UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Ruben Palazzo v. Bayview Loan Servicing, LLC

Palazzo v. Bayview Loan Servicing · No. No. 24-2169 · Decided March 20, 2026

SUMMARY

The Fourth Circuit affirmed summary judgment for mortgage servicers in a published appeal involving communications sent to a Chapter 13 debtor. The court held that monthly mortgage statements, requested payoff statements, and tax forms were informational and did not constitute attempts to collect a debt under the Fair Debt Collection Practices Act or violations of the bankruptcy automatic stay. The court also upheld dismissal without prejudice of the remaining state-law claim.

CASE DETAILS

COURT	United States Court of Appeals for the Fourth Circuit
WRITING FOR THE COURT	Thacker; King; Wynn
JURISDICTION	United States Court of Appeals for the Fourth Circuit
DECIDED	March 20, 2026
DOCKET	No. 24-2169
DISPOSITION	affirmed
PROCEDURAL POSTURE	Palazzo appealed from the district court's grants of summary judgment to the mortgage servicers on his federal FDCPA and automatic-stay claims and dismissal without prejudice of his state-law claim after the court declined supplemental jurisdiction. The Fourth Circuit affirmed.
STANDARD OF REVIEW	De novo review of the district court's decision on cross-motions for summary judgment.
PRECEDENTIAL VALUE	published and precedential
PARTIES	Ruben Palazzo v. Bayview Loan Servicing, LLC, now known as Community Loan Servicing LLC, Manufacturers and Traders Trust Company, d/b/a M&T Bank

TOPICS

fair debt collection · automatic stay · chapter 13 · bankruptcy · standard of review

PRACTICE AREAS

bankruptcy consumer protection fair debt collection appellate procedure real estate finance

QUESTIONS PRESENTED

1. Whether monthly mortgage account statements sent during Palazzo's Chapter 13 bankruptcy, despite listing balances, future payment information, and payment coupons, were communications made in connection with the collection of a debt under the FDCPA.
2. Whether payoff statements sent at Palazzo's request during his bankruptcy were communications made for the purpose of collecting a debt under the FDCPA.
3. Whether 1098 tax forms sent during the bankruptcy constituted debt-collection activity under the FDCPA.
4. Whether the challenged communications violated the automatic stay under 11 U.S.C. § 362(a).
5. Whether the district court properly dismissed the state-law claims after declining supplemental jurisdiction.

HOLDINGS

1. Monthly mortgage statements containing clear and unequivocal bankruptcy disclaimers stating that they were informational and compliance communications, not attempts to collect a debt, and directing the debtor to pay the bankruptcy trustee rather than the servicer, were not communications made in connection with debt collection.
2. Payoff statements sent at the debtor's request, containing disclaimers that they were not demands for payment or attempts to impose personal liability, were not sent for the purpose of collecting a debt.
3. 1098 tax forms listing mortgage and tax information, without demanding payment or providing payment instructions, were not related to debt-collection activity.
4. Purely informational communications that are not debt-collection efforts do not violate the automatic stay, and the challenged documents therefore did not violate 11 U.S.C. § 362(a).
5. The district court properly dismissed the state-law claims without prejudice after declining supplemental jurisdiction because the federal claims were affirmed and Palazzo did not provide information sufficient to establish diversity jurisdiction.

KEY QUOTATIONS

> *"Left to our own devices, we have adopted a "commonsense inquiry that evaluates the nature of the parties' relationship, the objective purpose and context of the communication, and whether the communication includes a demand for payment.""* (10-11)

> *"And because documents that are purely informational in nature do not violate the automatic stay, see In re Duke, 79 F.3d 43, 46 (7th Cir. 1996), we hold that the district court properly granted Appellees summary judgment on Count II."* (22)

FACTUAL BACKGROUND

Palazzo obtained a mortgage in 2007, later entered a repayment agreement, and filed Chapter 13 bankruptcy in February 2016, triggering an automatic stay. During the bankruptcy, the servicers sent monthly account statements, payoff statements requested by Palazzo, and 1098 tax forms, each containing varying mortgage or tax information and, for the account and payoff statements, bankruptcy disclaimers. Palazzo alleged that these communications were attempts to collect a debt and contained inaccurate figures, but the district court and Fourth Circuit concluded that they were informational rather than debt-collection communications.

PROCEDURAL HISTORY

Palazzo filed this action during his Chapter 13 bankruptcy proceedings, alleging that monthly mortgage statements, requested payoff statements, and 1098 tax forms violated the automatic stay and federal and state debt-collection laws. The district court granted the servicers summary judgment on the federal claims, declined to exercise supplemental jurisdiction over the remaining state-law claim, dismissed that claim without prejudice, and closed the case. A prior appeal was dismissed for lack of a final order because the entire complaint had not yet been resolved.

DISPOSITION

affirmed

CASES CITED

- Kipke v. Moore, 165 F.4th 194, 205 (4th Cir. 2026)
- Maryland Shall Issue, Inc. v. Moore, 116 F.4th 211, 220 (4th Cir. 2024) (en banc)
- Palazzo v. Bayview Loan Servicing, LLC, No. 23-1429, 2023 WL 7144636 (4th Cir. Sept. 5, 2023)
- Lovegrove v. Ocwen Home Loans Servicing, L.L.C., 666 F. App'x 308 (4th Cir. 2016)
- Koontz v. SN Servicing Corp., 133 F.4th 320, 326-27 (4th Cir. 2025)
- Calogero v. Shows, Cali & Walsh, L.L.P., 970 F.3d 576, 581 (5th Cir. 2020)
- In re Dubois, 834 F.3d 522, 527 (4th Cir. 2016)
- United States v. National Financial Services, Inc., 98 F.3d 131, 136 (4th Cir. 1996)
- Boosahda v. Providence Dane LLC, 462 F. App'x 331, 333 n.3 (4th Cir. 2012) (per curiam)
- Jensen v. Pressler & Pressler, 791 F.3d 413, 417 (3d Cir. 2015)
- Obduskey v. McCarthy & Holthus LLP, 586 U.S. 466, 474-75 (2019)
- Collins v. Pond Creek Mining Co., 468 F.3d 213, 219 (4th Cir. 2006)
- Alexander v. Carrington Mortgage Services, LLC, 23 F.4th 370, 373-75 (4th Cir. 2022)
- Guthrie v. PHH Mortgage Corp., 79 F.4th 328, 334-43 (4th Cir. 2023)
- Grden v. Leikin Ingber & Winters PC, 643 F.3d 169, 173 (6th Cir. 2011)
- Houck v. Substitute Trustee Services, Inc., 791 F.3d 473, 484 (4th Cir. 2015)
- In re Duke, 79 F.3d 43, 46 (7th Cir. 1996)