

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

LEO RAMIREZ, individually and on behalf of a class of similarly situated persons, and JESSICA RAMIREZ, individually and on behalf of a class of similarly situated persons,

Plaintiffs,

v.

OCWEN LOAN SERVICING, LLC,

Defendant.

Civil Action

File No. \_\_\_\_\_

**CLASS ACTION  
JURY TRIAL**

**CLASS ACTION COMPLAINT**

Archie I. Grubb, II  
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## Summary

1. This is a class action asserted under state law for breach of contract. Defendant Ocwen Loan Servicing, LLC. (“Ocwen”) breached its contract with Plaintiffs and other class members through a systematic practice of charging illegal prepayment penalties in the form of “post-payment” interest on loans insured by the Federal Housing Administration without first complying with the uniform provisions of the promissory notes and the FHA regulations governing these loans. As a result, Defendant has collected hundreds of millions of dollars in post-payment interest in an unlawful manner, and through this class action, Plaintiffs seek to recover damages for those class members already injured and declaratory and injunctive relief to prevent future violations by Defendant.

2. Post-payment interest refers to interest that a lender collects **after** the borrower has paid the **full** unpaid principal of the loan. For example, if a borrower pays off the loan in full on August 5, and the lender continues collecting interest for the remainder of August, the lender has collected post-payment interest from the borrower. Any interest collected after the borrower makes payment of the full unpaid principal is post-payment interest.

3. A promissory note governs the contractual relationship between borrowers and lenders, and the FHA regulations require that lenders issuing FHA-insured loans must include certain uniform provisions in the notes for these loans.

Among other things, the uniform provisions require that “[i]nterest will be charged on unpaid principal” and interest charges must stop once “the full amount of the principal has been paid.” Multistate – FHA Fixed Rate Note, USFHA.NTE, attached as **Exhibit 1**, at 1. The sole exception to those provisions is that lenders may collect post-payment interest for the remainder of the month in which full payment is made, but only “**to the extent . . . permitted by [FHA] regulations.**” *Id.* (emphasis added).

4. The FHA regulations permit lenders to collect post-payment interest for the remainder of the month in which full payment is made only when two strict conditions are met: (a) the borrower makes payment of the full unpaid principal on a day “**other than** [the first of the month]” and (b) the lender must provide the borrower with “**a form approved by the [FHA].**” 24 C.F.R. § 203.558(c) (2014) (emphasis added).

5. Both conditions must be met before the lender has the right to collect post-payment interest for the remainder of the month in which full payment is made. For example, if the borrower pays off the loan in full on August 5, and if the lender provides the borrower with the FHA-approved form, both conditions are met and the lender may collect post-payment interest for the remainder of August. By contrast, if the borrower pays off the loan in full on August 1, the first condition is not met and the lender may not collect post-payment interest for the remainder of August.

Regardless of the date of payment, if the lender does not provide the borrower with the FHA-approved form, the second condition is not met and the lender may not collect post-payment interest for the remainder of August.

6. The FHA requires use of its approved form because, among other things, the form alerts borrowers, at the time of payment, to the fact that the lender is asserting the right to collect post-payment interest. *See* HUD Housing Handbook, Administration of Insured Home Mortgages, 4330.1 REV-5 Appendix 8(C), attached as **Exhibit 2**. Additionally, the form explains the borrower's rights, including the terms under which the lender can collect post-payment interest and how the borrower can avoid paying any post-payment interest. *Id.*

7. Although both the uniform provisions of the note and the FHA regulations prohibit lenders from collecting post-payment interest unless they provide borrowers with the FHA-approved form, Ocwen does not use the FHA-approved form. Instead, Ocwen uses its own unauthorized language, which for all times relevant to this Complaint was not approved by the FHA, and does not fairly disclose to borrowers that they can avoid post-payment interest by making payment of the full unpaid principal on the first of the month.

8. Because Ocwen does not use the FHA-approved form as required by both the uniform provisions of the note and the FHA regulations, Ocwen has no right to charge post-payment interest from borrowers. Thus, Ocwen has unlawfully

collected hundreds of millions of dollars in post-payment interest, and it will continue to do so in the future. Through this class action, Plaintiffs seek to recover damages for those class members already injured, as well as declaratory and injunctive relief to prevent future violations.

**Parties, Jurisdiction, and Venue**

9. Plaintiff Leo Ramirez is a citizen of Georgia, residing in Lawrenceville, Georgia. In 2013, Plaintiffs Leo and Jessica Ramirez paid off an FHA-insured loan held by Defendant Ocwen.

10. Plaintiff Jessica Williams Ramirez is a citizen of Georgia, residing in Lawrenceville, Georgia. In 2013, Leo and Jessica Ramirez paid off an FHA-insured loan held by Defendant Ocwen.<sup>1</sup>

11. Defendant Ocwen Loan Servicing, LLC, is a private corporation, which held, or continues to hold, FHA-insured loans for Plaintiffs and other class members.

12. Defendant Ocwen Loan Servicing, LLC, is a duly certified company of the state of Delaware that maintains its Principal Office in West Palm Beach, Florida. Defendant Ocwen maintains a registered agent in Georgia where it may be served with process. Defendant Ocwen's Georgia agent is Corporation Service Company,

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<sup>1</sup> Plaintiffs Leo Ramirez and Jessica Williams were married subsequent to closing on the home secured by the FHA-insured loan at issue in this case. Jessica Williams' legal name is now Jessica Ramirez, and for purposes of clarity and consistency she will be referred to as Jessica Ramirez herein.

which is located at 40 Technology Parkway, South Suite 300, Ben Hill, Norcross, GA 30092.

13. This Court has subject matter jurisdiction over this class action. Leo and Jessica Ramirez are each citizens of a State different from Ocwen, and so are many other class members. *See* 28 U.S.C. § 1332(d)(2). In addition, the claims of the class in the aggregate exceed the minimally required amount in controversy. *See* 28 U.S.C. § 1332(d)(6).

14. This Court has personal jurisdiction over Ocwen. Among other things, Ocwen is registered to and does conduct business in Georgia, holds mortgages on real property in Georgia, has breached contracts with persons located in Georgia, has caused injuries in Georgia, and generally engages in substantial activity in Georgia.

15. This Court is also a proper venue for this action. Ocwen is subject to personal jurisdiction in the Northern District of Georgia, which “[f]or purposes of venue,” means that Ocwen resides in this judicial district. 28 U.S.C. § 1391(b)(1), (c).

### **Factual Allegations**

#### **A. Borrowers Pay For And The FHA Supplies Mortgage Insurance To Lenders.**

16. Department of Housing and Urban Development is a department within the executive branch of the United States government. HUD was established in 1965 by the Department of Housing and Urban Development Act. *See* 42 U.S.C. § 3532.

The Federal Housing Administration was established in 1934 by the National Housing Act of 1934. *See* 12 U.S.C. § 1701. When HUD was created, Congress re-organized the FHA as an agency within HUD.

17. Among other things, the FHA provides mortgage insurance to FHA-approved lenders for loans on single-family homes. *See* U.S. Dep't of Housing and Urban Devt.,

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/fhahistory](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/fhahistory).

The FHA is the largest insurer of mortgages in the world, currently insuring approximately 4.8 million single-family homes. *Id.*

18. Mortgage insurance protects lenders against losses caused by borrower defaults. The lenders bear less risk on FHA-insured loans because the FHA will pay lenders in the event of a borrower default. *Id.* In exchange for FHA mortgage insurance, borrowers pay an upfront mortgage insurance premium and make monthly premium payments.

19. To be eligible to receive FHA mortgage insurance, lenders must be pre-approved by the FHA. Lenders must also comply with FHA regulations, including but not limited to the regulations contained in Title 24, Subtitle B, Chapter II, Subpart B, Part 203 of the Code of Federal Regulations. Among other things, FHA regulations require that, for any FHA-insured loan, the lender must include certain uniform provisions in every promissory note. As a result, each of the approximately



4.8 million FHA-insured loans is documented by a promissory note containing certain uniform provisions.

20. Defendant Ocwen derives substantial economic benefits from its participation in the FHA mortgage insurance program.

21. All lenders, including Defendant Ocwen, participating in the FHA mortgage insurance program have a duty to comply with the mandatory notice provisions of the FHA regulations.

**B. The FHA Prohibits Lenders From Collecting Post-Payment Interest On FHA-Insured Loans, Unless They First Provide The FHA-Approved Form.**

22. One uniform provision lenders must include in the promissory note for every FHA-insured loan addresses the borrower's promise to pay interest for unpaid principal:

**2. BORROWER'S PROMISE TO PAY; INTEREST**

In return for a loan received from Lender, Borrower promises to pay the principal sum of \_\_\_\_\_ Dollars (U.S. \$ \_\_\_\_\_), plus interest, to the order of Lender. **Interest will be charged on unpaid principal**, from the date of disbursement of the loan proceeds by Lender, at the rate of \_\_\_\_\_ percent ( \_\_\_\_\_ %) per year **until the full amount of the principal has been paid.**

Ex. 1 at 1.

23. Under this provision, the borrower agrees to pay interest only on the **unpaid principal**, and once the borrower pays the full unpaid principal, interest no longer accrues. This makes sense because, by definition, interest is calculated from

the amount of the outstanding principal loaned by the lender to the borrower.

24. Other government entities follow the same practice. For example, when lenders issue loans backed by Fannie Mae, Freddie Mac, and the Department of Veterans Administration, interest charges stop on the day the borrower pays the full unpaid principal of the loan, and the lender cannot collect any post-payment interest.

25. However, for nearly thirty years, the FHA has provided a narrow loophole for lenders. For mortgages insured by the FHA on or after August 2, 1985 and through January 20, 2015, the FHA allows lenders, subject to strict limitations, to collect interest even after the borrower has paid the full amount of the unpaid principal.

26. This type of interest is often referred to as “post-payment” interest. Post-payment interest is interest that a lender collects even after the borrower has paid the full unpaid principal. It is also considered a “penalty” because, at that point, the borrower owes the lender **nothing**; the full unpaid principal has been paid, and the lender has all the money it was owed. The lender is penalizing the borrower for paying the loan before the maturity date.

27. Although the FHA permits lenders to penalize borrowers, the FHA has imposed strict limitations on the lender’s ability to do so. The FHA prohibits lenders from collecting post-payment interest unless the lender complies with FHA

regulations. Chief amongst those regulations is a requirement to provide the borrower with the FHA-approved disclosure form.

28. The limitations on post-payment interest are reflected in a uniform provision of the note, which again must be included in the note for every FHA-insured loan:

5. **BORROWER'S RIGHT TO PREPAY**

**Borrower has the right to pay the debt** evidenced by this Note, in whole or in part, **without charge or penalty, on the first day of any month.** Lender shall accept prepayment **on other days** provided that **Borrower pays interest** on the amount prepaid for the remainder of the month **to the extent required by Lender and permitted by regulations of the Secretary.** If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of the monthly payment unless Lender agrees in writing to those changes.

Ex. 1 at 2.

29. Under this provision, the borrower has the right to prepay the full unpaid principal without charge or penalty on the **first** of the month. The borrower also has the right to prepay the full unpaid principal on days **other than** the first; provided however that, in such cases, the lender can collect post-payment interest for the remainder of that month **if the lender complies with FHA regulations.**

30. The relevant FHA regulation is titled "Handling Prepayments" and provides that:

(a) Notwithstanding the terms of the mortgage, the [lender] may accept a prepayment at any time and in any amount. **Except as set out below, monthly interest on the debt must be calculated on the actual unpaid principal balance** of the loan.

...

(c) If the prepayment is offered on other than an installment due date [the first of the month], the [lender] may refuse to accept the prepayment until the next installment due date (the first day of the month), or may require payment of interest to that date, **but only if the [lender] so advises the [borrower], in a form approved by the Commissioner**, in response to the [borrower's] inquiry, request for payoff figures, or tender of prepayment.

...

(e) If the [lender] fails to meet the **full** disclosure requirements of paragraphs (b) and (c) of this section, the [lender] may be subject to forfeiture of that portion of interest collected for the period beyond the date that prepayment in full was received and to such other actions as are provided in part 25 of this title.

24 C.F.R. § 203.558 (2012) (emphasis added); *see also* 79 FR 50837, Aug. 26, 2014.

31. Under this regulation, if payment of the full unpaid principal is made on a day other than the first of the month, and the lender provides the borrower the FHA-approved form, then, and only then, can the lender collect post-payment interest for the remainder of the month in which payment of the full unpaid principal was made.

32. For mortgages insured on or after August 2, 1985 and through January 20, 2015, the FHA-approved form is Appendix 8(C) to the HUD Housing Handbook:

**MORTGAGEE NOTICE TO MORTGAGOR**  
(In response to prepayment inquiry, request for payoff or tender of prepayment in full)

Mortgagor: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_ Loan #: \_\_\_\_\_  
\_\_\_\_\_ FHA#: \_\_\_\_\_

This is in reply to your \_\_\_\_\_(date)\_\_\_\_\_ inquiry/request for

payoff figures or offer to tender an amount to prepay in full your FHA-insured mortgage which this company is servicing.

