

Suspension of the Loan Modification Management Program

The United States Bankruptcy Court for the Eastern District of North Carolina announces the immediate suspension of new applications for participation in the Loan Modification Management (“LMM”) program. The Chapter 13 cases that are currently in the LMM program process may continue until conclusion. The court may reconsider the termination of the suspension if the need arises.

The court established the LMM program effective March 1, 2019. Its purpose was to function as a forum for debtors in a pending Chapter 13 case and creditors to reach a consensual resolution when a debtor’s property is at risk of foreclosure through confidential communication and the exchange of information.

While the LMM program garnered good success during its infancy, the use of the LMM program and its benefits have waned. The factors supporting the suspension of the LMM program are the following:

- a. Reduced use by Chapter 13 debtors;
- b. Reduced cooperation among mortgage lenders and servicers;
- c. Resignation of facilitators and reluctance to serve;
- d. Inadequate facilitator compensation, proving economically unviable for participating attorneys;
- e. Insufficient mortgage loan eligible for the LMM program;
- f. Effective arrangements outside of the LMM program; and
- g. Lack of LMM program benefit.

The court expresses its appreciation for those members of the Bar who participated in the program as counsel and facilitators.