

“Suspense Account” Homeowner – Investor May They Never Meet

The writer over the years has heard over and over homeowners stating that payments were made but the payments were placed into a “Suspense Account” instead of being applied to the indebtedness.

First we must determine who the owner of the Suspense Account is. By process of elimination we can rule out the financial institution as they sold the indebtedness to a subsequent purchaser for use as collateral in an “Investment Vehicle”.

If the indebtedness is part of an Investment Vehicle then we can rule out the Seller/Securitizer, the Depositor and the Trustee for the Investment Vehicle.

This would only leave the Custodian of the Investment Vehicle for the benefit of the Certificateholders being the owner of the “Suspense Account”. So bottom line is the investors are the owners of the “Suspense Account”.

The payments made on the indebtedness by the homeowners are made to the “Servicer” for benefit of the owners of the Investment Vehicle. The processing fee for managing the accounting of payments made by the homeowners is deducted from payments received and these reduced funds are forwarded to the investors less the processing and accounting fees incurred in disbursing the funds collected from the homeowner.

The writer is not concerned with proper accounting fees being deducted from payments to investors, what alarms the writer is while these funds are within the “Suspense Account” and outside of accounting rules, were the funds within the “Suspense Account” used by another party in the generating of interest monies.

One must remember the large financial institutions own the servicers.

Without accounting procedures in place one only has to wonder what was this short term “Suspense Account” money was used for and by whom.

It is of the writer’s opinion that this interest should belong to the investors.

Not only was the homeowner payments denied proper application the investors were denied interest monies.