This notice is to advise you of the procedure which will be followed to accomplish a full prepayment of your mortgage.

The \_\_\_\_\_(mortgagee name)\_\_\_\_\_ will:

- (a)  accept the full prepayment amount whenever it is paid and collect interest only to the date of that payment;  
or
- (b)  only accept the prepayment on the first day of any month during the mortgage term; or accept the prepayment whenever tendered with interest paid to the first day of the month following the date prepayment is received[.]

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NOTE: It is to your advantage to arrange closings so that the prepayment reaches us on or before (as close to the end of the month as possible) the first work day of the month.

If you have any questions regarding this notice, please contact \_\_\_\_\_(name and/or department) \_\_\_\_\_at\_\_\_\_(telephone number)\_\_\_\_\_.

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Mortgagee

Attachment (Pay off Statement)

Ex. 2 at 1-2.

33. As HUD explains, “[t]he **basic disclosure** language is necessary because it pertains to the [borrower’s] rights under the mortgage.” HUD Housing Handbook, Administration of Insured Home Mortgages, 4330.1 REV-5, Chapter 5-

1 (C), at 2, attached as **Exhibit 3** (emphasis added).

34. HUD also confirms that the lender “**must disclose** the procedures that must be followed with respect to the payoff and **must explain** how the amount of the prepayment has been determined. **Otherwise, the [lender] must forfeit any interest collected after the date of prepayment.**” *Id.* at 6. (emphasis added)

35. HUD expressly instructs lenders that “[n]one of the **HUD-required language should be deleted.**” *Id.* at 2 (emphasis added).

36. In sum, pursuant to the uniform provisions of the note and FHA regulations, lenders cannot collect post-payment interest on FHA-insured loans unless (a) the borrower pays the full unpaid principal on a day **other than** the first of the month and (b) the lender has provided the borrower **the FHA-approved form**. If the lender satisfies both of those requirements, only then can the lender collect post-payment interest for the remainder of the month in which payment of the full unpaid principal was made.

**C. Lenders Have Collected Billions Of Dollars In Post-Payment Interest On FHA-Insured Loans.**

37. From August 2, 1985 through January 20, 2015, lenders including Ocwen have collected billions of dollars in post-payment interest.

38. The National Association of Realtors estimates that “more than 40 percent of FHA borrowers close during the first 10 days of the month, exposing them to at least 20 days of interest payments.” Kenneth R. Harney, *Interest Costs Don't*

*End With Payoff Of FHA Loan*, Chicago Tribune, Apr. 11, 2004, [http://articles.chicagotribune.com/2004-04-11/business/0404110057\\_1\\_fha-loan-ginnie-mae-fha-borrowers](http://articles.chicagotribune.com/2004-04-11/business/0404110057_1_fha-loan-ginnie-mae-fha-borrowers), attached as **Exhibit 4**. The NAR further “estimate[s] that during 2003, . . . FHA customers who terminated their loans paid an average of \$528 in ‘excess interest fees,’ a cumulative ‘prepayment penalty’ to those borrowers of **\$587 million.**” *Id.* (emphasis added).

39. “HUD doesn’t get the interest, lenders do. In effect, **lenders are getting interest for money that isn’t outstanding.** This may not sound like a big deal, but according to HUD, such post-payment interest charges cost borrowers **\$449 million** in 2012.” Peter Millar, *The Very New Deal: How FHA Mortgages Are Changing For 2015*, The Simple Dollar, Jan. 9, 2015, <http://www.thesimpledollar.com/the-very-new-deal-how-fha-mortgages-are-changing-in-2015/>, attached as **Exhibit 5** (emphasis added).

40. “This practice . . . has cost consumers staggering amounts, with estimates ranging into the **hundreds of millions of dollars a year** during periods when mortgage rates were high.” Kenneth R. Harney, *FHA Will Stop Lenders From Charging Extra Interest When Homeowners Sell or Refinance*, Washington Post, Sep. 5, 2014, [https://www.washingtonpost.com/realestate/fha-will-stop-lenders-from-charging-extra-interest-when-homeowners-sell-or-refinance/2014/09/04/478a2a04-32a6-11e4-8f02-03c644b2d7d0\\_story.html](https://www.washingtonpost.com/realestate/fha-will-stop-lenders-from-charging-extra-interest-when-homeowners-sell-or-refinance/2014/09/04/478a2a04-32a6-11e4-8f02-03c644b2d7d0_story.html),

attached as **Exhibit 6** (emphasis added).

41. “[T]he clear loser in the full-month interest policy is **‘the one who can least afford it, the consumer.’**” Harney, Chicago Tribune, Apr. 11, 2004 (emphasis added). **“Hundreds of thousands of home sellers have had their pockets picked** at closings during the past decade: They’ve been charged interest on their mortgages after their principal debts had been fully paid off.” Harney, Washington Post, Sep. 5, 2014 (emphasis added).

42. Meanwhile, **“the true beneficiaries** of the long-standing practice were [the lenders], who could earn interest on the ‘float’ – the money they collected from borrowers and had free use of until the end of the month, when they had to disburse final interest payments to bond investors.” Kenneth R. Harney, *Controversial FHA Payoff Rule to End*, Los Angeles Times, Mar. 30, 2014, <http://articles.latimes.com/2014/mar/30/business/la-fi-harney-20140330>, attached as **Exhibit 7** (emphasis added).

43. All of the relevant government agencies now agree that collecting post-payment interest is an unfair prepayment penalty and is against public policy.

44. On August 26, 2009, the Board of Governors of the Federal Reserve System proposed a rule “to amend Regulation Z, which implements the Truth in Lending Act (TILA),” which regulates prepayment penalties. 74 Fed. Reg. 43232, 43232 (Aug. 26, 2009). The Board stated that “[o]ne such example [of a prepayment



penalty] is ‘interest charges for any period after prepayment in full is made.’ **When the loan is prepaid in full, there is no balance to which the creditor may apply the interest rate.**” *Id.* at 43257 (emphasis added).

45. On January 30, 2013, the Consumer Financial Protection Bureau issued a final version of its rule titled “Ability-to-Repay and Qualified Mortgage Standards under the Truth in Lending Act (Regulation Z).” *See* 78 Fed. Reg. 6408, 6408 (Jan. 30, 2013). Regulation Z broadly defines “prepayment penalty” as the “charge imposed for paying all or part of the transaction’s principal balance before the date on which the principal is due.” *Id.* at 6444.

46. This definition includes “charges resulting from FHA’s monthly interest accrual amortization method.” 79 Fed. Reg. 50835, 50835 (Aug. 26, 2014).

As CFPB explains:

[I]t is appropriate to designate higher interest charges for consumers based on accrual methods that treat a loan balance as outstanding for a period of time after prepayment in full as prepayment penalties . . . . In such instances, **the consumer submits a payment before it is due, but the creditor nonetheless charges interest on the portion of the principal that the creditor has already received.** The Bureau believes that charging a consumer interest after the consumer has repaid the principal is the functional equivalent of a prepayment penalty.

78 Fed. Reg. 6408, 6445 (Jan. 30, 2013) (emphasis added).

47. Based on Regulation Z’s definition, charges for post-payment interest are now subject to the Truth in Lending Act. *See* 79 Fed. Reg. 50835, 50835 (Aug. 26, 2014); 75 Fed. Reg. 58539, 58586 (Sep. 24, 2010) (“[T]he Board believes that

the charging of interest for the remainder of the month in which prepayment in full is made should be treated as a prepayment penalty for TILA purposes, even when done pursuant to the monthly interest accrual amortization method.”).

48. In response to those changes by FRB and CFPB, on March 13, 2014, “HUD published a proposed rule in the Federal Register, at 79 FR 14200, to eliminate post-payment interest charges to borrowers resulting from FHA’s monthly interest accrual amortization method for calculating interest.” 79 Fed. Reg. 50835, 50835. And, on August 26, 2014, HUD issued a final version of its rule titled “Federal Housing Administration (FHA): Handling Prepayments: Eliminating Post-Payment Interest Charges.” *Id.*

49. Under the new regulation, “[w]ith respect to FHA-insured mortgages closed on or after January 21, 2015, notwithstanding the terms of the mortgage, the [lender] shall accept a prepayment at any time and in any amount.” 24 C.F.R. § 203.558(a). “Monthly interest on the debt must be calculated on the actual unpaid principal balance of the loan as of the date the prepayment is received, and not as of the next installment due date.” *Id.*

50. Although CFPB, FRB, and HUD have now all prohibited post-payment interest charges for FHA-insured mortgages closed on or after January 21, 2015, they **did not** make this change retroactive. “[T]he estimated **7.8 million existing FHA mortgage borrowers** who are not covered by the forthcoming policy change

**will continue to be vulnerable** to paying more than they should.” Ex. 7 (emphasis added).

**D. Ocwen Did Not Provide The FHA-Approved Form To Leo and Jessica Ramirez Before Collecting Post-Payment Interest.**

51. On or about August 20, 2010, Fairway Independent Mtg. Corp. loaned Leo and Jessica money for the purchase of a home in Lawrenceville, GA. Ocwen later acquired the loan. The loan was insured by the FHA, so Ocwen is required to comply with FHA regulations with respect to her loan.

52. Pursuant to FHA regulations, the Ramirezs’ promissory note contains certain uniform provisions found in the note for every FHA-insured loan. These uniform provisions include, among others, paragraph 2 titled “Borrower’s Promise to Pay; Interest” and paragraph 5 titled “Borrower’s Right to Prepay.” *See* Ex. 1 at 1-2.

53. In 2013, Leo and Jessica Ramirez refinanced the loan. They requested that Ocwen provide them with a payoff statement so they could pay off the loan.

54. Ocwen provided a payoff statement dated March 29, 2013. The statement is a form document, in which Ocwen uses form language throughout the document and fills in only the particular numbers and address information that corresponds to a specific borrower. *See* March 29, 2013, Payoff Statement from Ocwen to Leo and Jessica Ramirez, attached as **Exhibit 8**.

55. The form includes the statements “Loan Type,” “Interest Calculated,”

“Principal,” “Total Due,” and “Monthly Interest” among other uniform fields.

56. The statement contains the following specific numbers for the Ramirez loan payoff:

- a. Loan Type: FHA;
- b. Principal: \$257,385.10;
- c. Interest Calculated to but not including anticipated closing date of 05/01/2013: \$911.57;
- d. Total Due: \$25,8540.11; and
- e. Monthly Interest: \$911.57.

57. By representing that Leo and Jessica Ramirez and owed \$911.57 in interest, Ocwen charged and sought to collect interest for the entire month of April, even though the payoff occurred before May 1, 2013.

58. On or about April 4, 2013, Leo and Jessica Ramirez paid Ocwen \$258,540.11, which includes \$911.57 interest. *See* Wire Detail attached as **Exhibit 9**.

59. Because Ocwen required Leo and Jessica Ramirez to pay interest for the entire month of March and April – even though the Ramirezes paid the full unpaid principal on April 4, 2013, Ocwen collected post-payment interest.

60. Ocwen did not provide Leo and Jessica Ramirez with the FHA-approved form. For one, the form used by Ocwen is not an FHA-approved form,

and FHA approval is an express requirement of FHA regulations. In addition, Ocwen's form is both misleading and thwarts the public policy considerations of the HUD guidelines.

61. Ocwen's standard FHA Payoff Statement states, "For FHA Loans: If the payoff is received after the first of the month, interest is collected for the entire month rather than as a per diem (daily) calculation. **You are responsible for any additional interest due as a result of a math error on your part.**" Ex. 8 at 1 (emphasis added).

62. Because Ocwen's standard FHA Payoff Statement language does not comply with the mandatory language of the FHA approved form, any post-payment interest collected by Ocwen violates the uniform provisions of the note and FHA regulations.

### **Class Action Allegations**

63. Plaintiffs assert claims on behalf of themselves and a class of similarly-situated persons pursuant to Rule 23(b)(2) and (b)(3) of the Federal Rules of Civil Procedure. *See* Fed R. Civ. P. 23(b).

64. Plaintiffs propose the following class, while reserving the right to modify this definition and/or add additional subclasses. *See* Fed. R. Civ. P. 23(c).

**Past Borrowers of Ocwen Class** – any person who had a loan (i) insured by the FHA at any time during the period beginning on August 2, 1985 and ending on January 20, 2015, (ii) that was held by Ocwen as of the day payment of the full unpaid principal was made, and (iii) for which

Ocwen collected interest for any period after payment of the full unpaid principal was made.

65. Plaintiffs propose certification of all issues, while reserving the right to alternatively seek certification as to any specific claim or issue. *See* Fed. R. Civ. P. 23(c).

