letter 2015-15, HUD's no-waiver policy, and HUD's denials even when a mortgagee has in fact "initiated" assignment within the applicable deadline have never been reviewed by any court.

117. The deadlines in the MOE policy treat non-borrowing spouses of pre-August 4, 2014 HECMs differently than those with post-August 4, 2014 HECMs, in which no similar deadlines are imposed for the spouse to qualify for a deferral of the due and payable status.

118. As a result of HUD's imposition of arbitrary and capricious deadlines to qualify for the MOE assignment, and its strict and unwavering enforcement thereof, HUD's regulations and policies continue to require foreclosure on many non-borrowing spouses, like Mrs. Spaulding, in violation of the HECM statute's anti-displacement provision. Once a deadline is missed (even if for good cause) or

the assignment is denied (even if for reasons other than those set forth in ML 2015-15), HUD's regulation and policies require that the mortgagee foreclose on the non-borrowing spouse within designated timeframes. Failure to do so continues to result in HUD imposing a financial penalty on the mortgagee by disallowing accrual of further interest that it will pay on an insurance claim.

119. Mrs. Spaulding is entitled to a declaratory judgment that the MOE deadlines are arbitrary and capricious, and not in accordance with the HECM statute.

120. Mrs. Spaulding is further entitled to a declaratory judgment that her loan is eligible for MOE assignment pursuant to the criteria set forth in ML 2015-15, and that RMS may still assign the loan to HUD pursuant to the MOE program.

### **VIII. THIRD APA CLAIM AGAINST HUD**

#### **HUD's Failure to Recognize the Existing Deferral Period for the Spaulding Loan and Decision to Enforce the Foreclosure Regulations Is Arbitrary & Capricious or Otherwise Not in Accordance with Law & Exceeded HUD's Statutory Authority in Violation of § 706(2) of the APA**

121. Plaintiff incorporates by reference paragraphs 1 – 120 above.

122. Under the policy set forth in Mortgagee Letter 2015-15, HUD provided for a "Mortgagee Optional Election Assignment Deferral Period," under which the due and payable status of the loan is deferred for an Eligible Surviving Non-Borrowing Spouse who satisfies the requirements set forth in ML 2015-15.

The MOE Deferral Period begins upon the mortgagee's election to pursue the MOE Assignment (within 120 days of the borrower's death).

123. Once the election is made, the MOE Deferral Period only ends if: (1) the non-borrowing spouse no longer meets the definition of an Eligible Non-Borrowing Spouse (for example, no longer resides in the home as her principal residence); (2) the loan comes due and payable for a reason other than the borrower's death, and non-borrowing spouse fails to cure the default within 30 days; or (3) the loan is determined to be ineligible under the MOE criteria set forth in ML 2015-15 (for example, upon the mortgagee's review of eligibility within 60 days of the election date). The mortgagee is required to comply with HUD's regulatory deadlines for foreclosure from the date the MOE Deferral Period terminates.

124. Mrs. Spaulding met and continues to meet the definition of an Eligible Non-Borrowing Spouse under ML 2015-15, and the Spaulding loan has not come due and payable for any other reason than Mr. Spaulding's death.

125. Furthermore, the Spaulding loan has not been determined ineligible under the MOE criteria set forth in ML 2015-15. RMS determined the loan to be eligible for MOE assignment, and initiated the assignment within the prescribed time period. HUD's denial of the assignment was for other documentary issues,

and did not involve a determination that the MOE criteria had not been met. Moreover, HUD's denial letter stated that RMS could correct the documentary issues and resubmit the loan for assignment (with no deadline provided for such resubmission).

126. The Spaulding loan was and remains eligible for MOE assignment pursuant to the criteria set forth in ML 2015-15, and Mrs. Spaulding is not aware of any determination that has been made otherwise.

127. Accordingly, the MOE Deferral Period is still in effect, and the due and payable status of the Spaulding loan continues to be deferred.

128. However, HUD has failed to inform RMS that the due and payable status of the loan is deferred, or that RMS is not required to foreclose on Mrs. Spaulding's home in order to continue receiving the benefits of its insurance contract with HUD. To the contrary, HUD has indicated its intent to enforce the foreclosure deadlines for the Spaulding loan, and impose the interest curtailment penalty on RMS for its delay in foreclosing on Mrs. Spaulding.

129. HUD's failure to recognize the MOE Deferral Period for Mrs. Spaulding, and its decision to enforce the foreclosure provisions set forth in Section 206.125 is arbitrary, capricious, and not in accordance with law. This decision has materially affected RMS's decision to proceed with foreclosure.

130. Mrs. Spaulding is entitled to a declaratory judgment that the MOE Deferral Period is still in effect, that the foreclosure provisions of Section 206.125 have not been triggered, that RMS is not required by the insurance contract to foreclose, and that no interest curtailment shall be imposed for RMS not foreclosing on Mrs. Spaulding.

**IX. FOURTH CLAIM FOR RELIEF**  
**Reformation – Against RMS and HUD**

131. Plaintiff incorporates by reference paragraphs 1 – 130 above.

132. At the time of entering the three-party HECM agreement, Mr. Spaulding, UFG (as predecessor in interest to RMS), and HUD intended for the loan to be eligible for HECM insurance and to comply with the HECM insurance requirements.

