THE BANKS BUSINESS MODEL IS FORECLOSING ON HOMEOWNERS

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March 2, 2016

Securitization is the reason banks want homeowners to foreclose. When a bank assigns the risk of a loan to the investors (certificate holders) of a **Real Estate Mortgage Investment Conduit Trust** (REMIC - SPV), the "**bank**" is no longer a traditional bank that gets the benefit of mortgage payments.

Mortgage banks give as few modifications as possible and comply minimally with statutes put in place to protect borrowers, all while employing tricks to "**cash in**" on homeowners' defaults, pushing them to foreclosure.

Banks benefit from foreclosures more than loan modifications because of something called "**creaming the debt**."

If the Banks modify the loan, their penalties and fees might not get paid to them.

When they foreclose, they get their penalties first, before the investors– which is the "**creaming**."

The mortgage banks make more money from foreclosure than actually servicing the homeowner's payment.

When foreclosure becomes a possibility, like when a borrower misses a payment or asks for a modification, the banks seize the opportunity for increased profit by foreclosure.

Foreclosure is clearly the fattest pot of gold possible and it's for this reason foreclosure is the bank's primary goal. The banks take the risk of litigation because few people sue, but getting legal information as soon as possible can make the difference between homeowners asserting their rights or losing their homes while **being "bulldozed by the bank"**.

PROTECT YOUR HOME BY LEARNING ABOUT THE TRICKS THE GANG BANKSTERS PLAY

Bankster Trick #1: Refusing Payments

The bank refuses the check a homeowner sends in. The bank may offer a reason (for example, there's a mistake on the account) or it might offer no explanation at all. The bank may even offer the homeowner a loan modification. The bank does this to delay the homeowner from immediately contacting an attorney to pursue a breach of contract claim.

Alternately, the bank may take trial payments in an effort to further delay the homeowner until the arrears (also known as the forbearance) becomes so great that the homeowner is ineligible for a loan modification or unable to repay the debt.

Eventually, the servicer combines this trick with other tricks, such as changing servicers, to draw the homeowner further into default.

Bankster Trick #2: Switching Services During Modification

A homeowner gets a loan modification with one servicer and makes trial payments. The servicer advises the homeowner that it is switching servicing rights to another servicer.

The new servicer claims to know nothing about the modification and delays the homeowner for months waiting to get the relevant "paperwork." No matter how many times the homeowner sends proof of the modification, the new servicer refuses to honor it.

It is a violation of California law to not honor a modification from a prior servicer but servicers know that most people will not pursue litigation.

Bankster Trick #3: **Breaching a Modification Contract**

The homeowner gets a loan modification that includes a balloon payment of, for example, $50,000 after 20 years. After paying on this loan modification for a year and a half, the homeowner gets a new modification in the mail from the same servicer with a balloon payment of $150,000. No matter how many times the borrower calls the servicer, or tries to forward the existing modification, the agent will respond with a fixed script that does not acknowledge the prior modification but only talks about the new one. The confused borrower will feel like he or she is talking to a robot (on a recorded line, being monitored by a supervisor). Eventually, if the borrower does not sign and execute the new modification, the bank will begin to refuse their payments on the old modification.

The servicer will also create a paper trail that tells a different story than what is actually happening. If the bank is trying to stick a borrower with a new modification, the paper trail will show the borrower is refusing the modification and mention nothing about the old one. Eventually, the servicer will stop accepting payments unless the homeowner acquiesces to the new modification.

Bankster Trick #4: **Extra Fees & Escrow Accounts**

The homeowner receives a bill for extra fees out of nowhere so that the mortgage payment becomes something the homeowner suddenly can't afford. The servicer refuses to accept any "**partial payment**." After that, the bank continues adding on fees each month, increasing the amount the borrower has to pay to reinstate. They may offer the homeowner a loan modification as a distraction to trick the homeowner into a longer default. Because the borrower thinks they are getting a modification, they will spend the money they would have put towards their mortgage and be unprepared to pay their arrears if the modification falls through, as it most likely will.

The servicer does all this while telling the borrower they are there to help. The servicer may pay homeowner taxes early and then accuse the homeowner of not paying them. The servicer may point to a clause in the mortgage that says if the homeowner doesn't pay the taxes, they can raise the interest rate. They may begin charging the homeowner for forced place insurance at a high rate even though the homeowner already has insurance. This is something the homeowner only finds out after-the-fact when trying to pay property taxes.

Bankster Trick #5: **False Notices**

In a non-judicial foreclosure state, such as California, foreclosure is done by recorded notice. The Notice of Default states the amount of arrears that a homeowner must pay back to reinstate the loan.