66. Plaintiffs satisfy the requirements of Rule 23(a).

a. Numerosity – The classes are so numerous that joinder is impracticable. The FHA is the largest insurer of mortgages in the world, currently insuring around 4.8 million single family homes. Many of those properties are serviced by Ocwen. Plaintiffs estimate that the class consists of tens of thousands of persons.

b. Commonality – There are numerous common questions of law and fact, including but not limited to the following:

i. The promissory notes for FHA-insured loans contain uniform provisions that require lenders to comply with FHA regulations before collecting post-payment interest. The essential issue in this case is whether, before collecting post-payment interest, Ocwen complied with the FHA regulation requiring that it provide the borrower “a **form** approved by the Commissioner, in response to the

[borrower's] inquiry, request for payoff figures, or tender of prepayment.” 24 C.F.R. § 203.558(c) (2014) (emphasis added). Because Ocwen uses **form** payoff statements, the answer to this essential question will be common to all members of the class. The forms used by Ocwen either are or are not the FHA-approved form and that answer will be true for the entire class.

ii. Other common questions include whether Ocwen has breached its contracts with borrowers by not providing borrowers with the FHA-approved form before collecting post-payment interest on FHA-insured loans held by Ocwen; and whether borrowers with outstanding FHA-insured loans held by Ocwen are entitled to declaratory and injunctive relief.

c. Typicality – Plaintiffs’ claims are typical of the classes’ and subclasses’ claims. Plaintiffs’ promissory note is not just typical of the rest of the class, but is identical with respect to relevant provisions at issue in this case. Further, because Ocwen uses form payoff statements, Plaintiffs have been subject to conduct that is typical of the rest of the class.

- d. Adequacy – Plaintiffs will adequately protect the class’s interests. Plaintiffs have a genuine interest in protecting the rights of the class and Plaintiffs’ counsel is experienced in handling complex class actions. Indeed, Plaintiffs’ counsel has been designated and approved as class counsel in numerous state and federal courts. Further, because Plaintiffs challenge form payoff statements used by Ocwen, the interests of Plaintiffs and the class are aligned.

67. Plaintiffs satisfy the requirements of Rule 23(b)(2). Ocwen has engaged in standard, uniform conduct toward the class with respect to collecting post-payment interest. In particular, Ocwen uses form payoff statements that do not satisfy the note or FHA regulations. Thus, Ocwen’s conduct applies to the class generally, so that corresponding declaratory and injunctive relief is appropriate for the Current Borrowers of the Ocwen Class.

68. Plaintiffs separately satisfy the requirements of Rule 23(b)(3).

- a. Predominance – The answers to the common questions in this case will decide liability for the entire class. If Plaintiffs established that Ocwen breached or would breach the contracts by not complying with FHA regulations, it will establish liability for all class members, without the need for any additional proof



as to liability. Thus, common issues predominate over individual issues.

- b. Superiority – A class action is superior to other available remedies. The common questions would predominate over any individual questions, and thus no other form of litigation could be superior to a class action. Further, because of the low dollar amounts at stake for each class member, a class action is the only way for Plaintiffs and other class members to obtain redress. Moreover, the most efficient way to resolve the class’s claims is for a court to decide all claims in a single class. Requiring hundreds of thousands of class members to individually litigate their claims over and over again in various courts would be vastly inefficient. It also raises the possibility of inconsistent judgments or conflicting declaratory and injunctive relief.

**Count One – Breach Of Contract**

69. Plaintiffs incorporate by reference paragraphs 1-68.

70. Leo and Jessica Ramirez assert a breach of contract claim against Ocwen, on behalf of himself and the Past Borrowers of the Ocwen Class. The Ramirezes seek damages for Ocwen’s improper collection of post-payment interest.

71. Leo and Jessica Ramirez, and each member of the Past Borrowers of

Ocwen Class had a contract with Ocwen. The terms of the contract are set forth in the promissory note. The note is a form contract containing certain provisions that are identical to provisions found in the notes for every FHA-insured loan.

72. In Section 2 of the note, “BORROWER’S PROMISE TO PAY; INTEREST,” Ocwen agreed that “[i]nterest will be charged on **unpaid** principal” and only “until the full amount of the principal has been paid.” Ex. at 1 (emphasis altered).

73. In section 5 of the note, “BORROWER’S RIGHT TO PREPAY,” Ocwen agreed that it would charge “interest on the amount prepaid for the remainder of the month” only “to the extent . . . **permitted by regulations of the Secretary.**” *Id.* at 2 (emphasis altered).

74. The relevant FHA regulation, titled “Handling Prepayments,” provides that, “[e]xcept as set out [**in this regulation**], monthly interest on debt must be calculated on the actual unpaid principal balance of the loan.” 24 C.F.R. § 203.558(a) (2014) (emphasis added). “If the prepayment is offered on other than an installment due date [the first of the month], the [lender] . . . may require payment of interest to that date, but **only if** [the lender] so advises the [borrower], **in a form approved by the Commissioner**, in response to the [borrower’s] inquiry, request for payoff figures, or tender of prepayment.” *Id.* (emphasis added).

75. In addition to the express terms of the promissory note, the law implies

a duty of good faith and fair dealing, and Ocwen is subject to this duty as well.

76. Ocwen breached the contract by collecting post-payment interest payments from Leo and Jessica Ramirez, and the other members of the Past Borrowers of the Ocwen Class without first providing the FHA-approved form.

77. Leo and Jessica Ramirez, and the other members of the Past Borrowers of the Ocwen Class were injured by Ocwen's breach and seek damages for Ocwen's unlawful collection of post-payment interest. They seek damages for interest collected for the period beyond the date payment of the full unpaid principal was made.

**Count Two – Declaratory And Injunctive Relief**

78. Plaintiffs incorporate by reference paragraphs 1-68.

79. Leo and Jessica Ramirez assert a claim for declaratory and injunctive relief against Ocwen, on behalf of himself and the Ocwen Class.

80. Leo and Jessica Ramirez seek a declaration that the payoff statement Ocwen provided to the Ramirezes a on March 29, 2013 – which is the same form that Ocwen has used and continues to use for the entire class – is not an FHA-approved form and that, if Ocwen collects post-payment interest based on this payoff statement or any other unauthorized form, Ocwen will have breached the contract.

81. Leo and Jessica Ramirez also seek an injunction prohibiting Ocwen from charging or collecting post-payment interest on loans insured by the FHA at

any time during the period beginning on August 2, 1985 and ending on January 20, 2015 if Ocwen does not first provide borrowers the FHA-approved form.

**Relief Requested**

82. Plaintiffs ask this Court to:
- a. certify this action as a class action, including certifying Plaintiffs as class representative and the undersigned counsel as class counsel;
  - b. grant judgment as a matter of law in favor of Plaintiffs and the Class on any or all issues or, in the alternative, hold a jury trial to decide any disputed fact questions;
  - c. award Plaintiffs and the Class any damages to which they are entitled including, but not limited to, compensatory damages, statutory damages and penalties, attorney fees, pre-judgment interest, post-judgment interest, and costs;
  - d. award requested declaratory and injunctive relief; and
  - e. order any other relief as the Court may deem proper and just.

This 14th day of February, 2017.

**BEASLEY, ALLEN, CROW, METHVIN,  
PORTIS & MILES, P.C.**

*/s/ Archie I. Grubb, II*

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\* *Pro hac vice applications pending*

**THE WERNER LAW FIRM**

*/s/ Matt Wetherington*

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**Attorneys for Plaintiffs**

# EXHIBIT 1

Loan Number: [REDACTED]

# NOTE

FHA Case No. [REDACTED]

[REDACTED]  
[Date]

[REDACTED]  
[City]

GEORGIA  
[State]

[REDACTED]  
[Property Address]

## 1. PARTIES

"Borrower" means each person signing at the end of this Note, and the person's successors and assigns.  
"Lender" means [REDACTED] and its successors and assigns.

## 2. BORROWER'S PROMISE TO PAY; INTEREST

In return for a loan received from Lender, Borrower promises to pay the principal sum of [REDACTED] Dollars (U.S. \$ [REDACTED]), plus interest, to the order of Lender. Interest will be charged on unpaid principal, from the date of disbursement of the loan proceeds by Lender, at the rate of [REDACTED] percent ( [REDACTED] %) per year until the full amount of principal has been paid.

## 3. PROMISE TO PAY SECURED

Borrower's promise to pay is secured by a mortgage, deed of trust or similar security instrument that is dated the same date as this Note and called the "Security Instrument." The Security Instrument protects the Lender from losses which might result if Borrower defaults under this Note.

## 4. MANNER OF PAYMENT

### (A) Time

Borrower shall make a payment of principal and interest to Lender on the 1<sup>st</sup> day of each month beginning on [REDACTED]. Any principal and interest remaining on the 1<sup>st</sup> day of [REDACTED], will be due on that date, which is called the "Maturity Date."

### (B) Place

Payment shall be made at [REDACTED], or at such other place as Lender may designate in writing by notice to Borrower.

### (C) Amount

Each monthly payment of principal and interest will be in the amount of U.S. \$ [REDACTED]. This amount will be part of a larger monthly payment required by the Security Instrument, that shall be applied to principal, interest and other items in the order described in the Security Instrument.

### (D) Allonge to this Note for Payment Adjustments

If an allonge providing for payment adjustments is executed by Borrower together with this Note, the covenants of the allonge shall be incorporated into and shall amend and supplement the covenants of this Note as if the allonge were a part of this Note.

(Check applicable box.)

- Growing Equity Allonge  
 Graduated Payment Allonge  
 Other [specify]:

## 5. BORROWER'S RIGHT TO PREPAY

Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty, on the first day of any month. Lender shall accept prepayment on other days provided that Borrower pays interest on the amount prepaid for the remainder of the month to the extent required by Lender and permitted by regulations of the Secretary. If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of the monthly payment unless Lender agrees in writing to those changes.

## 6. BORROWER'S FAILURE TO PAY

### (A) Late Charge for Overdue Payments

If Lender has not received the full monthly payment required by the Security Instrument, as described in Paragraph 4(C) of this Note, by the end of fifteen calendar days after the payment is due, Lender may collect a late charge in the amount of FOUR AND 000/1000 percent ( 4.000 %) of the overdue amount of each payment.

### (B) Default

If Borrower defaults by failing to pay in full any monthly payment, then Lender may, except as limited by regulations of the Secretary in the case of payment defaults, require immediate payment in full of the principal balance remaining due and all accrued interest. Lender may choose not to exercise this option without waiving its rights in the event of any subsequent default. In many circumstances, regulations issued by the Secretary will limit Lender's rights to require immediate payment in full in the case of payment defaults. This Note does not authorize acceleration when not permitted by HUD regulations. As used in this Note, "Secretary" means the Secretary of Housing and Urban Development or his or her designee.

### (C) Payment of Costs and Expenses

If Lender has required immediate payment in full, as described above, Lender may require Borrower to pay costs and expenses including reasonable and customary attorneys' fees for enforcing this Note to the extent not prohibited by applicable law. Such fees and costs shall bear interest from the date of disbursement at the same rate as the principal of this Note.

## 7. WAIVERS

Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of Dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

## 8. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the Property Address above or at a different address if Borrower has given Lender a notice of Borrower's different address.

Any notice that must be given to Lender under this Note will be given by delivering it or by mailing it by first class mail to Lender at the address stated in Paragraph 4(B) or at a different address if Borrower is given a notice of that different address.

## 9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in



this Note. Lender may enforce its rights under this Note against each person individually or against all signatories together. Any one person signing this Note may be required to pay all of the amounts owed under this Note.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

\_\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_\_ (Seal)  
-Borrower

\_\_\_\_\_ (Seal)  
-Borrower

*[Sign Original Only]*

# EXHIBIT 2



- (1) Otherwise, your payment will be refused until the next installment due date and interest will be charged to that date.
- (2) Otherwise, you may be required to pay interest on the amount prepaid through the end of the month.

\_\_\_\_\_  
Mortgagee

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APPENDIX 8(B)

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DISCLOSURE STATEMENT  
Annual Disclosure Notice to Mortgagor

Mortgagor: \_\_\_\_\_ Date: \_\_\_\_\_  
 Address: \_\_\_\_\_ Loan#: \_\_\_\_\_  
 \_\_\_\_\_ FHA#: \_\_\_\_\_

This notice is to advise you of requirements that must be followed to accomplish a prepayment of your mortgage, and to advise you of requirements you must fulfill upon prepayment to prevent accrual of any interest after the date of prepayment.

The amount listed below is the amount outstanding on the loan for prepayment of the indebtedness due under your mortgage. This amount is good through \_\_\_\_ (date) \_\_\_\_\_. (The amount provided is subject to further accounting adjustments. Also, any mortgage payments received or advances made by us before the stated expiration date will change the prepayment amount.)

\$\_\_\_\_\_ (amount)

[For A Mortgage Insured Before August 2, 1985, Insert: ]

You may prepay your mortgage at any time without penalty. However, you are required to provide a written 30-day advance notice of prepayment. In order to avoid the accrual of interest on any prepayment after the date of prepayment, the prepayment must be received on the installment due date (the first day of the month ).

[For A Mortgage Insured On or After August 2, 1985, Insert: ]

You may prepay your mortgage at any time without penalty. However, in order to avoid the accrual of interest on any prepayment after the date of prepayment, the prepayment must be received on the installment due date (the first day of the month).

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APPENDIX 8(B)

[Instructions: Lender may use either of these options in its notice.]

(1) Otherwise, your prepayment will be refused until the next installment due date and interest will be charged to that date.

(2) Otherwise, you may be required to pay interest on the amount prepaid through the end of the month.

