

RICHARD I. ISACOFF, P.C.
ATTORNEY AT LAW
100 NORTH STREET
SUITE 405
PITTSFIELD, MASSACHUSETTS 01201
e-mail rii@isacofflaw.com

TELEPHONE (413) 443-8164

TELECOPIER (413) 443-8171

April 25, 2009

HSBC
Attn: QWR
Post Office Box 9068
Brandon, FL 33509-9068

RE: Robert, Mary and Garry/Loan #528400-00-85492/Docket #04-42266

Dear Customer Research Team:

This document shall be considered a Qualified Written Request under the Real Estate Settlement Procedures Act 12 USC 2605 et seq and 2605(e). This request is made on behalf of my clients, Mary and Garry Robert, based on their dispute with the loan origination process and with the amounts owed by them on a monthly basis as a result and the total amount due.

Please be advised that all communications concerning this Request should be directly with this office and not with the borrowers. SHOULD THIS NOT BE THE CORRECT ADDRESS PLEASE CONTACT THIS OFFICE IMMEDIATELY. Mary and Garry Robert are extremely distraught over the result of the mortgage.

This Request requires that you provide information regarding our clients' loan pursuant to RESPA and TILA. Specifically I am requesting detail of the following information:

1. A complete underwriting package with documents including but not limited to Application signed by the Borrowers, my clients, the interviewer, the interviewer's title, all supporting documentation for information contained in the Application.
2. We require copies of all other documents of any type and nature from whatever source used in the decision making process to grant Mary and Gary Robert a loan. Should there be no misunderstanding copies of all tax returns or transcripts you received, verifications of employment, verifications of mortgage, verifications of deposit, estimated Truth In Lending Disclosure, the Initial Good Faith Estimate, and any other documentation.
3. A complete and itemized loan payment transaction history from loan origination to the present date, including a key to abbreviations and codes used in the loan payment transaction history log. All financial transactions of every kind must be included.
4. A complete and itemized statement of all advances or charges against the loan for any purposes that are not reflected in the payment history.
5. A complete and itemized statement of the Escrow Account and Insurance products purchased at the time of closing or placed by HSBC post closing.

6. A complete and itemized statement of any late charges assessed to this loan from the closing to present.
7. A copy of the HUD I, showing all signatures.
8. A copy of the signed Truth In Lending Disclosure.
9. A copy of the signed and dated Recision Document for the borrowers.
10. Any documentation showing the calculation of the annual percentage rate.
11. For all payments received please indicate how the payment was applied i.e. principal, interest, late fees, escrow and any other fees..
12. A copy of all correspondence sent to the borrowers since date of origination, including but not limited to initial pre-closing documents, any closing documents not listed above, any post-closing documents, collection notices, and collection letters.
13. A printout of the computer file containing the history of oral communications, between HSBC and the Borrowers, including any documents needed to understand abbreviations used.
14. If you are not the current holder of the Note and Mortgage or if you are not the current owner of the Note and Mortgage please provide the name and address of such holder and or owner and indicate your relationship to such party, i.e. subsidiary, parent corporation, contract servicer etc.
15. Please supply documentary evidence of ownership of the Note and Mortgage from its inception, including all Assignments and Transfers of any and all rights including but not limited to Servicing, and if this loan was originated in MERS or in anyway handled by MERS please supply full tracking information both in and out of MERS, including the MIN#.
16. Please supply a copy of the appraisal used for underwriting purposes in granting my clients the loan about which this QWR is directed.

Thank you.

Sincerely,

RICHARD I. ISACOFF, P.C.

Richard I. Isacoff, Esq.

