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Precedential Litigation Secures Home Ownership and Declaratory Relief to Combat Housing Abuses

Plaintiffs were offered home ownership by the Defendant real estate land developer and his companies. After the Plaintiff class members signed land contract documents with the Defendants and made payments on the land contracts, some of the Plaintiffs fell behind in their payments. Attempting to quickly appropriate their equity, Defendants treated class members as "tenants" and brought eviction actions in 36th District Court in Detroit. Plaintiffs filed this class action alleging breach of contract and violations of the Truth in Lending Act. After extensive depositions and motion practice, the Defendants agreed to a precedential settlement that will benefit homeowners in Detroit for generations to come. Defendants agreed to convey deeds to the homes for all persons who paid off the amounts owing under the contract documents, and also agreed to pay $175,000, and provide a release of any debts owed by any class members related to the contracts, worth at least $240,000. During the litigation, the Defendants attempted to contact class members to induce them to sign releases in exchange for "gifts" of $250 and also devised a plan to get class members to sign releases under the guise of signing "petitions." The Court ruled that Defendants had sent out blatantly misleading communications to the class members and ordered Defendants to cease and desist such contacts. Marilyn Mullane of Michigan Legal Services, who was co-counsel in the case, has called this case a watershed development in the fight against housing abuses. The significance of this result is that Defendants are no longer able to use the court system to create an ambiguity on whether their documents are leases or land contracts. Now, the question has been disposed of in a single class action ruling that the documents are land contracts, and that people who sign these types of documents cannot be evicted as tenants.

Case Name: Natalie James, et al. v. Detroit Property Exchange, et al., case No. 2018-cv-13601

Court: USDC EDMI

Recovery: $775,000 in value to the class, including the value of deeds, cash payments, and extinguishment of debt, in addition to declaratory relief that the contracts in question are land contracts, not tenant leases.

Attorneys for plaintiff: Gerard Mantese, Kate Eisenstein, Emily Fields, Theresamarie Mantese

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