If you have any questions regarding this notice, please contact \_\_\_\_\_(name and/or department)\_\_\_\_\_ at {telephone number}\_\_\_\_\_.

\_\_\_\_\_  
Mortgagee

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APPENDIX 8(C)

MORTGAGEE NOTICE TO MORTGAGOR  
(In response to prepayment inquiry, request for payoff or tender of prepayment in full)

Mortgagor: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_ Loan#: \_\_\_\_\_  
\_\_\_\_\_ FHA#: \_\_\_\_\_

This is in reply to your \_\_\_\_ (date) \_\_\_\_\_ inquiry/request for payoff figures or offer to tender an amount to prepay in full your FHA-insured mortgage which this company is servicing.

This notice is to advise you of the procedure which will be followed to accomplish a full prepayment of your mortgage.

The \_\_\_\_\_ (mortgagee name) \_\_\_\_\_ will:

(a) [ ] accept the full prepayment amount whenever it is paid and collect interest only to the date of that payment; or

(b) [ ] only accept the prepayment on the first day of any month during the mortgage term; or accept the prepayment whenever tendered with interest paid to the first day of the month following the date prepayment is received

(c) [ ] require at least 30 days prior written notice of your intent to prepay the mortgage (for mortgagee insured prior to

August 2, 1985). We consider that the 30-day written notice has not yet been complied with. NOTICE MUST BE IN WRITING.

(d) [ ] consider that we have received notice of your intended prepayment and the 30-day notice began to run on \_\_\_\_\_(date)\_\_\_\_\_.

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APPENDIX 8(C)

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NOTE:It is to your advantage to arrange closings so that the prepayment reaches us on or before (as close to the end of the month as possible) the first work day of the month.

If you have any questions regarding this notice, please contact \_\_\_(name and/or department)\_\_\_ at \_\_\_(telephone number)\_\_\_\_\_.

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Mortgagee

Attachment (Pay off Statement)

# EXHIBIT 3

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CHAPTER 5. PREPAYMENTS - TERMINATIONS - MIP REFUNDS  
AND DISTRIBUTIVE SHARES

5-1 GENERAL.

- A. Prepayments (24 CFR 203.22(b) and 203.558(a)). HUD regulations 24 CFR 203.22(b) provides for the prepayment of HUD-insured mortgages either in part or in full without penalty. HUD regulations 24 CFR 203.558 permit the mortgagee to accept prepayment in any amount at any time, so long as interest is calculated on the actual unpaid principal balance of the debt.
- B. Voluntary Termination Of Mortgage Insurance (24 CFR 203.295). Mortgage insurance may be voluntarily terminated at any time as long as both the mortgagor and the mortgagee agree to the termination. However, mortgagors are to be made fully aware that by electing to terminate the mortgage insurance, they are also electing to forego all future HUD assistance and relief measures to which they were previously entitled.
- C. Disclosure Statements (24 CFR 203.9 and 203.558(f)). Section 329 of the Cranston-Gonzalez National Affordable Housing Act requires that effective August 22, 1991, mortgagees shall provide to mortgagors at closing, as well as annually, a written Disclosure Statement of the amount outstanding on the loan and describe the requirements that the mortgagor must fulfill upon prepayment of the mortgage to prevent accrual of any interest on the mortgage after the date of prepayment.

The annual Disclosure Statement provided by the mortgagee must contain the amount outstanding under the mortgage which includes the total of principal, interest, penalties and late charges and advances, information which is generally available in automated systems. Also, any other charges related to the loan and foreclosure or bankruptcy expenses incurred to date under the mortgage must be included in the amount provided on the disclosure statement. Because this amount could change after the date of the statement, the disclosure is supplemented by a statement which indicates that the amount provided is subject to

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further accounting adjustments along with the note that any payments received or advances made to the account before the stated expiration date will change the amount provided.

The Disclosure Statements must be used in the formats shown in



Appendices 8 (A and B). The basic disclosure language is necessary because it pertains to the mortgagee's rights under the mortgage. The mortgagee must insert the appropriate mortgagee option language and the appropriate date for mortgages insured before and after August 2, 1985.

Mortgagees may use a checklist arrangement for the inserts and options on each form. But, mortgagees must be certain to check the appropriate boxes to avoid any confusion on the part of the mortgagor.

NOTE: Mortgagees which will accept a prepayment with or without advance notice and/or accept payment on other than the installment due date and not charge any additional interest, may supplement the language, as appropriate, to inform mortgagors of its practice and its legal rights as reflected in the mortgage instrument. None of the HUD-required language should be deleted.

The mortgagee may provide the annual disclosure statement along with the end of year statement (24 CFR 203.508(c)), subject to any IRS prohibitions. It is not required that the mortgagee provide the annual disclosure at that specific time. The disclosure statement can be inserted in the same envelope with the end of year statement, but it must be a separate document. A perforated attachment to the annual 1098 Statement which highlights and delineates clearly the prepayment disclosure form from the 1098 would also be acceptable.

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#### 5-2 PREPAYMENT IN FULL (24 CFR 203.558).

A.Mortgages Insured Prior To August 2, 1985 (24 CFR 203.558(b)). The security instrument provides that the mortgagor may prepay the mortgage in full on the first day of any month in the term of the mortgage (i.e., on an installment due date) without penalty provided the mortgagee receives 30-day prior written notice of intent to prepay.

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1.Mortgagee's Options. If a prepayment is offered on other than an installment due date, the mortgagee has the option of:

a.refusing to accept the prepayment until the first day of the month following expiration of the 30-day notice period as provided in the mortgage; or

b.requiring the payment of interest to that date, but only if the mortgagee so advises the mortgagor in a form approved by HUD (an acceptable format is shown in Appendix 8(C)) in response to the mortgagor's inquiry or request for payoff figures, or upon receipt of the prepayment amount from the mortgagor.

NOTE:The decision to require a 30-day prepayment notice is up to the mortgagee. HUD regulations (24 CFR 203.558(a)) permit the mortgagee to accept a prepayment any time in any amount as long as interest on the debt is calculated on the actual unpaid principal balance of the mortgage.

2.Interest Calculations (24 CFR 203.558(a)). HUD regulations require that interest on the debt be calculated on the actual unpaid principal balance of the mortgage.

Examples are given below as to how to determine the date to which a mortgagee is entitled to collect interest in connection with a prepayment.

a. EXAMPLE #1: Notice and Prepayment Required  
According To The Terms Of The Mortgage.

(1)Written notice of intent to prepay is received by the mortgagee on October 20;

(2)Mortgagee immediately furnishes mortgage balance data and notice of its payoff policy to the mortgagor (and his/her agent);

(3)30 days advance notice runs from October 20 to November 17; (See Paragraph 5-2D, below for calculations)

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(4)Next installment due date (after 30-day notice period expires) is December 1;

(5)Payoff is received on November 10;

(6)Mortgagee has the privilege of:

until  
December 1; or

(a)refusing to accept the prepayment

interest  
to December 1.

(b)accepting the payment and charging

b. EXAMPLE #2: Written Notice Given Less Than 30  
Days  
Before Prepayment AND Mortgagee Fails To  
Respond To Mortgagor With Prepayment  
Policy.

(1)Written notice of intent to prepay was  
received by  
the mortgagee on January 15;

(2)Mortgagee failed to (or chose not to) advise  
mortgagor and his or her agent of its prepayment  
policy and the procedures which must be followed;

(3)Payoff was received on February 1;

(4)Mortgagee must accept the prepayment on  
February 1  
as the required disclosure was not sent to the  
mortgagor. (Interest may only be charged to  
February 1).

c. EXAMPLE #3: No Written Notice Given To  
Indicate  
Mortgagor's Intention To Prepay.

(1)April 15 mortgagor tendered payment in  
full--without giving the mortgagee prior written  
notice of intent to prepay;

(2)April 15 would be considered the date written  
notice of intent to prepay was received;

(3)Mortgagee would have the option of:

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(a)responding to the mortgagor's action  
(i.e.,  
the tender of the payment in full) with a  
written statement advising of its prepayment  
policy--this would enable the mortgagee to  
either:

prepayment  
until June 1; or

(i)defer the acceptance of the

charge interest  
through June 1;

(ii)accept the payment and

(the date  
the payoff was tendered by the  
mortgagor)--this would limit the collection  
of interest to April 15.

(b)accept the prepayment on April 15

3.Non-disclosure Penalty. Any mortgagee that fails to meet the disclosure requirements shown in Paragraph 5-2C below must forfeit the interest collected for any period after the date the prepayment is received.

B.Mortgages Insured On Or After August 2, 1985 (24 CFR 203.558(c)). Mortgages insured on or after August 2, 1985, shall not require 30 days advance notice of prepayment even though the mortgage security instrument states otherwise.

Mortgagors may, without penalty, prepay the mortgage in full on the first of any month in the mortgage term without giving the mortgagee any notice (oral or written) of intent, regardless of what the mortgage security instrument may state.

1.Mortgagee's Options. If the prepayment is offered on other than an installment due date, the mortgagee has the option of:

a.refusing to accept the prepayment until the next installment due date (i.e., the first of the next month); or

b.requiring the payment of interest to the next installment due date but only if the mortgagee so advises the mortgagor in a form approved by HUD (See Appendix 8(C) for an acceptable sample) in response to the mortgagor's, (or

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his/her agent's) inquiry or request for payoff figures, or upon receipt of the prepayment amount from the mortgagor.

2.Non-disclosure Penalty. Any mortgagee that fails to meet

the disclosure requirements shown in Paragraph 5-2C below must forfeit the interest collected after the date the prepayment is received.

C.Disclosure. When a mortgagee receives information indicating that a mortgagor intends to prepay the insured mortgage in full on a specific date in the future, the mortgagee must disclose the procedures that must be followed with respect to the payoff and must explain how the amount of the prepayment has been determined. Otherwise, the mortgagee must forfeit any interest collected after the date of prepayment.

This disclosure must include, but need not be limited to, an explanation pointing out that:

1.unlike principal (which is paid in the current month's mortgage payment), interest earned by the mortgagee the previous month must be paid in the next month's mortgage payment since the interest must be earned by the mortgagee before it is owed by the mortgagor; and

2.the interest being charged to the next installment due date with regard to prepayments is in fact interest that was earned the previous month and has yet to be paid by the mortgagor.

NOTE:A copy of the payoff statement and the disclosure notice must be provided to the mortgagor directly even though the mortgagee is dealing with an agent of the mortgagor (such as a real estate agent, attorney, broker, seller, title company, escrow agent, etc.).

D.Effective Dates Of The Notice Of Intent And The Prepayment Amount.

The effective date of the "Notice of Intent" to prepay is considered to be the date the mortgagee's records indicate the "Notice" was received by the mortgage company (regardless of what office in that company

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actually received it) unless the mortgagor can produce documentation evidencing the "Notice" was received earlier. The 30-day advance notice period begins on the date of delivery to the mortgage company through the next 29 consecutive calendar days.

E.When "Installment Due Date" Falls On A Non-Work Day (24 CFR 203.558(d)). When the installment due date (i.e., the first day of the month) falls on a non-work day, the mortgagor's Notice of

Intent to prepay and the receipt of the prepayment amount shall be considered timely if received on the next working day.

F.Expiration Of Notice Of Intent. Once received, a mortgagor's Notice of Intent to prepay shall be considered as having met the mortgagee's 30-day advance notice requirement for a minimum of 90 calendar days after receipt.

G.Escrow Balance Returned To Mortgagor. When the mortgage insurance is terminated without payment of a claim for insurance benefits (i.e., payment in full) the remaining funds held in escrow for the payment of taxes and hazard insurance shall be  
\* released to the mortgagor promptly (i.e., no later than 30  
calendar days after the payoff).  
\*

EXCEPTION:An analysis must be performed in accordance with Paragraph 10-20D3 on all Section 235 prepayments in full prior to refunding any escrow money to the mortgagors.

H.Section 235 Mortgages. In addition to the other requirements cited under Paragraph 5-2, for all Section 235 mortgages that are prepaid in full, the following requirements apply:

1.mortgagees must perform an analysis in accordance with Paragraph 10-20D3 prior to refunding any escrow money to the mortgagor as stated in the "Exception" cited in the preceding paragraph; and

2.mortgagees must determine in accordance with the instructions outlined in Chapter 11 if the mortgage is insured pursuant to a firm commitment issued after May 27, 1981 as to whether;

a.the prepayment has triggered the recapture provision in connection with HUD's Section 235 mortgage on the property; and

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b.the appropriate action has been taken as required by Chapter 11.

5-3PARTIAL PREPAYMENT (24 CFR 203.558). The language cited in Paragraphs 5-1 and 5-2 apply to partial prepayments as well as prepayments in full. However, the application of partial prepayments varies from that of applying prepayments in full.

A.Acceptable Methods Of Applying Partial Prepayments. Partial

prepayments may be applied in any of the following ways, based on the method agreed upon by the mortgagee and the mortgagor. The advantage of each method is also given below.

1. Making Advance Full Monthly Payments. The mortgagor may make one or more full monthly payments before they come due. The advantage to the mortgagor applying a partial prepayment in this manner is that should he/she encounter financial difficulty in the future, this would allow him/her to miss an equal number of installments without creating a mortgage default or incurring a late charge.