Servicers uniformly overstate this amount by up to $20,000, which serves two purposes: (1) It scares borrowers with an inflated amount of arrears that they believe they can't cure; and (2) It creates a paper trail for the bank so they can claim more money from investors.

Bankster Trick #6: Multiple Modifications and Dual Tracking

The bank must respond to the loan modification application with a denial or approval within a definite period. A denial must be in writing and must inform the borrower of the right to appeal. The bank cannot "dual track" a borrower by posting Notices of Foreclosure and Trustee's Sale while reviewing the borrower for a modification.

There are big penalties for "dual tracking" by the bank, but only if it is the borrower's first time applying. This is why a servicer will often deny a modification over the phone or encourage a borrower to apply again. Once a borrower becomes a serial modifier, the bank can dual track the borrower all it wants without statutory penalties. And, it will.

ARE WE HEADING FOR ANOTHER HOUSING CRISIS?

money.usnews.com | May 12, 2016

By Maryalene LaPonsie

Ten years ago, a storm was brewing in the housing market.

Lenders were handing out mortgages seemingly to anyone who applied, and in many cases, borrowers weren't asked for documentation to prove income. Some institutions rolled out adjustable-rate mortgages that featured teaser rates and were marketed to consumers as loans that could be easily refinanced before the interest rate was scheduled to reset and send payments into the stratosphere.

As buyers clamored for homes, prices surged. But then the economy slowed and the bottom fell out of the housing market. Homeowners were unable to make payments, and sagging values made refinancing or selling impossible. The market crashed in what is widely considered one of the worst recessions to hit the country.

While the economy and home prices have both rebounded, some people have expressed concern we are headed for a repeat housing bubble. As of January 2016, home prices were rising at a rate twice that of inflation, according to the S&P/Case-Shiller U.S. National Home Price Index.

What's more, Fannie Mae and Freddie Mac have unveiled programs to allow first-time homebuyers to make a purchase with only 3 percent down. Plus, some lenders are using alternate credit scores, which may make loans available to those who can't get one under conventional credit scoring methods. Together, these factors may signal danger ahead. "I wouldn't discount it," says John Harrell, a vice president at USAA Bank, about the possibility of another housing crisis. "But I don't see it as an imminent threat."

Government regulations have changed the playing field. Harrell isn't concerned about a housing crisis, in part, because the mortgage industry looks different today than it did in 2006. Most notably, the Dodd-Frank Act was passed in the wake of the recession to eliminate much of the risky behavior that led to the proliferation of subprime loans. The bill prohibited the use of negative amortization and certain balloon payments. It all but wiped out the possibility of lenders using so-called low-doc or no-doc loans that didn't require borrowers to substantiate their income. "The regulatory scrutiny is very high," Harrell says.

Many lenders have also voluntarily tightened up their lending standards and are limiting access to mortgages to only those with very good credit. While subprime mortgages could be found 10 years ago for borrowers with credit scores well below 620, the bar has been raised substantially, says Brad Friedlander, co-founder of Angel Oak Capital Advisors in Atlanta, Georgia. "A bad borrower has a credit score in 2016 that is 100 points more than the bad borrower in 2006," Friedlander says. Nowadays, many creditors are looking for mortgage applicants to have credit scores north of 720.

New down payment options for mortgages cause concern. At the same time as they are tightening certain lending rules, both the government and banks are looking for ways to extend mortgages to those who can't afford or wouldn't qualify for a conventional loan.

Traditionally, Federal Housing Administration loans have provided the most accessible option for those who want to buy a house, but can't afford the down payment. These loans may have only required 2 percent down, but Harrell says many big banks have backed away from offering them.

Without FHA loans, another viable low down payment option for potential homeowners may be a VA loan, which may require zero down. "It's time-tested, and it's a great program," says Harrell. However, not everyone can qualify for a VA loan, so Fannie Mae and Freddie Mac have now begun offering loan programs with down payment requirements as low as 3 percent. At least one borrower on the application must be a first-time home buyer and income requirements and other criteria may apply.

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A rush of low down payment mortgages may be reminiscent of 2005 and 2006, but there is no reason to believe they alone will cause a housing crisis. "The fact that people are highly leveraged doesn't mean prices are going down," says Mark Fleming, chief economist at First American.

Alternate credit scores may expand the pool of borrowers. Fleming is also quick to say the use of alternate credit scores shouldn't be worrisome either. Some lenders have begun to look for other ways to gauge a person's credit-worthiness, particularly those people who have limited or no credit under traditional scoring models. "What you need to establish credit-worthiness is changing," Fleming says. "New credit models are reflecting that."

