

JP Morgan Chase in Hot Water over Military Foreclosures

January 19, 2011 - A federal law known as the Servicemembers Civil Relief Act prohibits lenders from charging more than 6% for a home mortgage for deployed members of the US Armed Forces. That same law prevents lenders from foreclosing on deployed military personnel under virtually any condition. JP Morgan Chase has now admitted violating both provisions. These revelations came as a result of a lawsuit filed by an active duty member of the US Marine Corps.

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According to the law suit and statements by the bank, JP Morgan Chase engaged in illegal collection activities including threats of foreclosure against the families of active duty military personnel. And the bank wrongly foreclosed on 14 active duty families.

The bank has announced that it has settled with borrowers in 13 of the 14 foreclosure cases and is trying to work out a settlement in the last case. It has also announced that it has refunded more than \$2 million in wrongly assessed fees. But these settlements may not get the bank out of hot water.

JP Morgan has been notified that federal prosecutors are investigating the banks actions and there have been congressional calls to have the Attorney General conduct a separate investigation. An attorney for the Marine family that filed the aforementioned lawsuit is also asking to have the suit reclassified as a class action on behalf of all affected military families. This could place the bank on the hook for punitive damages in addition to the actual damages they have already been negotiating on.

by Jim Malmberg

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