2. Applying Additional Payments Toward Reducing Principal and Future Monthly Payments. By applying additional payments to reduce the unpaid principal balance, the new balance may be reamortized over the remaining term of the mortgage and the mortgagor's future payments will be reduced accordingly. A modification agreement may be necessary to accomplish this, and the mortgagor must receive formal notification of the mortgagee's willingness to accept the reduced payments.

EXCEPTION: This method of application cannot be used with mortgages insured under Section 235 unless the assistance payments are recomputed as described in Paragraph 10-12. This method of application will benefit the mortgagor in the future as it would result in the following:

a. the mortgagor making smaller mortgage payments;

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b. the acceleration of the maturity of the mortgage;

c. the reduction in the amount of interest paid over the term of the mortgage;

d. affecting the manner in which mortgage payments are applied;

e. interest would be recomputed on the actual unpaid principal balance, making the principal portion larger and the interest portion smaller; and

f. as the original amortization schedule would no longer apply, a new amortization schedule would be required.

B. Effects On Mortgage Insurance Premiums (24 CFR 203.261). Regardless of any partial prepayments, delinquent payments, agreements to postpone payments or agreements to recast the

mortgage, the MIP collected must follow the original payment schedule of the mortgage established at the time it was insured.

5-4TERMINATIONS. When insurance is terminated without a claim for mortgage insurance benefits, the mortgagee must submit Form HUD-27050-A, Mortgage Insurance Termination (Appendix 9) or its tape equivalent to report the termination (24 CFR 203.318).

A.Submit Form HUD-27050-A or its tape equivalent within 15 calendar days whenever:

1.the mortgage is paid-in-full, either at or before maturity;  
(24 CFR 203.316)

2.the mortgagee and mortgagor mutually agree to voluntary termination of the mortgage insurance (24 CFR 203.317); or

3.the mortgagee has acquired title to the property but decides not to convey title to HUD and submit a claim (24 CFR 203.315).

B.Magnetic Tape Submission. If a mortgagee typically terminated 50 or more mortgages a month, HUD encourages

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submitting the data from Form HUD-27050-A on magnetic tape.

1.The data must be complete for each mortgage and must conform to HUD data input formats. Tapes should be sent to:

Department of HUD  
Computer Management Division  
Room 4135  
451 7th Street, SW  
Washington, DC 20410

2.HUD accepts no responsibility for errors or the correction of errors. HUD will return to the mortgagee a report of unreconcilable errors.

3.Mortgagees may obtain additional information about tape submissions from:

Department of HUD  
Insurance Operations Division  
Systems Management Branch  
Room 2234  
451 Seventh Street, SW  
Washington, DC 20410



\* C. HUD's Reliance On Termination Data. It is very important that the mortgagee use the correct case number and the current mortgagor name and current mailing address when submitting the termination of mortgage. HUD relies directly on this data to locate and pay MIP premium refunds and/or distributive shares.

D. Compute the pro rated MIP due if a "periodic" premium was paid. (24 CFR 203.319) The additional premium, if any, should be included in the next monthly premium remittance. \*

5-5 MIP REFUNDS (24 CFR 203.283).

HUD will refund any portion of the "Up-front" premium that it did not earn when the mortgage insurance is terminated without a claim for mortgage insurance benefits. (See Appendix 10, Homeowner's Fact Sheet and Appendix 11, Application for Premium Refund or Distributive Share)

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\* A. The FHA Commissioner reviews the annual audit of FHA's Mutual Mortgage Insurance Fund and determines how much premium to charge for new loans and how much to refund (the rate at which the "up-front" premiums is earned) when loans are terminated.

B. To compute the Premium Refund, obtain information on the MIP that should have been paid and the first payment date from the borrower's closing documents, the mortgage instrument, the servicing mortgagee or from corrected Statement of Accounts that were received that reflect adjustments to under and over payments. Use this information to complete the following steps:

1. List the "up-front" MIP amount: \$\_\_\_\_\_
2. Determines the period of insurance in months: \_\_\_\_\_
3. Select the premium factor  
(See Appendix 10A) by using the period of insurance in Step 2. \_\_\_\_\_
4. Compute the premium refund amount by multiplying line 1 times line 3. \$===== \*

NOTE: The period of insurance begins when the mortgage starts to amortize, i.e., 1 month prior to the first payment due date of the mortgage, and ends at the end of the month in which the mortgage is paid-in-full, assumed, or refinanced. For example, a mortgage with a first payment due of April 1, 1991, that was paid-off on January 15, 1993, has a period of insurance of 23 months (March 1991 - January 1993).

No premium refund remains for mortgagors with a period of insurance equal to or greater than 84 months.

\* C. Notification To Mortgagors. Whenever a mortgage that is an obligation of the Mutual Mortgage Insurance Fund is originated or terminated without a claim for mortgage insurance benefits, the mortgage must notify the mortgagor of the possibility of eligibility for a premium refund. (Appendix 10 is FHA Homeowners' Fact Sheet that may be used for this purpose.)

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the mortgagor of the possibility of eligibility for a premium refund. (Appendix 10 is FHA Homeowners' Fact Sheet that may be used for this purpose.)

D.Assumptions. When a mortgage is assumed, the insurance continues in force; there is no refund of unearned premium. If an "up-front" MIP was financed as part of the original transaction, the MIP remains a part of the unpaid balance of the assumed mortgage. If the "up-front" MIP was paid in full at closing by the original mortgagor, the assumptor gains the benefit of that payment unless negotiated otherwise by the seller and the purchaser. HUD will not be a party to this negotiation.

\*

5-6DISTRIBUTIVE SHARES. HUD may also pay Distributive Shares under certain conditions when mortgage insurance is terminated either at or before maturity (24 CFR 203.423) on mortgages that are obligations of the Mutual Mortgage Insurance Fund (i.e., most mortgages insured under Section 203 and some mortgages insured under other sections.)

When insurance of one of these mortgages is terminated without a claim for mortgage insurance benefits, the owner of the property at time of termination may be eligible for a distribution from the Fund. If so, HUD will send a Form HUD-27050-B Notification of Premium Refund or Distributive Share (Appendix 11) to the mortgagor at the address on its records or to the address entered on the Form HUD-27050-A or its tape equivalent. The amount of the distributive share is determined by HUD and is indicated on the Form HUD-27050-B.

\*Mortgages that terminated prior to November 5, 1990, may be eligible for a distributive share if the mortgage insurance was in force for at least seven years. Eligibility is based on the characteristics of the mortgages in their group.

Mortgages that terminated on or after November 5, 1990, are not currently eligible for a distributive share because of an amendment to the National Housing Act (12 U.S.C. 1711) that prohibits the issuance

of distributive shares in any year that the operational goals of the Mutual Mortgage Insurance Fund are not met.

\*

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the mortgagor of the possibility of eligibility for a distributive share. (Appendix 10 is FHA Homeowners' Fact Sheet that may be used for this purpose.)

B.Assumptions. When a mortgage is assumed, the insurance continues in force and no eligibility for distributive shares is determined. The owner(s) of the property at the time the mortgage insurance is terminated are eligible for the distributive share, if any.

\* C. Statute Of Limitations On Distributive Shares. Because of the amendment to Section 205(c) of the National Housing Act (12 U.S.C. 1711(C)), effective October 28, 1993, HUD is no longer liable for unpaid distributive shares that remain unclaimed 6 years from the date notification was first sent to the last

known

address.

\*

5-7RECORD KEEPING. Mortgagees must maintain precise records related to MIP for each mortgage serviced, including data on all MIP payments since September 1, 1982, when monthly collection of MIP began. These records, covering mortgages in the portfolio, payments made, mortgages acquired, sold and paid in full, voluntarily terminated, and subject to claims, must be retained for at least three years after the mortgage is removed from the portfolio.

At the end of each year, the mortgagee's Independent Public Accountant (IPA) must include in its statement related to its audit of the mortgagee a certification that the mortgagee's procedures are adequate to ensure compliance with HUD rules and regulations pertinent to the payment of MIP.

A.Portfolio Reconciliations. HUD may, from time to time, require mortgagees to provide information adequate to permit reconciliation of mortgagee records with HUD's. This information may include:

- 1.identification of the mortgage;
- 2.the amount of MIP due and paid to HUD for each mortgage for each time period;
- 3.the date insurance was terminated or servicing transferred, if applicable; and

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4.for mortgages acquired after September 1, 1982, the date servicing was acquired.

NOTE:This information may be required for a specific amortization anniversary month or for all mortgages in the servicer's portfolio at the end of a specific calendar month.

B.Payment Of MIP (24 CFR 203.259). Any MIP due HUD may be paid either in cash or in debentures.

C.Mortgagee Responsibility. A servicer acquiring servicing of an insured mortgage becomes responsible to HUD for all MIP required to be paid from origination of the mortgage. It is the acquiring mortgagee's responsibility to assure that any obligation to HUD arising before the acquisition of servicing was discharged by the former mortgagee. HUD will not deal with originating mortgagees or former servicers on issues related to the payment of MIP.

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# EXHIBIT 4

# Interest costs don't end with payoff of FHA loan

April 11, 2004 | By Kenneth R. Harney, Washington Post Writers Group.

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WASHINGTON — When you pay off your mortgage, the interest charges stop, right?

Most of the time, the answer is yes. But for thousands of homeowners, the meter just keeps running. They are charged days or weeks of interest beyond the legal life of their mortgages.

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If they refinance or close on a new house on the 10th day of the month, they are charged interest on their mortgage through the final day of the month, 20 or 21 days later. If they pay off the [loan](#) on the 20th, they owe another 10 or 11 days' worth of interest. That, in turn, can add hundreds of dollars in additional [costs](#) at closing.


Who are these unfortunate folks, and why have their extra interest outlays become a matter of controversy on Capitol Hill?

They are homeowners who refinance or pay off their FHA (Federal Housing Administration) loans. For more than three decades, FHA loan documents have carried standard language alerting [borrowers](#) that if they pay off their notes after the first day of any month, they will be charged interest for the remainder of that month.

The reason is that FHA-insured mortgages are nearly all funded by capital market [investors](#), who buy mortgage-backed bonds guaranteed by Ginnie Mae, the Government National Mortgage Association.



Case 1:17-cv-00553-ElR Document 1-4 Filed 02/14/17 Page 5 of 8  
The bond guarantor is the investor. The investor pays for the mortgage through the end of each month of their existence. The investors pay for that guarantee when they buy the bonds.

Many FHA borrowers, realty agents and mortgage [brokers](#)  apparently are aware of the full-month interest payment rule because FHA loans are often paid off in the final week of the month. Estimates by the Mortgage Bankers Association suggest that 70 percent of all FHA loans are paid off within that time frame or on the first of the month.

However, the National Association of Realtors disputes that statistic, arguing that more than 40 percent of FHA borrowers close during the first 10 days of the month, exposing them to at least 20 days of interest payments after the termination of the mortgage. The Realtors estimate that during 2003, 55 percent of all FHA customers who terminated their loans paid an average of \$528 in "excess interest [fees](#) ,

 a cumulative "prepayment penalty" to those borrowers of \$587 million.


John W. Anderson, past chairman of the Realtors' federal housing policy committee, said the clear loser in the full-month interest policy is "the one who can least afford it, the consumer." The million-member realty association is pressing Ginnie Mae to change its long-standing prepayment policy. Failing that, it wants Congress to step in and prohibit Ginnie Mae from collecting interest beyond the day of closing.

Michael Frenz, Ginnie Mae's [vice president](#) , for capital [markets](#) , said the issue is more complicated than it sounds. All mortgage bond investors, be they buyers of Ginnie Mae, Fannie Mae or Freddie Mac securities, expect and receive interest payments through the full month. Ginnie Mae's policy for years, Frenz said, has been to "encourage borrowers to pay off either on the first day of the month or late in the month" to minimize extra interest payments.

## Bankruptcy Exemptions

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If Ginnie Mae forced mortgage servicers -- the lenders who administer the loan accounts on behalf of the bond investors -- to pay the extra interest, "they would have to recover" that money in some way, and would raise [interest rates](#)  on all FHA loans, Frenz said. That would increase costs for all first-time home buyers and others using FHA mortgages.

The Mortgage Bankers, which represents FHA mortgage lenders and servicers, agrees. In a recent letter to Ginnie Mae, the association estimated that home lenders would be forced to raise rates on all FHA borrowers by as

much more than 10 percent. If they do not borrowers were asked with the extra interest payments due bond investors.

The realty association disagrees. Free-market competition among lenders will minimize any extra interest or fees charged to FHA borrowers, Anderson said.

Where does all this leave home buyers and the 7 million current FHA borrowers? Probably scratching their heads.

Until Congress decides to change the rules, here's how consumers can handle the issue: First, be aware of the FHA "prepayment penalty." If you work with your realty agent, lender and settlement agents, you should be able to schedule your FHA loan payoff late in the month or on the first day of the month.

If one or more of those service providers knocks your settlement date off that timing track -- and you did not personally contribute to the problem -- ask the guilty party to pony up the extra interest you're being asked to pay.

