

Bank of America Lies About Loan Modification



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Excerpts and adaptations extracted from NBC Business News published June 17, 2013. Visit this link for the full story: <http://www.nbcnews.com/business/bank-america-former-employees-we-were-told-lie-6C10351458>

"We were told to lie to customers," said Simone Gordon, who worked in the bank's loss mitigation department until February 2012. "Site leaders regularly told us that the more we delayed the HAMP [loan] modification process, the more fees Bank of America would collect."

Surprise surprise, Bank of America lies...

'Regulators have repeatedly cited lenders for mistreating borrowers trying to modify their mortgages. In April 2012, five big banks—including Bank of America—settled a sweeping complaint with 49 states and several federal regulators about their foreclosure and loan modification practices. The banks agreed to provide \$26 billion in relief and adhere to a sweeping series of new rules when modifying loans.'

Unfortunately for BOA, sworn testimony given by six former employees describes what they witnessed behind the front BOA was putting on outside of its offices. Of course BOA denies these allegations and says the testimonies are filled with factual inaccuracies that will be addressed in depth when BOA's attorney's file their opposition to plaintiffs' motion next month.

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The witnesses describe calculated efforts to 'undermine the program by routinely denying loan modifications to qualified applicants, withholding reviews of completed applications, steering applicants to costlier "in-house" loans and paying bonuses to employees based on the number of new foreclosures they initiated.'

Instead of helping to keep people in their homes as they agreed to do through the extension of the HAMP loans, BOA was rewarding employees who did the opposite. HAMP stands for the government's 'Home Affordable Modification Program, launched in 2008 during the depths of the housing collapse, it has fallen so far short of the original targets to save millions of Americans from being tossed from their homes.'

Falling short with the assistance of lenders like BOA. While it could be unwise to accept anything from the 'government' as acceptance of any benefit whatsoever equals jurisdiction, those that legitimately met the qualifications for such a loan, were jerked around so to speak right from the get go. After filling out, gathering up and sending in all the requested paperwork to the bank, many homeowners found themselves frustrated when the bank would ask them to send the same paperwork in again and again only to later be told that they were denied the HAMP loan. But, Bank of America had another option in place and ready to go for these so called 'denied' HAMP applicants.

After days and weeks and months of stringing their borrowers along and wrongfully denying them the HAMP loans, Bank of America representatives would then 'upsell them to a more costly "in-house" loan modification, with rates 3 points higher than the 2 percent rate available under HAMP guidelines, Wilson testified.' "The unfortunate truth is that many and possibly most of these people were entitled to a HAMP loan modification, but had little choice but to accept a more expensive and less favorable in-house modification," he said.

'In his affidavit, Wilson said most of the information the bank repeatedly requested from homeowners was already available in multiple document review systems. Some completed applications were denied one at a time, while other borrowers were rejected en masse in a process known as "the blitz," Wilson said.' "Approximately twice a month, Bank of America would order that case managers and underwriters 'clean out' the backlog of HAMP applications by denying any file in which the financial documents were more than 60 days old," he said. "These included files in which the homeowner had provided all required financial documents."

Silly little reindeer games...games that result in people being homeless.

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Hats off to the employees with the courage to step up and make sworn statements attesting to what they witnessed. Without people coming forward to expose such conduct, these banks would keep getting away with corrupt lending practices. The outcome has yet to be seen, but it doesn't look so good for Bank of America, number two out of the top 50 holding companies as of 3/31/2013 with assets totaling \$2,176,625,000.00, according to financial data and institution characteristics collected by the Federal Reserve System.