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In Brief...

A quarterly newsletter brought to you by the Massachusetts Laborers' Legal Services Fund

INFORMATION REGARDING CHILD SUPPORT AND THE MASSACHUSETTS DEPARTMENT OF REVENUE

If you have been ordered to pay child support in the Commonwealth of Massachusetts, the Court will order that payments be made via the Massachusetts Department of Revenue ("DOR"). Unless both parties agree to direct payments without DOR involvement, a wage assignment will be put into place. If a wage assignment is ordered, DOR notifies your employer to withhold the appropriate amount from your paycheck. This payment is then forwarded to DOR, recorded by DOR, and then forwarded to the custodial parent. Wage assignments can take several weeks to implement. You are responsible for mailing the payments to DOR until you see the money being deducted from your paycheck. This method of mailing payments to DOR is also used in the event a wage assignment is not possible, i.e. multiple employers or inconsistent employment.

Record Keeping

If the court orders child support to be paid via DOR, do not send payments to the custodial parent. DOR will have no records of these payments and will take enforcement actions to collect the arrears.

You must maintain careful records. Retain all cancelled checks, copies of money orders, pay stubs, etc. Most importantly, **never** pay child support to the custodial parent in cash. Unless the other party acknowledges receipt of the cash, you will not be given credit for any cash payments. Due to the volume of cases handled by DOR, errors occur often. Remember, the burden is always on you to prove payments if DOR or the custodial parent allege that payments have not been made.

Modifications

Child support orders can only be modified by the Court. Either party may request a modification if there is a substantial change in circumstances, i.e. changes in income, custody, employment. Until the court changes the order, you are responsible for the amount of the existing order. An agreement with the other party to change a child support order is not valid unless approved by the court.

If for any reason DOR provides you with notice that your child support has been terminated (this often occurs when a child turns 18 years old), you must still file a modification to terminate child support with the court. The terminations by DOR are usually of it's services – not your child support obligation. Until the court orders the termination of child support, you could still be liable for the existing order. All changes to child support must be approved by the court – no exceptions.

Enforcement Methods

DOR is authorized by federal and state law to collect past due child support without going to court. DOR will assess interest and penalties on any arrears balance and may use any or all of the following methods to collect past due support:

- Increase amount of current child support order by 25% (i.e. if your order is \$100.00 per week, DOR will increase payments to \$125.00 per week until arrears are paid).
- Place liens on real estate or personal property.
- Seize financial assets.
- Suspend business, trade, professional or driver's license or motor vehicle registration.
- Refer case to the U.S. Department of State for denial of passport.
- Seize car, vacation home, boat, lottery winnings, funds from bank accounts, and any business or personal property.
- Intercept state and federal tax refunds, insurance claims, worker's compensation, and unemployment compensation payments.
- Cloud your credit by referring your debt to credit reporting agencies.
- Seek contempt of court. Court may order incarceration until you pay child support debt or order that you participate in a job search.
- Refer your case for prosecution of criminal nonsupport for failure to pay child support. Court may fine you up to \$10,000.00 or order you to be incarcerated for up to five years.

If you have any questions or concerns about your specific child support order, or if you require legal assistance for any court action, please contact our office.

INFORMATION REGARDING PREDATORY LENDING:



Protect Yourself from Unfair Lending Practices and Mortgage Fraud.

Predatory lending is a term used to characterize unfair and deceptive mortgage practices directed at consumers that constitutes fraudulent dealings. While homeowners seeking to refinance are the most common targets, home purchasers are not immune.

Buyers with credit problems or self-employment income that may not qualify for a conventional mortgage to purchase or refinance are at a higher risk.

With new scams developing every day, here are a few to beware of:

1. Aggressive solicitation by lenders with pitches that state

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they can lower your monthly mortgage payments, save you hundreds each month by consolidating your credit card and other payments, save your home from foreclosure and refinance your way out of bankruptcy, and tell you to get an equity loan to buy that new (car, boat, kitchen, dream vacation-take your pick).

2. Home improvement scams: This scam results when a contractor approaches you at home to sell you home improvements saying his company can finance your home improvement or he has a friend in the mortgage business. Once the homeowner signs, the work begins immediately, before the three day loan cancellation right ends, and it's overpriced, shoddy, and often done without proper permits. Then the loan is sold to a predatory lender with a high interest rate, burdensome fees and most likely a pre-payment penalty that locks the borrower into an extended period of financial torture.

3. Equity Stripping: The lender makes a loan based upon the equity in the consumer's home, regardless of whether the consumer has the ability to make payments. If the consumer cannot make payments, he/she can lose his/her home through foreclosure.

4. Loan Flipping: A lender enables the consumer to avoid the immediate ramifications of the consumer's inability to make payments on a loan by refinancing the loan with a new, longer, high cost loan. Each time the lender "flips" the existing loan, the homeowner must pay points and fees.

5. Packing: The consumer receives a loan that contains charges for services the consumer does not need or request. "Packing" most often involves the forced purchase of credit insurance.

6. Hiding the Balloon: The consumer believes he/she has applied for a low rate loan requiring low monthly payments only to learn at closing that it

is a short term balloon loan that the consumer will have to refinance within a few years.

7. Discrimination: The lender charges a minority consumer more than a similarly situated consumer who is not a member of a minority group.

8. Excessive Points and Fees or Unwanted Extras: Most home buyers can expect to pay a 1% origination fee and possibly another 1% of the loan amount in points, as well as basic closing costs including appraisal and attorney's fees. However, a predatory lender may charge excessive up-front charges and additional "junk fees" to pad closing costs. The most common unwanted extra added to a loan is life or disability insurance.

9. Rent to Buy: The title of the contract states "Purchase Agreement" giving the impression that the document is a contract for the sale of property. However, smaller print reads "Rent to Buy Agreement." The first few paragraphs state the "buyer" will rent for "two or more" years and then have the option to enter a conditional sales contract with a specified price for the property. With unclear terms, it is usually unfavorable to the buyer/lessee.

To protect yourself and your finances from predatory lending, do the following:

- Be wary of loans offered through door-to-door sales, telemarketing, or email solicitations;
- Be wary of offers made by construction companies to procure access to loans in conjunction with construction services;
- Be wary of lenders or brokers who guarantee loan approval regardless of your credit history or rating;
- Shop around! Interest rates and fees vary widely;
- Be suspicious of anyone who pressures you to act before you are ready;
- Read the entire loan application

carefully before signing. **Make sure there are no blank spaces.**

- Make sure that you have received, read and understood all required disclosure documents before you close. At closing make sure the loan terms have not changed from what you were told before and that there are no additional fees you did not know about.
- Consult an attorney before signing anything!
- Ask about fees and "points" before applying for a loan;
- If you are considering a loan with a variable interest rate, make sure you understand what conditions will affect a change in your rate, and the amount by which your rate may fluctuate; and
- Make sure you can really afford the monthly payments. As a general rule, responsible lenders look for mortgage payments to total no more than 29% of your total gross income;
- Contact a non-profit credit counseling agency for assistance in determining whether you can afford your loan.

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Statements or questions please contact us at:
Massachusetts Laborers' Legal Services Fund
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Declaraciones o preguntas por favor contactenos:
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