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You can contact Kenneth Harney by e-mail at [realestate@tribune.com](mailto:realestate@tribune.com) or send letters to: Kenneth R. Harney, Chicago Tribune, Real Estate section, 435 N. Michigan Ave., Chicago, IL 60611.

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[\(http://www.thesimpledollar.com/wp-content/uploads/2015/01/fha-mortgages.jpg\)](http://www.thesimpledollar.com/wp-content/uploads/2015/01/fha-mortgages.jpg)

There are some changes coming to popular FHA mortgages this year. Photo: **Mr. T in DC**  
[\(http://www.flickr.com/photos/mr\\_t\\_in\\_dc/\)](http://www.flickr.com/photos/mr_t_in_dc/)

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The federal government established the Federal Housing Administration (FHA) mortgage program in the 1930s under Franklin D. Roosevelt's New Deal, and it's been a big hit ever since. In fact,

**more than 40 million FHA loans**

**([http://portal.hud.gov/hudportal/HUD?](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2015/HUDNo.13-189)**

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**189)** have been originated under the program, with large numbers going to first-time buyers.

What makes the FHA program so attractive? FHA loans are no-nonsense financial products that everyone can understand.

They're available with low down payments — as low as 3.5% — a huge advantage for borrowers who want to buy today rather than wait years to save up the 20% down payment preferred by many lenders. The reason for the low down payment is that the FHA does not actually lend money to borrowers. Instead, it's an insurance program. The borrower pays premiums, the insurance covers potential lender losses, and with a strong third-party guarantee in place, lenders are willing to make loans with little down.

The catch is that the FHA program is always in motion — so it's no surprise that for 2015, FHA loans will be different. Some of the changes will be good news for borrowers, but others won't be so positive. Here are the biggest changes for 2015 and what they mean to you.

## **Prepayment Penalties**

Prepayment penalties have long been a problem for mortgage borrowers. The way they work is that if the borrower repays a large percentage or the entire mortgage within a short period, say three to five years, the lender is entitled to a

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prepayment penalty. Lenders argue that such penalties are justified because they have built-in costs, so they need the loan to be outstanding for a certain duration to ensure the mortgage is profitable.

The effect of prepayment penalties is to lock borrowers into their loans even when such financing is no longer attractive, such as periods when mortgage rates are low and refinancing can result in big savings.

For instance, imagine a loan with a 3% prepayment penalty that lasts for five years. Refinance the mortgage during the penalty period and, with a \$300,000 balance, you'll need to pay an extra \$9,000 in cash at closing.

FHA loans have never had prepayment penalties. You can prepay an FHA loan at any time, in whole or in part, and not get slapped with a penalty.

But what the FHA does have is a so-called post-payment interest charge. If you prepay your FHA mortgage at any point prior to the completion of its full term, say before 30 years, a post-payment interest charge allows the lender to collect all the interest due on the loan for its last complete month.

For instance, if you settle on the third day of the month, the lender would get a final interest payment as if the loan were only paid off on the last day of the month.

Under the Wall Street Reform and Consumer Protection Act, all "qualified mortgages" must have substantially equal payments. That means no balloon payments or post-payment interest charges. As a result, **all FHA loans originated after Jan. 21, 2015**



**([http://www.gpo.gov/fdsys/pkg/FR-2014-](http://www.gpo.gov/fdsys/pkg/FR-2014-08-26/pdf/2014-20214.pdf)**

**08-26/pdf/2014-20214.pdf**), will no longer

allow post-payment interest charges.

It's hard to imagine why this rule ever came into being in the first place, because HUD doesn't get the interest, lenders do. In effect, lenders are getting interest for money that isn't outstanding. This may not sound like a big deal, but according to HUD, such post-payment interest charges cost borrowers \$449 million in 2012.

## **Property Flipping**

Both the Internet and late-night television seem to be obsessed with real estate flipping: buying property today and selling it for more money tomorrow, often using "other people's money," or OPM.

There's nothing wrong with **flipping real estate**

**([http://www.auction.com/blog/tips-for-](http://www.auction.com/blog/tips-for-flips-4-ways-to-boost-your-profits/#sthash.z3j0sGO6.dpbs)**

**flips-4-ways-to-boost-your-**

**profits/#sthash.z3j0sGO6.dpbs**), any more than there's something wrong buying stock today and selling it tomorrow. The problem is that a number of flipping transactions also involve mortgage fraud, appraisal fraud, wire fraud, or mail fraud.

With such fraudulent transactions, innocent buyers often wind up purchasing homes that are grossly overpriced, and with mortgages that are too expensive to maintain. The result is that illegal flipping often yields foreclosures, which lower nearby home values and lead to big mortgage losses for lenders.

In 2003, HUD came out with a rule designed to limit illegal flipping losses. The rule said HUD would not insure loans if a property had been resold during the past 90 days. Unfortunately, the rule not only impacted illegal flippers — it also hurt lawful rehabbers, people who come in and quickly fix up homes for rental or resale.

In 2010, HUD waived the rule, meaning it effectively did not exist.

Unfortunately, the waiver ended — so we're back to the old rule for 2015: no FHA-insured loans for houses sold during the past 90 days, except for some minor exclusions such as estate sales, sales in presidentially declared disaster areas, and sales by governmental agencies.

Is this a problem? You bet. First, rehabbers employ people; less rehabbing means fewer jobs. Second, we want rehabbers to fix up homes so we can get them back into the housing inventory as rentals or owner-occupied properties. Third, rehabbed homes mean higher property values, so property tax collections go up — a good thing for local governments. Fourth, in a housing market that remains fragile, more occupied homes and fewer eyesores are good things.

All in all, bringing back the HUD rule will reduce real estate sales at a time when everyone would like to see more transactions.

## **New Competition for Low-Down-Payment Loans**

Usually when we think of mortgages that require a low down payment, the typical options are VA mortgages, conforming loans with 5%

down and private mortgage insurance, or FHA loans with 3.5% down.

However, in 2015 there will be a new choice in the mix: Both Fannie Mae and Freddie Mac have been authorized by government regulators to purchase loans with a 97% loan-to-value ratio (LTV), meaning just 3% down. Previously, conforming loans required at least 5% upfront — so the new standard represents a considerable reduction in the amount of cash needed at closing for many borrowers.

One of the side effects of the new conforming loan standard is that the FHA will face more competition. This is good, because it means that if borrowers shop around, they can determine which loan option is best for them after looking at both down payment requirements and insurance costs. For the FHA, however, it means some loan volume will be lost to Fannie Mae and Freddie Mac.

## **HAWK**

In May 2014, HUD proposed a new FHA program for first-time buyers, something called Homeowners Armed With Knowledge, or HAWK. This was supposed to be part of HUD's "Blueprint for Access" initiative and scheduled to start in 2015.

Under the HAWK program, first-time borrowers would be able to obtain FHA loans at lower cost. Insurance premiums would be cut for borrowers who took pre-closing counseling classes, and even more for borrowers who took classes after their loans were originated and had full and

timely payments for the first several years of the loan term. HUD estimated that borrowers could save roughly \$325 per year with the program.

However, the HAWK program was specifically defunded in the “cromnibus” budget bill passed by the House at the end of 2014.

Why? Who knows? The bill didn’t say, but the answer isn’t hard to guess: There is the view that the FHA program should not exist, that the private mortgage insurance industry should take its place. One way to achieve this goal is to limit the expansion of FHA loan options, including new programs such as HAWK.

## **FHA Administrative Fee**

Another FHA initiative killed in the budgeting process concerned a proposed administrative fee that would be charged to lenders. This fee – \$4 for each \$10,000 borrowed — would be used to help the FHA acquire better technology. However, the charge would no doubt be passed along to borrowers, thus raising the cost to originate a loan.

The fee — which the Senate had passed earlier in the year – was opposed by major lending organizations and subsequently eliminated by Congress at the end of 2014.

## **FHA Loan Limits**

While higher loan limits would have reflected rising real estate values, FHA loan limits for 2015 will be the same as 2014. Home values generally continued to rise in 2014, but they remain substantially below the peak prices seen in 2007.

For much of the country, the FHA limits are just fine. For example, the National Association of Realtors says the median home price in October was \$208,300. At the same time, the FHA loan limit for a “low-cost” area is \$271,050, so there’s plenty of lending space for most borrowers.

In high-cost areas, the story is different: Where real estate values are steep, borrowers need as much lending capability as possible – and sellers want increased limits so buyers can finance higher-priced homes. With flat loan limits, there will be fewer transactions in high-cost areas than might otherwise have been the case.

Despite various rules changes, 2015 is still likely to be a very good year for FHA borrowers. The post-payment interest charge will be gone for loans originated after Jan. 21, loan limits remain more than sufficient for most areas, and the possibility of still another fee has been blunted. Unfortunately, the flipping rule is back, the HAWK program for first-time buyers is dead, and, as always, the FHA program is not quite the same as it was.

*Peter G. Miller is a nationally syndicated real estate columnist. His books, published originally by Harper & Row, have sold more than 300,000 copies. He blogs at [OurBroker.com](http://OurBroker.com) and contributes to such leading sites as [RealtyTrac.com](http://RealtyTrac.com), the [Huffington Post](http://HuffingtonPost.com), and [Auction.com \(http://www.auction.com/\)](http://www.auction.com/). Miller has spoken before such groups as the National Association of Realtors and the Association of Real Estate License Law Officials.*

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**Petrish @ Debt Free Martini**

• a year ago

This post was very informative. I had never heard of Hawk Program before. I am so interested to see where the mortgage market will be in the future. Hopefully we have learned from all our mistakes. I'll pass on the market crash.

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# EXHIBIT 6



Real Estate

# FHA will stop lenders from charging extra interest when homeowners sell or refinance

By **Kenneth R. Harney** September 5, 2014

Hundreds of thousands of home sellers have had their pockets picked at closings during the past decade: They've been charged interest on their mortgages after their principal debts had been fully paid off.

This practice, endorsed by a federal agency, has cost consumers staggering amounts, with estimates ranging into the hundreds of millions of dollars a year during periods when mortgage rates were high.

But thanks to a policy switch made final last week, charging extra interest payments on loans insured by the Federal Housing Administration will soon be banned. FHA, which traditionally has served as a major source of financing for moderate-income first-time buyers, many of them African American and Latino, for years has allowed lenders to charge borrowers a full month of interest when they sell or refinance a home. This has been the case even when borrowers pay off the mortgage weeks in advance of the end of the month.

Say you went to closing on an FHA loan Sept. 3. Under standard industry rules followed by Fannie Mae, Freddie Mac and the Department of Veterans Affairs, your interest charges cannot extend beyond that date. But under FHA's long-standing policy, lenders have been allowed to hit you with interest charges through Sept. 30.

Why? Good question. The Consumer Financial Protection Bureau essentially posed it to FHA last year. And didn't the Dodd-Frank financial reform legislation of 2010 prohibit penalties of this sort? How is your policy, which sometimes results in unexpected extra charges of hundreds of dollars, legal?

FHA argued that the bond investors who buy packages of insured mortgages expect full-month payments of interest plus principal and that, in any event, FHA lenders charge borrowers rates that are slightly below market to help compensate for the post-closing payments. But critics said there was no way this alleged bargain favored borrowers, who inevitably paid far more in extended interest than they ever received in hair-splitting "reduced" interest rates.

The National Association of Realtors, which had railed against FHA's policy for more than a decade, estimated that during 2003 alone, sellers and refinancers were forced to pay nearly \$690 million in extra interest charges. Realtors in Maryland even persuaded Sen. Benjamin L. Cardin, a Democrat and ally of the Obama administration, to introduce legislation that would have prohibited the extra interest fees. But FHA didn't like the bill and it died without getting even a hearing in the Senate.

Asked for comment on FHA's policy change, Realtors association president Steve Brown said he applauded the move, which was "long overdue" and should "result in cost savings for millions of Americans who rely on FHA-insured loans to purchase their homes."

Here are the details of the policy reform: Starting Jan. 21, new FHA mortgages will require lenders to collect interest only on the balance remaining on the date of closing for a home sale or refinancing. Under the revised policy, if you're selling your home and you have a \$150,000 balance left on your FHA loan, the lender will have to stop charging you interest on the date of the closing, not compute the interest charges that would be due through the end of the month and roll them into your bottom line.

In guidance published in the Federal Register, FHA urged lenders not to find new ways to penalize borrowers. The agency said they should "look elsewhere" to recoup revenues they expect to lose by virtue of the policy change, and continue "to offer [consumers] the same interest rates that they offer now," rather than tack on a premium.

So could these changes make FHA more attractive to borrowers compared with the alternatives? Yes, but there are two caveats: Sellers and refinancers who currently have FHA loans and expect to close before Jan. 21 probably won't see much benefit. Also, FHA's other current negatives — super-high mortgage insurance premiums that are non-cancellable for extended periods — won't be disappearing.

Still, FHA remains the choice if you have minimal down payment cash (3.5 percent), if there are issues in your credit files and if you are not eligible for a VA loan.