RII/mpb

CC: M/M ROBERT

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RICHARD I. ISACOFF, P.C.
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100 NORTH STREET
SUITE 405
PITTSFIELD, MASSACHUSETTS 01201
e-mail rit@isacofflaw.com

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TELECOPIER (413) 443-8171

July 7, 2009

Household Finance Corporation II
10 Wall Street
Burlington Office Park
Burlington, MA 01803

HFC
961 Weigel Drive
Post Office Box 8606
Elmhurst, IL 60126

RE: Gary & Mary Robert/Loan #528400-00-85492/Docket #04-42266

Dear Sir/Madam:

This is to be considered a **Letter of Demand** pursuant to the provisions of Massachusetts General Law Chapter 93A, on behalf of my clients, Gary and Mary Robert, of 2 Grimes Street, North Adams MA 01247. My clients have been in a Chapter 13 Bankruptcy which was filed to protect their home due to the mortgage loans granted by you.

It is our contention that you and your agents, predecessors in title, and assigns engaged in unfair and deceptive practices and acts in the origination of the mortgage loan given by you to the borrowers in 2001. The result of your acts and practices has been the ongoing Chapter 13 Plan which is nearing completion. The Chapter 13 was filed after a successful Chapter 7 which became necessary due to Gary Robert losing his job of 25 years, a job which paid him \$46,000.00 annually, and which has not yet been replaced with equivalent pay.

Both Mary and Gary Robert have been suffering from emotional distress and physical manifestations related thereto. It has reached a point where Mary Robert is no longer able to hold a full time job and where both of them have ongoing declining health. While there is no assertion that Household is responsible for all of their problems, we can trace many of them having begun at the time your collection procedures began several years ago. It is our contention that the granting of the loan to the borrowers and receiving a mortgage from them was in your ordinary course of business, and that the unfair and deceptive nature of the transaction was part of a pattern and practice by you as evidenced by other examples we have in this office and further shown by actions by the Office of the Attorney General of the Commonwealth of Massachusetts against you.

We are aware of your companies granting the Roberts an interest deferred payment which combined with our stripping off the second mortgage in their bankruptcy has allowed them to keep their home. Further, based on the records received by us in response to the QWR it appears that all post-petition payments have been applied using an interest rate factor of 7.366%. The funds have apparently been applied to principal, in part, through some internal formula not readily apparent in the documents provided to us. The failure to provide internal documents (response to the QWR, #1) leaves us at a loss for information here and at other points which will be dealt with in this demand.

It appears that many of the proper RESPA Disclosures, Truth In Lending Act Disclosures, and Massachusetts Disclosures required by the Attorney General's Office, were not given to my clients. This

includes the requisite copies of the Notice Of Right To Cancel. Further, the transaction was handled by you without giving the borrowers' notice of their right to counsel.

The practice of failing to give proper Disclosures, State and Federal, is a per se violation of 93A. Additionally, it shows bad faith conduct of a lender and a disregard for Federal Laws, Regulations, Regulatory Directives, as well as an absence of adherence to the Massachusetts counterparts. The entire transaction can be characterized as "unfair and deceptive", which is the basis for violations under Chapter 93A as well as Federal UDAP Laws.

Based on the documents provided to me by my clients, and the documents you provided as a response to the QWR, my clients were paying an interest rate with an APR of 10.504% and a Note rate of 10.50%. The average rate for 30 year fixed rate mortgages on the day of closing was between 6.45% and 6.75%. Not only does a 4% margin over the average appear excessive, but the information was unknown to my clients. Further, the APR which is full 1% above the contract rate (Note rate), indicates the fees paid were "substantial". It is unusual for the amount financed and the amount of the loan to differ enough to create a 1% spread between the contract rate and the APR.

In the case of the Roberts, your company, at the day of closing, informed the borrowers that they would have to pay more than \$10,000.00 in origination points and so called loan discount points. It is hard to see how the rate could have been bought down considering how high it was.

When one looks at the full picture involving this transaction, it appears that the borrowers paid an additional \$10,800.00 in the first five (5) years of the loan for Life & Disability Insurance. Mr. Robert most certainly would not have purchased Disability Insurance had he known it was voluntary as his company, which he thought he would be working for until retirement, offered as part of the compensation package, Disability Insurance. Mr. Robert was covered under that policy. Most certainly, my client did not know that their coverage was only good for the first 1/6th of their loan term. The fact that they were denied coverage and the money returned to them does not alter the fact that you violated regulations and committed an unfair and deceptive practice at the time of loan origination.

