

Judge Makes MultiMillion-Dollar Class Award in Quicken Loan Case

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Citing “truly egregious conduct,” a federal judge imposed nearly \$10 million in statutory damages against Quicken Loans as part of a class-action lawsuit alleging that Quicken Loans originated unlawful loans in West Virginia by influencing appraisers.

The lawsuit alleges that Quicken Loans furnished appraisers with target values in an attempt to influence appraisers to meet those values, regardless of the actual worth of the property. The practice of influencing appraisers has been universally condemned as it often leads to borrowers closing loans for amounts far greater than their homes are worth. Upside down loans were one of the most salient parts of the predatory lending that led to the collapse of our financial markets in the late 2000s.

The order notes that “Quicken has to this day never offered any legal or industry source that would indicate suggesting values to appraisers was considered a best or even valid lending practice.” The court found it compelling that in a 2005 West Virginia case, *Herrod v. First Republic Mortgage*, the West Virginia Supreme Court of Appeals had recognized the risk of underwater loans from this very practice.

After recounting the many indications that the conduct was improper, the court found that “[t]here was simply too much opinion and information condemning the practice of telegraphing a value to an appraiser for the defendants to hide behind ‘It’s not illegal.’” U.S. District Judge John Preston Bailey then imposed a statutory penalty of \$3,500 per violation for the “unconscionable conduct” of Quicken Loans and its appraisers. There are more than 2,700 class members.

In the 74-page order resolving a number of motions, Bailey also refused several defense motions, including a motion to decertify the class, and a motion for summary judgment against certain class members. The court awarded summary judgment to plaintiffs on the issue of contract damages, to the tune of nearly \$1 million.

JUDGE MAKES MULTIMILLION-DOLLAR CLASS AWARD IN QUICKEN LOAN CASE

The plaintiffs are represented by John Barrett, Jonathan Marshall and Patricia Kipnis of Bailey Glasser's Charleston, West Virginia and Cherry Hill, New Jersey offices, as well as James Bordas and Jason Causey of Bordas & Bordas of Wheeling, West Virginia.

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Practice Areas

Class Actions

Consumer Litigation