**Ken Harney's e-mail address is [kenharney@earthlink.net](mailto:kenharney@earthlink.net).**

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# EXHIBIT 7

← Back to Original Article

## Controversial FHA payoff rule to end

*At closings, the housing agency had required a full month's interest from sellers who prepaid their mortgage.*

March 30, 2014 | By Kenneth R. Harney

WASHINGTON — Can you be charged interest on your mortgage even after you've fully paid it off? Can the meter keep running when you owe the bank nothing — your principal balance is zero?

Surprise! Much to the chagrin of large numbers of home sellers and refinancers, the answer for years has been yes. If your loan was insured by the Federal Housing Administration and you paid it off before maturity, at closing you'd be expected to cough up a full month's interest, no matter what day of the month you actually settled.

Even if you closed on March 2, for instance, you'd be charged interest by your loan servicer through March 31, potentially adding hundreds of dollars to your costs in the transaction. The FHA's practice has been unique among major players in the housing finance marketplace. Fannie Mae, Freddie Mac and the Department of Veterans Affairs all require interest to be collected only to the day of principal payoff. After that, the meter stops.

But change is on the horizon. Thanks to a regulatory mandate from the Consumer Financial Protection Bureau, the FHA has agreed to end its controversial full-month interest policy, but only for future borrowers. The FHA has until Jan. 21 to make the switch, so sellers and refinancers who currently have FHA-insured mortgages are cut out of the deal. Many will still get hit with extra interest charges.

Here's a quick overview of what's behind the agency's belated retreat. For the last decade, homeowners and realty brokers have complained that the FHA's interest payment policy amounts to gouging. Not only were many sellers unaware of the FHA's odd requirement, but they didn't factor the extra costs into their financial plans.

The National Assn. of Realtors, which began publicly criticizing the practice in 2004, said that by insisting on full months of interest payments, the FHA effectively has been squeezing tens of millions of dollars in unjustifiable extra charges out of sellers. In one year alone, 2003, according to the association, FHA borrowers paid an estimated \$587.4 million in "excess interest fees."

In 2011, complaints from constituents prompted Sen. Ben Cardin (D-Md.) to introduce legislation that would have banned full-month interest charges and required FHA loan servicers to compute payoffs on a per-diem basis.

Cardin's bill ultimately went nowhere. The FHA brushed off its critics, arguing that by guaranteeing bond investors a full month's interest on mortgages, its interest rates were slightly lower than its competitors' rates. One mortgage industry estimate put the rate break at roughly 0.10% to 0.15%.

Real estate industry experts, however, said the true beneficiaries of the long-standing practice were loan servicers, who could earn interest on the "float" — the money they collected from borrowers and had free use of until the end of the month, when they had to disburse final interest payments to bond investors.

But financial system overhaul legislation passed by Congress in 2010 — the Dodd-Frank Wall Street Reform and Consumer Protection Act — got in the way of this game. The law empowered the new consumer bureau to write regulations banning prepayment penalties. Under the rule the bureau adopted, the FHA's full-month interest policy amounted to such a penalty — essentially a fine on borrowers who couldn't or didn't pay off at the end of the month. Since home buyers rather than sellers typically schedule closing dates, many sellers were unable to control the exact date their FHA loans were paid off — leading to hefty interest penalties under the consumer bureau's definition.

Tucked away in a Federal Register notice announcing its plan to change the policy, the FHA finally came clean on whether the tiny interest break that borrowers received was ever worth the extra interest amounts they could face if they prepaid the loan. New borrowers next year "can expect to pay a slightly higher rate," the agency said, "but they would also receive full benefit from lower interest costs [at closing] when they prepay ... in most cases more than offsetting the cost of the higher rate."

Aha! So in fact under the old practice, the FHA's customers paid more than they should. And presumably some of the estimated 7.8 million existing FHA mortgage borrowers who are not covered by the forthcoming policy change will continue to be vulnerable to paying more than they should.

The only way around it: If you are a seller or refinancer paying off an FHA loan, insist that your closing is at the end of the month, not the beginning.

*kenharney@earthlink.net*

*Distributed by Washington Post Writers Group.*

# EXHIBIT 8

Payoff Statement

Ocwen Loan Servicing, LLC
PO Box 780 3451 Hammond Avenue
Waterloo, IA 50704-0780

03/29/13

LEO A RAMIREZ
JESSICA L WILLIAMS
1939 LEGRAND CIRCLE
LAWRENCEVILLE GA 30043

Property Address:
1939 LEGRAND CIRCLE
LAWRENCEVILLE GA 30043

Statement Sent to Name: LEO A RAMIREZ

Statement Sent to Fax Number: 404-693-9483

RE: Account Number: 0602737284

Current Loan Status:

Guaranty Number:

Loan Type: FHA
Interest Rate: 4.25000%
Next Payment Due: 05/01/13
Loan Maturity Date: 09/2040
Escrow Balance: \$3201.79
Escrow to be Retained: \$0.00
Mortgage Insurance: \$121.72

Dear LEO A RAMIREZ
JESSICA L WILLIAMS

The following is your loan payoff statement. Your total payoff amount as of 05/01/13 is \$258540.11. Per FHA guidelines, if the payoff is not received on the first of the month, interest is due to the first of the following month. (See information to the right for a breakdown of your Payoff Amount.)

All figures will be confirmed once your payoff is received by Ocwen Loan Servicing, L.L.C.

Payoff Amount:

Table with 2 columns: Description and Amount. Rows include Principal (\$257385.10), Interest Calculated to but not including anticipated closing date of 05/01/13 (\$911.57), Escrow/Impound Funds Due (\$243.44), Late Charges Outstanding (\$0.00), Unapplied Funds (\$0.00), Statement Fee (\$0.00), Recording Fee (\$0.00), Reconveyance/Trust (\$0.00), Release Fee (\$0.00), Fax Fee (\$0.00), Other Fees and Costs (\$0.00), Deferred Amount (\$0.00), Deferred Amount Waived (\$0.00), Prepayment Penalty Fee (\$0.00), Optional Products (\$0.00), Uncollected P&I (\$0.00), Buyer Assistance Amount (\$0.00), Buydown balance (\$0.00), Total Due (\$258540.11), Monthly Interest (\$911.57).

Please be sure to make your payment in U.S. dollars by cashier's check, certified check or bank wire.

If any tax or insurance bills are due within 30 days of the interest to/closing date listed on this statement, they may be paid before your payoff funds are received. This information is located on page 2 of this statement.

To receive same-day credit and avoid additional interest, payoff funds must be sent via wire by 2:00 p.m. Eastern Time. Also, be sure to include all required information outlined below. Please include \$7.50 in addition to the "total due" for the incoming wire fee.

JPMorgan Chase Bank, N.A.
For Ocwen Loan Servicing, LLC
ABA #021000021
Account #662631175
Ocwen Loan Servicing, LLC
Account Number: 0602737284
LEO A RAMIREZ
Remitter Name:
Remitter Phone #:

To receive next-day credit and avoid additional interest, payoff funds must be sent in U.S. Dollars by cashier's check, certified check or bank wire by 2:00 p.m. Eastern Time. All payoff funds received after 2:00 p.m. ET will be applied with interest on the next business day. Payoff funds will not be applied or credited on weekends or holidays.

When paying by certified or cashier's check, please include the following information on the check: Customer's name, account number, remitter's name and remitter's phone number. Please forward to the following address:

Ocwen Loan Servicing, LLC
Payoff Processing Unit
6716 Grade Lane
Building 9, Suite 910C
Louisville KY 40213-3439

Please see the accompanying pages of this letter for additional information about your loan payoff.

03/29/13

Account Number: 0602737284

Page 2

### Escrow Account Access Authorization for Escrowed Accounts Only

#### Authorization to apply escrow funds toward the payoff of your loan:

If the pay off funds received are not enough to pay the account in full, we can use available funds from your escrow account to make up the difference. However, we will need your authorization to do so. Please sign below and fax this page back to the Payoff Processing Unit at 888-395-6626 for payoff application only.

Please apply escrow towards my payoff.

\_\_\_\_\_  
LEO A RAMIREZ Signature

\_\_\_\_\_  
JESSICA L WILLIAMS Signature

**Escrow Account Activity:** Item Next Due Amount

IFUD 04/01/13 121.72

#### Here is additional information about your loan payoff:

**For FHA Loans:** If the payoff is received after the first day of the month, interest is collected for the entire month rather than as a per diem (daily) calculation. You are responsible for any additional interest due as a result of a math error on your part.

If you are currently enrolled in our monthly ACH program and your scheduled draft date is within three days of your anticipated payoff date, your draft will still be deducted. Be sure to call 800-766-4622 right away to cancel this service.

A late fee may be charged for any payment or payoff not received within the grace period.

The amount required to pay this loan in full is subject to final verification by Ocwen Loan Servicing, L.L.C. You are responsible for any shortage resulting from a returned payment. Do not "stop payment" on any previous payment (check or draft) that has already been credited to your account.

If this is an adjustable rate mortgage, you may be responsible for interest rate changes and/or principal balance increases. Please call our office at 800-766-4622 to confirm before your escrow account is closed.

If there is a penalty for prepayment on your account, the fee will be included in the total funds due for payoff. If your mortgage terms indicate that the prepayment penalty can be waived due to the sale of the property, you will need to include copies of 1) the certified final HUD1 and 2) the sales contract - each signed by the buyer and seller. These documents should be included with the total amount due for your payoff. If your payoff is wired, these documents can be faxed to 888-395-6626. The prepayment penalty will not be removed until these documents are received. If you are presently on active duty in military service please call our office at 800-766-4622 to review any prepayment penalty that is reflected in this statement.

If the funds received are not enough to pay the account in full, we can use funds from your escrow account to make up the difference. However, we will need your authorization to do so. Please sign the authorization on this page and fax it back to 888-395-6626. If you do not have an escrow account or do not authorize us to use escrow funds, we will return your payoff funds in the same way they were sent. Interest will continue to accrue and late fees may be charged until sufficient funds are received to pay the account in full. To avoid this, you can confirm the actual payoff amount by calling 800-766-4622.

If your loan has a Homestrength/Homestretch/Silent Second, the outstanding balance owed is included in the Other Fees and Costs on page 1.

03/29/13

Account Number: 0602737284

Page 3

All payments on this loan must be up to date. The escrow holder is responsible for determining the current status of your loan before closing your escrow account. **This statement does not release you of your responsibility to make monthly mortgage payments on time.**

This statement does not release Ocwen Loan Servicing, LLC of its responsibility to pay your taxes and insurance on time. If a bill for these items is received before we receive your payoff funds, we will pay the bill from your escrow account. Payment of any deficit in your escrow account is required before the loan can be paid in full. Ocwen Loan Servicing, LLC is not responsible for private agreements between the borrower and a third party regarding the disbursement of the escrow funds. If funds have accumulated in an escrow account, and if we have been required to pay interest on these funds according to state law, interest will be paid to the date the escrow account closes. Following the loan payoff, any excess funds will be sent back to you. If forced-place insurance has been charged to the escrow account prior to the loan payoff, the full amount will be required to pay off the loan. If appropriate evidence of insurance is received, the applicable refund will be issued to you within 4-6 weeks. Any escrow balance will be refunded after payoff, provided the last payment applied to the account clears the institution from which it is drawn.

If this account is two months or more past due, in foreclosure and/or in bankruptcy, you must obtain an updated payoff statement with updated fees within 5 business days of closing.

If you have a Fannie Mae Home Saver Advance (H.S.A.) unsecured note, it is due and payable in full in the event of a sale or transfer of ownership in the property. The payoff of the H.S.A. is not required to release the first lien loan and must continue to be paid in the event of a refinance.

The reconveyance/satisfaction of mortgage will be forwarded to the county recorder's office by the Lien Release Unit, once Ocwen Loan Servicing, LLC receives your payoff funds.

If you have new address information, please contact Customer Care at 800-766-4622. This will allow us to send any refund due to you, as well as your release and year-end information.

To arrange for payment or discuss your payment options, please call our office at 800-850-4622 (weekdays, 8:00 a.m. - 11:00 p.m. CT; Saturday, 8:00 a.m. - 12:00 p.m.).

Collection Department  
Loan Servicing  
7:33

**Please Note:** This is an attempt to collect a debt and any information obtained will be used for that purpose, provided if you have an active bankruptcy case or have received a discharge, the following Notice Regarding Bankruptcy applies.

**Notice Regarding Bankruptcy:** If you are a debtor in an active bankruptcy case, this letter is not an attempt to collect either a pre-petition, post petition or discharged debt and no action will be taken in willful violation of the Automatic Stay that may be in effect in your bankruptcy case. Furthermore, if you have received a Discharge in a Chapter 7 case, any action taken by us is for the sole purpose of protecting our lien interest in your property and is not an attempt to recover any amounts from you personally. If you have surrendered your property during your bankruptcy case, please disregard this notice. Finally, if you are in an active Chapter 11, 12 or 13 case, and an Order for Relief from the Automatic Stay has not been issued, you should continue to make payments in accordance with your bankruptcy plan.



