

These Are Junk Fees

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In the Consumer Financial Protection Bureau’s (“CFPB’s”) [most recent Supervisory Highlights, published on April 24th](#), the agency identified a wide variety of fees that were improperly charged to mortgage borrowers. As compared to other “junk fee” efforts by the CFPB, almost all of the fees identified in this report were charged to the borrower either in violation of their agreement or for reasons that had nothing to do with the borrower’s actions, but instead could be ascribed to mistakes made by their servicers. Nevertheless, the CFPB used the publication of this document as a means to publish a [press release](#) that beats the drum regarding [their final rule](#) that severely restricts credit card late fees because they are “junk fees.” That rule has been [severely challenged](#) by the credit card industry.

For example, the fees and fee practices that were highlighted by the Supervisory Highlights include:

- Borrowers who obtained a loan modification as a result of COVID were still charged late fees, in violation of laws that required servicers to exclude such fees from the loan modification;
- Certain borrowers that had conforming loans with Fannie Mae, but who were in a certain state of delinquency, were charged property inspection fees by their servicers, in violation of Fannie Mae standards; and
- Some servicers used generic “service fee” descriptors for up to eighteen different kinds of fees, junk or legitimate, such that borrowers were unable to discern whether the fee was accurately assessed.