



## **Henderson v. Vision Property Management, LLC U.S. District Court Eastern District of Michigan**

### **Class Action Lawsuit Alleging Federal and State Civil Rights and Consumer Protection Law Violations in Home Purchase Scheme**

#### **Plaintiff Profiles**

On September 29, 2020, the NAACP Legal Defense and Educational Fund, Inc., the American Civil Liberties Union of Michigan, the National Consumer Law Center, and the Michigan Poverty Law Program filed a federal class action lawsuit against Vision Property Management, LLC and related entities. The lawsuit alleges that Vision purchased approximately 1,000 dilapidated homes in Southeastern Michigan and then sold many of them at a huge markup to homebuyers under contracts that were structured to fail. Vision promised these buyers a path to homeownership, but the terms of its contracts made that goal nearly impossible to achieve. The lawsuit, asserting claims under federal and Michigan civil rights and consumer protection laws, alleges that the company targeted Black communities in the Detroit, Inkster, and Flint areas. The lawsuit further alleges the following facts about three named Plaintiffs:

**Plaintiff Rhonda Henderson**, a Black woman and former home health care worker, entered into a home purchase contract with Vision in 2014. The price of the home was \$40,000, although Vision had bought the property for only \$7,300 before selling it to Ms. Henderson. For the last six years, Ms. Henderson has lived in the home with her husband.



After signing the contract and moving in, Ms. Henderson discovered that her home had major electrical and plumbing issues, which she was forced to repair to make the home habitable according to the terms of her contract with Vision. Over time, she has also replaced the kitchen cabinets and countertops, pulled out carpets and refinished floors, and painted the house inside and out.

At the time Ms. Henderson entered into the contract with Vision, she believed that after seven years, she would own the home. However, only a small amount of Ms. Henderson's monthly payment went toward the purchase price of the home. The contract was structured so that Ms.



Henderson would owe more than \$35,000 on the home at the end of the seven-year period, even if she made every single payment on time.

Vision has also required Ms. Henderson to pay into an escrow account to cover the property taxes for the home. While Ms. Henderson has paid more than enough to cover these taxes, city and county records indicate that Vision has failed to pay the taxes since 2018. This places Ms. Henderson at risk of tax foreclosure in 2021.

Ms. Henderson has paid faithfully on the contract for over six years and is current on her payments. She learned recently that after seven years of making payments, rather than owning the house outright, she will still owe nearly the full purchase price.

**Plaintiff Roberta Faulks**, a Black retiree who lives in Inkster, entered into a home purchase contract with Vision in 2016. The price of the home was \$44,900, although Vision had purchased it for \$8,200. At the time she purchased the property, Ms. Faulks was living on a limited income from Social Security benefits.



After signing the contract and moving in, Ms. Faulks discovered electrical problems and water leaking into the basement from the chimney. The home's floors were damaged, and she had to replace the hot water heater. Despite the many repairs Ms. Faulks has already made, more needs to be done. The kitchen floor is separating, the roof is leaking, the plumbing backs up with water when she runs the dishwasher, and the windows need to be replaced.

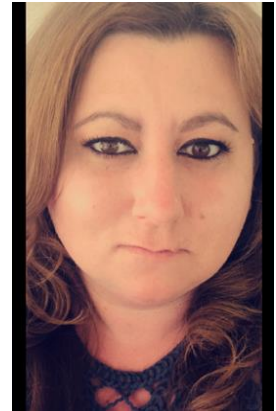
Ms. Faulks had no idea how little of her monthly payment was going toward the purchase price of the home. The contract was structured so that she would owe more than \$35,000 on the home at the end of the seven-year period, even if she made every payment on time.



Vision has also required Ms. Faulks to pay into an escrow account to cover the property taxes for the home. City and county records indicate that Vision has failed to pay the taxes since 2019, despite collecting more than enough money from Ms. Faulks. This places Ms. Faulks at risk of eventual tax foreclosure.

Ms. Faulks has made her contract payments for four years but only recently learned that she will still owe more than \$35,000 on her home after seven years of making payments, more than three-quarters of the purchase price.

**Plaintiff Rachel Church**, a white woman, entered into a contract with Vision for her home in Mt. Morris in 2015. Since then, she has lived there with her fiancé and their two children. Prior to entering into the contract with Vision, Ms. Church had never owned a home. She was renting a mobile home and wanted to own a home where her children could play outside. At the time that Ms. Church was applying to purchase the home, she was making roughly \$10 per hour at a manufacturing job. Vision offered her a contract to purchase the home for \$74,900. Vision had purchased the property for just over \$16,000.



When she first viewed the home, Ms. Church thought it looked like a fixer-upper with mostly cosmetic problems. But after signing the contract and moving in, she discovered the condition of the house was much worse than she realized. The home needed major electrical, plumbing, roof, and foundation repairs, and the furnace and hot water heater did not work. She has spent at least \$10,000 on repairs and materials to make the home habitable, although parts of the house still have no power and the house continues to have persistent leaks.



When Ms. Church entered into the contract with Vision, she was led to believe that by the end of the seven-year period, she would own the house outright. However, the contract was structured so that if she made every single payment on time, at the end of the seven-year term she would still owe \$58,230 of the \$74,900 purchase price.

Vision has also required Ms. Church to pay into an escrow account to cover the property taxes for the home. City and county records indicate that Vision has not paid taxes on the house since

2019, despite collecting a sufficient amount from Ms. Church to cover the tax payments. This places Ms. Church at risk of eventual tax foreclosure.

Ms. Church and her family have lived in their home for five years, but instead of being a homeowner at the end of the seven-year period, she will still owe more than \$58,000 on her home.

**Through this lawsuit, Plaintiffs are seeking relief for themselves and similarly situated class members, including:**

- A determination that Vision and its entities have violated federal and Michigan civil rights and consumer laws;
- Changes to Vision's practices so that further violations of the law may not occur; and
- Monetary damages.