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Maryland tenants file class action against multi-state landlord Morgan Properties to stop illegal fee collection practices

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BALTIMORE, MD – Four Maryland residents filed a class action lawsuit today, challenging Morgan Properties Management Company, LLC’s alleged practice of charging its tenants excessive, illegal fees. The lawsuit contends that Morgan Properties charges tenants excessive, illegal fees, regularly misapplies tenants’ subsequent payments in part to the illegal fees, and then deems the next rent payments “late” to justify charging additional excessive fees. Morgan Properties demands payment of these improper fees under threat of eviction. The company operates in 11 states, with more than 40 complexes in Maryland, and calls itself “one of the nation’s largest and fastest growing real estate investment and management companies.”

“Something didn’t add up with the fees,” recalls plaintiff Kenisha Wright, a healthcare professional and single parent who leased at Morgan’s Seneca Bay Apartments in Middle River, Maryland. Saddled with unusually high water bills, Ms. Wright faced eviction actions nine times in a period of 13 months. “The court papers would say one thing, but the account said another. There was always something off, but I would just pay whatever they told me to pay to stop the eviction.”

The complaint alleges that Morgan charges each tenant who it claims paid rent late a 5% late fee as well as a “filing fee” that is often \$20 to \$30 above actual court costs and charged to the tenant’s account before a court has even heard an eviction action. Contrary to Maryland law, Morgan claims that these fees are “rent” and thus collectible under threat of eviction. Morgan’s standard lease language also claims the right to misallocate each tenant’s rent payment first to the illegal fees. This means that unless the illegal fees are paid, any subsequent timely rent payment will also be deemed “late” – thereby churning additional fees.

Plaintiff Kelly Alston, a single parent who rented at Morgan-managed properties in Laurel, Maryland, and Towson, Maryland, was drawn to the company by a special discount deal. “I was crash-coursed into the property, and I didn’t understand all the charges,” she recounts. “If I didn’t have to pay the extra fees, that’s money that would have benefited my kids. It adds up.”

After a court enters judgment for the landlord to repossess a rental unit, Maryland law allows tenants to redeem possession by payment of court-determined back rent and costs. But at times, the plaintiffs allege, Morgan inflates the redemption amount beyond the court’s order or refuses to accept tenants’ redemption payments if they do not also pay the illegal fees. The plaintiffs also allege that Morgan threatens its tenants with additional eviction actions if they do not pay off accumulated fees.

At a Morgan property in Glen Burnie, Maryland, plaintiff Jeff Forbes and his family were met with unexpectedly high utility charges and fell into arrears. Even after they paid rent to satisfy court judgments, they received additional notices demanding more money. “The accounting is so confusing that you don’t know what they’re charging you for,” Mr. Forbes says. He says he pays whatever Morgan tells him to pay, so that his family can avoid eviction.

Fee-churning schemes are a source of additional profit for landlords in Maryland’s increasingly expensive rental housing market. Recent data reveal that more than half of Maryland tenants are renting homes that are unaffordable, i.e., paying more than 30% of their income in rent, because there are so few affordable options. In Baltimore City alone, landlords file over 150,000 lawsuits annually for non-payment of rent, resulting in roughly 7,000 evictions. Fee-churning schemes keep renting families constantly guessing at what they owe in any given month, constantly falling farther “behind” on the landlord’s ledger, and constantly facing eviction.

“The routine practice of charging tenants illegal fees, combined with pursuing evictions against them, is predatory and destructive to hard-working Marylanders and their families. This is yet another example of corporations profiting from deceptive policies,” said Chelsea Ortega of Santoni, Vocci & Ortega, LLC. “Santoni, Vocci & Ortega is proud to partner with the Public Justice Center and Brown, Goldstein & Levy to represent tenants harmed by Morgan’s practices.”

According to plaintiffs’ attorney Zafar Shah of the Public Justice Center, the Maryland eviction process is ripe for the abuses detailed in the complaint. “There are few backstops against landlords’ attempts to disguise incomprehensible fees as mere back rent that serves as ground for eviction. People struggle to get by, only to face this legal process over and over again, with no right to a lawyer.”

“Adding small but improper fees to the rent of tenants living paycheck to paycheck, then misallocating rent payments to those fees in order to generate more fees, is a scheme that preys on working-class tenants,” said Andrew D. Freeman of Brown, Goldstein & Levy, LLP. “Morgan Properties’ misuse of Maryland courts’ eviction proceedings to force tenants to pay these improper fees makes this scheme all the more deplorable. It must be stopped.”

The case is *Latonya Roberson, et al. v. Morgan Properties Management Company, LLC*, filed in the Circuit Court for Baltimore County. The class plaintiffs are represented by the Public Justice Center, a civil legal aid organization, and the law firms of Santoni, Vocci & Ortega and Brown, Goldstein & Levy. ###