# EXHIBIT 9



Outgoing Wire Transfer Detail as of 02/07/2017 2:42 PM

Outgoing Transfer Information		
Fed Acceptance Date:	IMAD:	20130404GMQFMP01003686
Fed Acceptance Time:	OMAD:	20130404B1QGC01R02930304041242FT03
Effective Date:	2013-04-04T00:00:00	Sender Institution: 061020375
Debit Account Number:	XXXXX6595	Sender Institution Name:
Debit Account Type:	Demand Deposit	Upload Date: 2013-04-04T11:17:31.383
Amount:	258,540.11	Originator: Real Title Solutions LLC
Beneficiary:	Ocwen Loan Servicing	Originator Address 1: 1801 Peachtree St; Ste 150
Beneficiary Address 1:	6716 Grade Lane	Originator Address 2: Atlanta GA 30309-0000
Beneficiary Address 2:	Louisville, KY 40213	Originator Address 3:
Beneficiary Address 3:		Originating Institution: 061020375
Beneficiary Institution:	021000021	Originating Institution Name:
Beneficiary Institution Name:	JP Morgan Chase	Originating Institution Address 1:
Beneficiary Institution Address 1:		Originating Institution Address 2:
Beneficiary Institution Address 2:		Originating Institution Address 3:
Beneficiary Institution Address 3:		Receiver Institution: 021000021
Beneficiary Account:	662631175	Receiver Institution Name: JP Morgan Chase
Beneficiary Account Type:	Demand Deposit	Originator to Beneficiary Info 1: Payoff loan# 0602737284/ RAMIREZ
Wire Number:	7516	Originator to Beneficiary Info 2:
Wire Status:	Complete	Originator to Beneficiary Info 3:
		Originator to Beneficiary Info 4:

CIVIL COVER SHEET

The JS44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form is required for the use of the Clerk of Court for the purpose of initiating the civil docket record. (SEE INSTRUCTIONS ATTACHED)

I. (a) PLAINTIFF(S)

LEO RAMIREZ, individually and on behalf of a class of similarly situated persons, and JESSICA RAMIREZ, individually and on behalf of a class of similarly situated persons

DEFENDANT(S)

OCWEN LOAN SERVICING, LLC,

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF

Gwinnett County, GA (EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT

Palm Beach County, FL. (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, TELEPHONE NUMBER, AND E-MAIL ADDRESS)

BEASLEY, ALLEN, CROW, METHVIN, PORTIS & MILES, P.C. 218 Commerce Street Montgomery, AL 36104 334-269-2343 - Archie.Grubb@BeasleyAllen.com

ATTORNEYS (IF KNOWN)

II. BASIS OF JURISDICTION

(PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. GOVERNMENT PLAINTIFF, 2 U.S. GOVERNMENT DEFENDANT, 3 FEDERAL QUESTION (U.S. GOVERNMENT NOT A PARTY), 4 DIVERSITY (INDICATE CITIZENSHIP OF PARTIES IN ITEM III)

III. CITIZENSHIP OF PRINCIPAL PARTIES

(PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT) (FOR DIVERSITY CASES ONLY)

- PLF/DEF 1 CITIZEN OF THIS STATE, 2 CITIZEN OF ANOTHER STATE, 3 CITIZEN OR SUBJECT OF A FOREIGN COUNTRY, 4 INCORPORATED OR PRINCIPAL PLACE OF BUSINESS IN THIS STATE, 5 INCORPORATED AND PRINCIPAL PLACE OF BUSINESS IN ANOTHER STATE, 6 FOREIGN NATION

IV. ORIGIN

(PLACE AN "X" IN ONE BOX ONLY)

- 1 ORIGINAL PROCEEDING, 2 REMOVED FROM STATE COURT, 3 REMANDED FROM APPELLATE COURT, 4 REINSTATED OR REOPENED, 5 TRANSFERRED FROM ANOTHER DISTRICT (Specify District), 6 MULTIDISTRICT LITIGATION - TRANSFER, 7 APPEAL TO DISTRICT JUDGE FROM MAGISTRATE JUDGE JUDGMENT, 8 MULTIDISTRICT LITIGATION - DIRECT FILE

V. CAUSE OF ACTION

(CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE - DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

This is a class action filed pursuant to the Class Action Fairness Act (28 USC 1332 (d), et seq.). The plaintiffs allege that defendant breached contracts with plaintiffs and class members by charging post-payment interest on FHA insured loans without first complying with mandatory prerequisites, as set out in the uniform provisions of the promissory notes and FHA regulations governing the loans.

(IF COMPLEX, CHECK REASON BELOW)

- 1. Unusually large number of parties. 2. Unusually large number of claims or defenses. 3. Factual issues are exceptionally complex. 4. Greater than normal volume of evidence. 5. Extended discovery period is needed. 6. Problems locating or preserving evidence. 7. Pending parallel investigations or actions by government. 8. Multiple use of experts. 9. Need for discovery outside United States boundaries. 10. Existence of highly technical issues and proof.

CONTINUED ON REVERSE

FOR OFFICE USE ONLY

RECEIPT #, AMOUNT \$, APPLYING IFP, MAG. JUDGE (IFP), JUDGE, MAG. JUDGE (Referral), NATURE OF SUIT, CAUSE OF ACTION

**VI. NATURE OF SUIT** (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT - "0" MONTHS DISCOVERY TRACK

- 150 RECOVERY OF OVERPAYMENT & ENFORCEMENT OF JUDGMENT
- 152 RECOVERY OF DEFAULTED STUDENT LOANS (Excl. Veterans)
- 153 RECOVERY OF OVERPAYMENT OF VETERAN'S BENEFITS

CONTRACT - "4" MONTHS DISCOVERY TRACK

- 110 INSURANCE
- 120 MARINE
- 130 MILLER ACT
- 140 NEGOTIABLE INSTRUMENT
- 151 MEDICARE ACT
- 160 STOCKHOLDERS' SUITS
- 190 OTHER CONTRACT
- 195 CONTRACT PRODUCT LIABILITY
- 196 FRANCHISE

REAL PROPERTY - "4" MONTHS DISCOVERY TRACK

- 210 LAND CONDEMNATION
- 220 FORECLOSURE
- 230 RENT LEASE & EJECTMENT
- 240 TORTS TO LAND
- 245 TORT PRODUCT LIABILITY
- 290 ALL OTHER REAL PROPERTY

TORTS - PERSONAL INJURY - "4" MONTHS DISCOVERY TRACK

- 310 AIRPLANE
- 315 AIRPLANE PRODUCT LIABILITY
- 320 ASSAULT, LIBEL & SLANDER
- 330 FEDERAL EMPLOYERS' LIABILITY
- 340 MARINE
- 345 MARINE PRODUCT LIABILITY
- 350 MOTOR VEHICLE
- 355 MOTOR VEHICLE PRODUCT LIABILITY
- 360 OTHER PERSONAL INJURY
- 362 PERSONAL INJURY - MEDICAL MALPRACTICE
- 365 PERSONAL INJURY - PRODUCT LIABILITY
- 367 PERSONAL INJURY - HEALTH CARE/ PHARMACEUTICAL PRODUCT LIABILITY
- 368 ASBESTOS PERSONAL INJURY PRODUCT LIABILITY

TORTS - PERSONAL PROPERTY - "4" MONTHS DISCOVERY TRACK

- 370 OTHER FRAUD
- 371 TRUTH IN LENDING
- 380 OTHER PERSONAL PROPERTY DAMAGE
- 385 PROPERTY DAMAGE PRODUCT LIABILITY

BANKRUPTCY - "0" MONTHS DISCOVERY TRACK

- 422 APPEAL 28 USC 158
- 423 WITHDRAWAL 28 USC 157

CIVIL RIGHTS - "4" MONTHS DISCOVERY TRACK

- 440 OTHER CIVIL RIGHTS
- 441 VOTING
- 442 EMPLOYMENT
- 443 HOUSING/ ACCOMMODATIONS
- 445 AMERICANS with DISABILITIES - Employment
- 446 AMERICANS with DISABILITIES - Other
- 448 EDUCATION

IMMIGRATION - "0" MONTHS DISCOVERY TRACK

- 462 NATURALIZATION APPLICATION
- 465 OTHER IMMIGRATION ACTIONS

PRISONER PETITIONS - "0" MONTHS DISCOVERY TRACK

- 463 HABEAS CORPUS- Alien Detainee
- 510 MOTIONS TO VACATE SENTENCE
- 530 HABEAS CORPUS
- 535 HABEAS CORPUS DEATH PENALTY
- 540 MANDAMUS & OTHER
- 550 CIVIL RIGHTS - Filed Pro se
- 555 PRISON CONDITION(S) - Filed Pro se
- 560 CIVIL DETAINEE: CONDITIONS OF CONFINEMENT

PRISONER PETITIONS - "4" MONTHS DISCOVERY TRACK

- 550 CIVIL RIGHTS - Filed by Counsel
- 555 PRISON CONDITION(S) - Filed by Counsel

FORFEITURE/PENALTY - "4" MONTHS DISCOVERY TRACK

- 625 DRUG RELATED SEIZURE OF PROPERTY 21 USC 881
- 690 OTHER

LABOR - "4" MONTHS DISCOVERY TRACK

- 710 FAIR LABOR STANDARDS ACT
- 720 LABOR/MGMT. RELATIONS
- 740 RAILWAY LABOR ACT
- 751 FAMILY and MEDICAL LEAVE ACT
- 790 OTHER LABOR LITIGATION
- 791 EML. RET. INC. SECURITY ACT

PROPERTY RIGHTS - "4" MONTHS DISCOVERY TRACK

- 820 COPYRIGHTS
- 840 TRADEMARK

PROPERTY RIGHTS - "8" MONTHS DISCOVERY TRACK

- 830 PATENT

SOCIAL SECURITY - "0" MONTHS DISCOVERY TRACK

- 861 HIA (1395f)
- 862 BLACK LUNG (923)
- 863 DIWC (405(g))
- 863 DIWW (405(g))
- 864 SSID TITLE XVI
- 865 RSI (405(g))

FEDERAL TAX SUITS - "4" MONTHS DISCOVERY TRACK

- 870 TAXES (U.S. Plaintiff or Defendant)
- 871 IRS - THIRD PARTY 26 USC 7609

OTHER STATUTES - "4" MONTHS DISCOVERY TRACK

- 375 FALSE CLAIMS ACT
- 376 Qui Tam 31 USC 3729(a)
- 400 STATE REAPPORTIONMENT
- 430 BANKS AND BANKING
- 450 COMMERCE/ICC RATES/ETC.
- 460 DEPORTATION
- 470 RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS
- 480 CONSUMER CREDIT
- 490 CABLE/SATELLITE TV
- 890 OTHER STATUTORY ACTIONS
- 891 AGRICULTURAL ACTS
- 893 ENVIRONMENTAL MATTERS
- 895 FREEDOM OF INFORMATION ACT
- 899 ADMINISTRATIVE PROCEDURES ACT / REVIEW OR APPEAL OF AGENCY DECISION
- 950 CONSTITUTIONALITY OF STATE STATUTES

OTHER STATUTES - "8" MONTHS DISCOVERY TRACK

- 410 ANTI-TRUST
- 850 SECURITIES / COMMODITIES / EXCHANGE

OTHER STATUTES - "0" MONTHS DISCOVERY TRACK

- 896 ARBITRATION (Confirm / Vacate / Order / Modify)

**\* PLEASE NOTE DISCOVERY TRACK FOR EACH CASE TYPE. SEE LOCAL RULE 26.3**

**VII. REQUESTED IN COMPLAINT:**

CHECK IF CLASS ACTION UNDER F.R.Civ.P. 23 DEMAND \$ Damages > \$5 million

JURY DEMAND  YES  NO (CHECK YES ONLY IF DEMANDED IN COMPLAINT)

**VIII. RELATED/REFILED CASE(S) IF ANY**

JUDGE \_\_\_\_\_ DOCKET NO. \_\_\_\_\_

CIVIL CASES ARE DEEMED RELATED IF THE PENDING CASE INVOLVES: (CHECK APPROPRIATE BOX)

- 1. PROPERTY INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- 2. SAME ISSUE OF FACT OR ARISES OUT OF THE SAME EVENT OR TRANSACTION INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- 3. VALIDITY OR INFRINGEMENT OF THE SAME PATENT, COPYRIGHT OR TRADEMARK INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- 4. APPEALS ARISING OUT OF THE SAME BANKRUPTCY CASE AND ANY CASE RELATED THERETO WHICH HAVE BEEN DECIDED BY THE SAME BANKRUPTCY JUDGE.
- 5. REPETITIVE CASES FILED BY PRO SE LITIGANTS.
- 6. COMPANION OR RELATED CASE TO CASE(S) BEING SIMULTANEOUSLY FILED (INCLUDE ABBREVIATED STYLE OF OTHER CASE(S)):

7. EITHER SAME OR ALL OF THE PARTIES AND ISSUES IN THIS CASE WERE PREVIOUSLY INVOLVED IN CASE NO. \_\_\_\_\_, WHICH WAS DISMISSED. This case  IS  IS NOT (check one box) SUBSTANTIALLY THE SAME CASE.

SIGNATURE OF ATTORNEY OF RECORD

DATE

# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Ocwen Loan Servicing Taking Heat for Illegal 'Post-Payment Interest'](#)

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