For example, millennials may be renting longer or opting for mobile phones rather than landlines. Old scoring models might not take those factors into consideration, resulting in low or no credit. Alternate models may also be able to address non-traditional situations, such as multi-generational families or those earning income through the sharing economy. "The whole point of these new models is that they are able to score people who would [otherwise] not have a credit score or have a limited one," Fleming says. "But that doesn't mean they are of poor credit score quality."

Reasons to remain optimistic about the housing market. With 10 years between us and the start of the last great housing crisis, many people are feeling optimistic that both lenders and borrowers have reformed their bad behavior. Not only have banks eliminated many risky lending practices, but "most American borrowers tend to be stronger savers now," Friedlander says.

Some people may feel skittish about rising home prices and apparent attempts to open the mortgage market to unconventional borrowers, but many industry experts say there is no reason to believe a repeat of 2006 is about to happen. "House prices have rebounded, and the jobs market looks quite good," Fleming says. "There's not a lot of data indicating another housing crisis."

Read more: http://www.certifiedforensicloanauditors.com/articles/05.16/are-we-heading-for-another-housing-crisis.html#ixzz4ExAvfe00

FLORIDA FORECLOSURE RATES STILL WAY ABOVE PRE-RECESSION LEVELS

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bizjournals.com | July 17, 2016

By Emma Skeels

If Florida having the highest amount of bank repossessions in the U.S. wasn't bad enough, the state's second-quarter foreclosure rates are still 26 percent above pre-recession levels, according to a new study by RealtyTrac.

Florida was also in the top five states with highest foreclosure rate in the first-half of 2016, coming in at No. 4 with 0.7 percent of all housing units with a foreclosure filing. New Jersey came in at No. 1 with .98 percent.

Hopefully, there's a light at the end of the tunnel: Orlando-area foreclosure rates continued to drop this spring. And things could be worse — South Carolina is still 376 percent above pre-recession rates.

Nationally, foreclosure rates are at a 10-year low, down 19 percent from a year ago to the lowest level since July 2006.

Read more: http://www.certifiedforensicloanauditors.com/articles/07.16/florida-foreclosure-rates-still-way-above-prerecession-levels.html#ixzz4ExBFQBJI

ADDITIONAL NEWS

3rd Circ. **Won't Revive Homeowner Suit Against M&T Bank**

By Kurt Orzeck

Law360, Los Angeles (February 19, 2016, 8:00 PM ET) -- The Third Circuit on Friday refused to revive a putative class action in which homeowners accused M&T Bank Corp. and its subsidiaries of operating an illegal captive reinsurance scheme, ruling the plaintiffs filed the suit after a statute of limitations had expired.

Affirming a lower court's decision to grant summary judgment to M&T Bank and M&T Mortgage Reinsurance Co., the appeals judges said the homeowners sued more than four years after closing on their home-mortgage loans. Thus, they couldn't bring their claims under the Real Estate Settlement Procedures Act.

High Court Told To Ignore Midland's Closely-Watched Rate Suit

By John Kennedy

Law360, New York (February 19, 2016, 5:10 PM ET) -- Midland Funding LLC, which is facing a usury class action and seeking National Bank Act protection, shouldn't get certiorari because it's not a national bank and forcing it to adhere to New York state law wouldn't significantly interfere with any national bank's business, the U.S. Supreme Court heard recently.

Saliha Madden, who sued Midland for charging 27 percent interest on more than $5,000 in unpaid credit card debt Midland bought from Bank of America NA — two percentage points higher than New York's maximum of 25 percent interest.

HSBC To Pay Mass. $4M To Settle Force-Placed Claims

By John Kennedy

Law360, New York (February 19, 2016, 8:14 PM ET) -- **HSBC Holdings PLC** will pay $4 million to settle charges that it received kickbacks related to inflated force-placed insurance policies it bought for struggling Massachusetts homeowners, the state's attorney general announced Thursday, the latest in a string of settlements for the embattled accused "Drug Money Laundering" London-based Bank.

As part of the state court agreement, HSBC will refund $2.7 million to thousands of affected Massachusetts homeowners and pay the remaining $1.4 million to the state itself. The refunds cover payments made by borrowers who were improperly charged force-placed insurance premiums.

Read more: http://www.certifiedforensicloanauditors.com/articles/03.16/the-banks-business-models-is-foreclosing-on-homeowners.html#ixzz4ExBgrDfq

BANKS STRUGGLE TO "FIND" NONEXISTENT DOCUMENTS

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livinglies.wordpress.com | July 8, 2016

By Neil Garfield

So for the people who are unemployed due to a recession that won't really quit until the money stolen from the system is somehow replaced or clawed back, you have a job waiting for you if you can sleep at night knowing that if your activities are exposed, the bank will disavow your "irresponsible" actions, leaving you exposed to jail or prison.