The HUD 1A Settlement Statement is deceiving, in that it shows only \$11,516.00 in settlement charges. It should be noted that this is nearly 8% of the principal amount of the loan, concealed in plain sight, is the premium exacted by Household for the two (2) insurances which were deemed by my clients obligatory, whether you carry them as voluntary "disbursement to others" as they are shown on the HUD 1A or in any other manner. The combination of the closing costs paid to Household and the insurance paid to Household at closing amount to 14.35% of the principal borrowed.

I ask that you not respond by indicating this was an isolated case of an over zealous loan originator because we have several other loans in this office by Household Finance Corp., II, HFC, HSBC, and Beneficial which follow the same pattern and practice. Closing costs and related fees of 14.35% violate all Federal and Massachusetts guidelines, and regulations for high cost loans and consequently fall into the category of what are now referred to as predatory lending practices.

Turning to a slightly different view of the transaction the appraisal used for the loan, which was provided to us in your response to the QWR, shows a then current market value of \$125,000.00. Without considering the second mortgage loan, by you, originated the same day you lent them 117% of value. When we add the additional \$25,000.00, we find that the Roberts were lent nearly 137% of value. It should be understood that we realize the second mortgage loan was a HELOC. It is interesting then that the initial advance at 18% was \$26,000.00; this is \$1,000.00 above the limit in the loan documents.

Not only did the borrowers not understand the nature of the transaction from a financial perspective, but the closings took place in your offices with no attorney present, who might have called to the borrowers

attention and to your staffs attention the outrageous nature of the combined loans.

Finally, the Truth In Lending Disclosure showing an APR of 11.504% may be computed accurately, but it defies logic for an unsophisticated borrower to understand, even if they carefully review the second page of the Truth In Lending Disclosure. The itemization contained on page 2 shows all the monies being paid at closing, but interestingly shows the origination fee and points as "pre-paid finance charge". That characterization itself is incorrect and violates the Federal Truth In Lending Act and the Massachusetts counterpart. A careful reading by a borrower who has had a mortgage elsewhere and is refinancing would leave the borrower to believe that your "pre-paid finance charge", would be equivalent to pre-paid interest in any other conventional refinancing situation. However, your characterization certainly assists in proving this is a high cost loan. None of the proper disclosures were given considering that classification. This violates TILA, and the Massachusetts counterparts, by itself.

Summarizing and characterizing all of the above Household Finance Corporation II, engaged in unfair and deceptive practices, which violate Mass General Laws Chapter 93A, failed to comply with the Truth In Lending Act, which is a per se violation of Mass General Laws Chapter 93A, failed to comply with the Massachusetts Rules requiring Disclosures, including a proper Truth In Lending Disclosure which is another per se violation of Massachusetts General Laws Chapter 93A.

Under the statute, Mass General Laws Chapter 93A, you have thirty (30) days to respond to our demand. The demand itself is simple: to compensate the Roberts for the unnecessary stress they have undergone and to be fair to HFC II, it is our position that the principal amount of the loan must be reduced to the \$125,000.00 value shown on your appraisal, with a thirty (30) year fixed loan with an interest rate of 5.0%. This would allow my clients to have a new 30 year fixed rate mortgage fully amortizing with a payment of approximately \$700.00 per month. In exchange we would release HFC II from all further claims including the potential treble damages under MGL 93A. In addition to the loan modification set forth above we are demanding legal fees in the amount of \$7,500.00 which covers the Roberts bankruptcy fees for the Chapter 13 Bankruptcy and the work to avoid a second foreclosure along with this claim.

Under Mass General Laws Chapter 93A you have thirty (30) days to respond to this letter. Please contact us directly and do not contact our client under any circumstances. Direct any communication necessary to this office. Should you not offer a settlement within the aforementioned time period you may be subject to treble damages under the statute.

Thank you.

Sincerely,

RICHARD I. ISACOFF, P.C.

Richard I. Isacoff, Esq.

RII/mpb

cc: M/M Fletcher

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