

No title? No worry. LLC that no longer owns house files to evict Milwaukee family

Cary Spivak, Milwaukee Journal Sentinel Published 8:42 a.m. CT March 3, 2017 | Updated 8:43 p.m. CT Jan. 4, 2018



(Photo: Mike De Sisti, Milwaukee Journal Sentinel)

The eviction suit filed against Jesse White last month stands out from the nearly 900 other evictions filed in Milwaukee County Circuit Court last month.

The difference: Kaja Holdings 2 LLC — the company seeking to throw the 79-year-old man and his two teenage sons out — does not own the house on N. 26th St. where the family lives. The company lost title to the property on Oct. 31 in a tax foreclosure.

"It takes guts to evict somebody from property you don't own," Ald. Robert Bauman recently told Thomas Cassady, a Chicago attorney representing Kaja Holdings 2.

White has been paying rent, maintaining and fixing up the house since March 2015 when he entered into an agreement to pay \$570 a month rent, with about \$41 of that going toward the \$40,000 purchase price for the house that was bought at a sheriff's sale for about \$8,000. The three-bedroom home is assessed at \$52,400, records show.

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White's situation sheds light on the growing rent-to-own business, an industry that critics say is a form of predatory lending. Kaja Holdings 2 is one of several limited liability companies owned or linked to [Vision Property Management](https://vpm3.com/), a South Carolina company that reportedly manages about 5,500 rent-to-own properties nationwide. White leased his house through Vision.

A spokesperson for Attorney General Brad Schimel confirmed last week that the state Department of Justice is investigating Vision, and sources said the Milwaukee City Attorney's Office is also looking into the company.

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Company under scrutiny

Vision has come under scrutiny from a variety of housing advocates and lawmakers, including U.S. Rep. Elijah Cummings (D-Md.), the leading Democrat on the House Committee on Oversight and Government Reform. Vision was the subject of a [critical story](https://www.nytimes.com/2016/08/22/business/dealbook/rent-to-own-homes-a-win-win-for-landlords-a-risk-for-struggling-tenants.html) (<https://www.nytimes.com/2016/08/22/business/dealbook/rent-to-own-homes-a-win-win-for-landlords-a-risk-for-struggling-tenants.html>) in the New York Times last year.

"This is the next — and I hope the last — wave growing out of the foreclosure crises," said White's lawyer, Amanda Adrian, an attorney at the Legal Aid Society of Milwaukee. "All of these properties are coming back into circulation at dirt cheap prices" with many then being offered for rent in low-income neighborhoods in deals that provide tenants an option to buy.

In a [letter](https://democrats-oversight.house.gov/news/press-releases/cummings-seeks-information-from-vision-property-management-and-fannie-mae-about) (<https://democrats-oversight.house.gov/news/press-releases/cummings-seeks-information-from-vision-property-management-and-fannie-mae-about>) to Alex Szkaradek, Vision CEO, Cummings noted that the "National Consumer Law Center concluded that contracts like those offered by Vision 'are built to fail, as sellers make more money by finding a way to cancel the contract so as to churn many successive would-be homeowners through the property.' "

Vision Property Management did not respond to specific questions about the eviction action or allegations about the firm's practices. In a statement issued through a public relations firm, the company said it provides people with "affordable home ownership."

White, like many other rent-to-own tenants, signed a contract requiring him to cover the costs of the repairs and making improvements in the property even though he did not have an equity interest in it, giving him many of the responsibilities of an owner without receiving the benefits.

"The prospective buyer is putting all of their money on the line," said Lisa Rice, executive vice president of the National Fair Housing Alliance. "The sellers ... make out like fat cats."

Rice said some rent-to-own deals are fair, but she warned that many, particularly those aimed at low-income buyers in central cities across the country, prey on the unsophisticated nature of first-time buyers. "It's sold as the way that you get a house, but they've always been predatory in nature," Rice said.

White last month told the Common Council's Judiciary and Legislation Committee that he has poured a lot of time and money into the property.

"I worked diligently on this property for about ... two years," White told the aldermen. "I spent over \$20,000 ... (and) they're trying to take it right now, and I don't think it's legal."

According to White's lease, which was filed in court, he paid \$1,570 upfront. That sum represented \$1,000 for an "option consideration," \$260 for one month's rent payment, \$285 for property taxes and \$25 for property insurance.

Afterward he was required to pay \$570 per month, the lease stated. Though a portion of that rent was to cover property taxes, city records show Kaja owed \$8,199 in back taxes when the city seized the property last year.

\$152,000 owed to city

Three other Kaja Holdings 2 properties are headed toward tax foreclosure because Kaja owes a total of \$77,456 in back taxes on those. All told, 22 companies linked to Vision Property Management owe the city about \$152,000 in delinquent taxes, a review of city records show.



Jesse White is fighting an eviction suit filed against him by Kaja Holdings LLC. The company does not own the home on N. 26th where White lives with his two children because Kaha lost the title over unpaid property taxes. (Photo: Framgrab)

White and his attorney declined to comment because of the pending eviction and the possibility that other litigation may be filed. The eviction suit contends that White hasn't paid rent since June 2016. Adrian, his attorney, said White paid his rent on time and that he would fight the eviction.

In 2015, Adrian sued a different LLC linked to Vision Property. The case ended with a confidential settlement, although records show the company transferred ownership of the house to Adrian's client.

Amy Turim, the Department of City Development's real estate development services manager, said White told her the house was in bad shape when he agreed to rent it.

"He came to a home without any plumbing fixtures, no working water, no water meters, no fixtures, no electricity," Turim said. He paid for the materials needed for repairs and did much of the work himself, she said White told her.

The subject of White's property came up at a council committee last month because Kaja offered to pay about \$13,000 to cover the back taxes and other fees and fines owed to the city on White's house, which is in the 4100 block of N. 26th St.

The offer did not go over well.

When Cassady, Kaja's attorney, told the committee that his firm's offer was financially beneficial to the city, Ald. Bauman snapped: "We don't want your money."

Instead, Bauman urged White to work with the Department of City Development to purchase his residence.

On Wednesday the full council unanimously agreed to place the request on file — a procedure often used to quietly kill proposals.

White may be able to "get the house for maybe five, 10 grand," Bauman told White. "And these people are out. These people are scofflaws, basically."

Kevin Crowe of the Journal Sentinel staff contributed to this report.

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