133. The terms of the HECM insurance, defined to explicitly incorporate statutory mandates for federally-insured reverse mortgages, required that the mortgage include protection against displacement for Mrs. Spaulding.

134. Due to mutual mistake of the parties, and misunderstanding as to what federal law required for the loan to be eligible for HECM insurance, the required provision to protect Mrs. Spaulding from displacement was omitted from the HECM agreement and loan documents.

135. The protection against displacement of the spouse was nonetheless a key term of the HECM insurance contract, which was an integral part of the HECM loan agreement.

136. Despite the absence of the spousal protection provision from the written HECM agreement, HUD's issuance of an insurance certificate was "conclusive evidence" that the loan was eligible for HECM insurance, including the requirement for spousal displacement protection for Mrs. Spaulding.

137. The mortgage documents should be reformed to include protection against displacement for Mrs. Spaulding, so as to reflect the intent of the parties that the loan comply with the HECM insurance requirements. Specifically, the due and payable provisions of the loan documents should be reformed to include the following language:

Lender may not require immediate payment in full of all outstanding principal and accrued interest based upon the death of the borrower if the Property is the Principal Residence of a Non-Borrowing Spouse.

Alternatively, the loan documents should be reformed to include the same language provided for eligible non-borrowing spouses in loans originated on or after August 4, 2014.

138. If the loan agreement is not reformed, RMS would be unfairly advantaged by reaping the benefits of the HECM insurance without having to comply with the requirements for such benefits. And Mrs. Spaulding would suffer a significant loss in the form of displacement from her home of 38 years, in violation of the core purpose of the HECM insurance program. If the loan agreement is reformed pursuant to this claim, RMS will still be permitted to collect interest on the loan and receive payment under the HECM insurance upon the occurrence of another triggering event (such as the death of Mrs. Spaulding or the loan balance reaching 98% of the Maximum Claim Amount).

139. Mrs. Spaulding would not receive an unfair financial advantage as a result of such reformation, as the loan amount she and her husband received would have been the same if it had been based on her age at the time of origination.

WHEREFORE, Mrs. Spaulding prays that this Court:

a) Enter a declaratory judgment that Mrs. Spaulding, as a spouse of a reverse mortgage borrower, is a “homeowner” entitled to protection from displacement;

b) Enter a declaratory judgment that HUD failed to properly implement the anti-displacement protections in the HECM statute, has continued to enforce

regulations that contravene this protection as to HECMs issued prior to August 4, 2014, and that Mrs. Spaulding entitled to the protections of 12 U.S.C. § 1715z-20(j);

c) Enter a declaratory judgment that 24 C.F.R. § 206.27(c)(1) is arbitrary and capricious and/or contrary to law, and invalid as applied to Mrs. Spaulding;

d) Enter a declaratory judgment that 24 C.F.R. § 206.125 has not been triggered by the death of Mr. Spaulding, and therefore RMS is not required to foreclose on the basis of Mr. Spaulding's death;

e) Order HUD to produce its administrative record reflecting the development of the MOE program and the deadlines imposed by ML 2015-15, its administrative record for the MOE assignment request on the Spaulding loan, and its administrative record reflecting its review of all assignment requests submitted pursuant to ML 2015-15.

f) Enter a declaratory judgment that HUD's MOE deadlines and denial of the MOE assignment for the Spaulding loan are arbitrary and capricious and/or contrary to law, and that the loan is eligible for assignment pursuant ML 2015-15;

g) Enter a declaratory judgment that the Spaulding loan is still in the MOE Deferral Period, and that the regulatory foreclosure requirements have not been triggered;

- h) Enter an order reforming the mortgage documents to include the provision protecting Mrs. Spaulding from displacement, to reflect the parties' intent that the loan meet all eligibility requirement for HECM insurance;
- i) Enter preliminary and permanent injunctions preventing HUD from imposing any interest curtailment penalty on RMS for not foreclosing as a result of Mr. Spaulding's death, and requiring HUD to use its authority under the reverse mortgage statute to protect Mrs. Spaulding from foreclosure and displacement;
- j) Award plaintiff costs and attorney fees under 28 U.S.C. § 2412 or as otherwise permitted;
- k) Grant all other appropriate relief; and
- l) Retain jurisdiction of this action to grant ongoing relief as may be required.

Respectfully submitted this 14th day of September, 2018.

/s/ J. Rachel Scott  
J. Rachel Scott  
Georgia Bar No. 253048  
Sarah Bolling Mancini  
Georgia Bar No. 319930  
Stephen M. Krumm  
Georgia Bar No. 429922  
*Counsel for Plaintiff Peggy Spaulding*

ATLANTA LEGAL AID SOCIETY, INC.  
54 Ellis Street NE  
Atlanta, GA 30303  
(404) 614-3986  
(404) 525-5710 (fax)  
jrscott@atlantalegalaid.org  
sbmancini@atlantalegalaid.org  
smkrumm@atlantalegalaid.org