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TOP 10 MORTGAGE SERVICER ABUSES IN CHAPTER 13
(Max Gardner – NACTT Quarterly: April/May/June 2006)

1. Junk fees: monthly property inspections, monthly property preservation fees; broker price opinions (BPOs); Proof of Claim preparation fees; review of Chapter 13 plan fees, etc.
2. Failure to disclose any the junk fees by filing a proper Rule 2016 Fee Application.
3. Post-discharge collection of these fees at closing in post-petition refinancing. Now see § 524(i). Fees held in "suspense" while bankruptcy is pending.
4. Use of fees to create negative payment histories that result in motions for relief from stay. For example, as many of us have seen, post-petition payments are put into "suspense" and then applied to repay those amorphous corporate advances.
5. Servicer attorneys or their assistants filing motions for relief from stay without checking payment histories or other available account information to determine if a motion is appropriate.
6. Charging back actual attorneys fees paid by servicer to mortgagee when court awarded a lower amount.
7. Creation of bogus "escrow" accounts to fund unlawful corporate advances and hide improper application of Trustee payments.
8. Practice of including undisclosed legal fees in attachments to proofs of claim with the insertion of language that failure to object to fees constitutes a waiver.
9. The purchase of forced-place insurance with a wholly owned or related subsidiary when debtors have insurance. Triggers an escrow review, an enhanced payment, and more money for expense accounts.
10. Advancement of funds against the debtor's mortgage loan for monetary damages actually paid to the same debtor for violations of the bankruptcy law. Attorneys fees paid to defend action may also be added to loan balance.