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[Search CJ](#)
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Civil Justice in the News

CIVIL JUSTICE SETTLES CLASS ACTION LAWSUIT ON BEHALF OF REAL ESTATE CONSUMERS

May 5, 2004, PFC Title, LLC (dba Dove Title), Premier Financial Company, and The Fountainhead Title Group Corporation have agreed to settle two class action lawsuits brought on behalf on consumer borrowers who utilized their services. The lawsuits were filed by the Towson, Maryland law firm Quinn Gordon and Wolf, Chtd. and Civil Justice, Inc. (a non-profit organization located in Baltimore City). The Settlement, once approved by the Court, will result in the payment of up to \$620.50 for each of the more than 1,200 consumer borrowers affected by these cases. In agreeing to the settlement, the defendants deny any liability.

The suits, filed in 2003, charge that the companies' use of affiliated business arrangements, or joint ventures, were not in conformance with certain federal statutes, including the Real Estate Settlement Procedures Act (RESPA), which resulted in the borrowers paying allegedly excessive fees to close their loans. According to the Plaintiffs' counsel, Fountainhead and Premier Financial together set up the affiliated business arrangement Dove Title as a way to pay referral fees to Premier Financial.

The defendants, while arguing that RESPA guidelines were met and that the fees charged were reasonable, determined that the cost and expense of attempting to demonstrate compliance in this instance would be substantial. Instead, they opted to join the plaintiffs in resolving the case in a timely fashion.

In agreeing to a settlement, both parties gave credit to U.S. District Court Judge William M. Nickerson for bringing the parties together in what could have been a protracted, complex, and difficult matter. They also praised Magistrate Paul W. Grimm for investing significant time and effort in bringing the two parties to an agreement to settle without incurring potentially significantly legal costs associated with a long trial.

According to H. Dean Bouland, attorney for Fountainhead, "It was in no one's interest to continue litigating this matter, given its complexity and the lack of clarity surrounding the regulations in question. The chance to resolve this now allows Fountainhead to continue providing the region's homebuyers the quality services they deserve and avoid spiraling legal costs in the future."

Richard S. Gordon, Lead Counsel for the Plaintiffs said that "This settlement is a win, win, win for consumers. Fountainhead Title and Premier Financial have done the right thing by agreeing, through this settlement, to return the disputed fees and also changing their practices to insure that such a change will not be assessed in the future."

Denis J. Murphy, Executive Director of Civil Justice, Inc., who also represented the Plaintiffs in this case, said that "We are happy to get resolution of these cases and to recover funds on behalf of the consumers who paid the contested fees in the arrangements that we questioned."

Pursuant to the settlement, each consumer that settled through Dove Title (which has ceased operation) will be receiving a refund of a portion of the fees they paid to close their loan.

The settlement also includes a fund whereby any excess or unclaimed settlement funds are contributed to various charities, including Habitat for Humanity and Comprehensive Housing Assistance, Inc.

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