THE FOLLOWING ARTICLE IS NOT A LEGAL OPINION UPON WHICH YOU CAN RELY IN ANY INDIVIDUAL CASE. HIRE A LAWYER.

Every Bubble Bursts. The banks are now struggling to find people who will "find" nonexistent documents without expressly telling their superiors at the bank that the "found" documents were fabricated. The evidence is all over the internet as banks troll for prospective employees who will get their hands dirty and be prepared to get thrown under the bus should the malfeasance be discovered.

The documents are not merely missing. They do not exist. And without the critical documents required in every foreclosure, there can be no foreclosure. The documents must be fabricated because they don't exist. The documents don't exist because they were actually intentionally destroyed and because the banks have no interest in the property, the alleged loan, the "original" note ("missing" in most cases), the mortgage or the debt itself. Many documents existed but were destroyed by the banks.

If pushed to open their books we would find a complete absence of any financial transaction in which the banks or their pet trusts were involved. Up until recently the banks were able to get their employees to execute documents that were fabricated for the purposes of presentation in court. But the number of people who are willing to do that is diminishing. Bank employees sense the impending disaster for the banks and they don't want to take the blame even if it costs them their job.

The entire bank scheme, as I previously reported, is based upon the ability to use legal presumptions. These presumptions create an opportunity for epic fraud and theft. If a document is facially valid, the burden shifts to the homeowner to rebut the presumption that it is indeed a valid, authentic document. But now homeowners are hiring forensic document examiners who are showing that the document presented is not the original even if it looks that way. More and more homeowners, when presented with a "blue ink" document will say they don't know if that particular signature is their own signature because they know that the documents and signatures are being fabricated. The bank's witness in court is treading the fine line between ignorance and perjury when they say that the note is the original. The same holds true to bogus assignments, indorsements ("endorsements"), powers of attorney and other documents the banks use to avoid being required to prove their case without the presumptions.

So the banks, without using their own names, are posting job openings for what 4closurefraud.com calls "time travelers." People get hired for their willingness to create documents that appear to have been prepared and executed years ago. This is required because if there was no transaction years ago, then the sham is exposed --- the "loan contract" between the homeowner and the originator never existed. And so when the originator endorses or assigns the note or mortgage to an undisclosed third party, the assignment is completely and irrevocably void as coming from an entity that never owned the loan but was merely named as the Payee or Mortgagee.

BUT if the original loan documents look valid, and the alleged transfers of the loan look valid, then the burden shifts to the homeowner to rebut the presumption that a real transaction took place between the homeowner and the originator and between the originator and the next party in the false chain of possession and ownership of the loan. This is why I have been relentless in insisting that discovery take place and be pursued aggressively. I have already seen many cases in which an order was entered requiring the banks to respond to discovery requests; in virtually all cases someone steps forward and settles with the homeowner. The only exceptions are where it is clear that the judge is going to rule for the banks anyway and will deny subsequent motions to compel the discovery that was previously ordered.

Of course the problem with the settlement is that the homeowner is being coerced into accepting a settlement that acknowledges some bank, servicer or trustee as actually having rights to collect or enforce the loan; since these parties are merely intermediaries who issue self-serving paper designating themselves as real parties in interest, such settlements could result in the homeowner being presented with claims later from the real source of funding in their loan. This is unlikely, but nonetheless possible. The only reason it is unlikely is that the real parties in interest are investors whose money was commingled with thousands of other investors in hundreds of trusts that never received any proceeds from their offering of mortgage backed securities that were neither mortgage backed or securities. The investors need a way to trace their money into the loans or, if they elect not to do so, to settle with the bank that cheated them in the first place with bogus mortgage bonds. There have been many such settlements, most of them unreported.

The fact remains that the "lender" is never part of any documented transaction. Hence the "lender" (the investors) enjoy none of the protections of a holder of a note nor the security of a mortgage. Fabricating documents and forging them is the only way of breathing life into the false loan contract that was documented, even if it never happened. And borrowers and their attorneys should take note that the entire loan infrastructure is an illusion that has been awarded judgments that pretend the illusion is real. we are either a nation of laws or a nation of men. Our Constitution makes us a nation of laws. This is our challenge. Do we allow bankers and politicians to turn back time on paper and treat them as though they are doing something right because NOW it is right because they declared it right, or do we reject that and apply rules of law that have existed for centuries for this very reason?

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