STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** · COMMISSIONER **Manuel P. Alvarez**

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DFPI Joins $88 Million Multi-State Settlement with Nationstar Mortgage LLC

Company to pay restitution and penalties to more than 54,000 California consumers

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) today joined in a $88 million multi-state settlement with Nationstar Mortgage LLC to resolve allegations that the company violated state and federal laws on foreclosures, loan modifications and servicing. The settlement ensures that California consumers receive millions in financial restitution.

The settlement requires the Texas-based lender (dba "Mr. Cooper"), one of the largest in the nation, to pay $88,470,891 in consumer relief, to be distributed by an administrator to more than 115,000 borrowers from California and 52 other participating states and territories. More than 54,000 California borrowers have received or will be eligible for nearly $19 million in restitution under the settlement. The administrator has or will contact eligible borrowers, who must then submit claims to the administrator.

"The Department joins regulators across the country in sending a strong message that we will not tolerate excessive fees or other harmful practices in the mortgage industry," DFPI Commissioner Manuel P. Alvarez said. "Under this settlement, Nationstar will compensate tens of thousands of borrowers in California and across the nation who were hurt by its servicing and foreclosure actions."

Under the settlement, 54,672 California borrowers have or will receive a total of $18,999,545 in restitution payments. Of this total, 52,689 borrowers have already received payments totaling $15,222,687 via check or account credit. The remaining amounts to be paid – $3,776,558 to as many as 1,983 borrowers – will be distributed in accordance with the Redress Plan section of the order. California consumers who have questions or think they may qualify for restitution payments, are encouraged to call Nationstar directly.

Consumer remediation and penalties were imposed on the company for multiple residential mortgage origination and servicing-related violations of state and federal laws, including impermissible mortgage origination fees and charges; missed tax payments from borrower escrow accounts; failure to terminate private mortgage insurance when conditions were met; mishandling of loan modifications and servicing transfers; and wrongful foreclosures.

The coordinated government agreements assessed four main penalties and organization changes:

1) Refunds and other redress approaching $90 million to more than 115,000 consumers in 53 states and jurisdictions;
2) Civil monetary penalties and government reimbursement in excess of $6.5 million;
3) Enhanced servicing standards for three years;

4) And additional regulatory oversight and corporate disclosure going forward to ensure the company maintains adequate risk and compliance programs.

In this action, the DFPI joined with 52 other state and territorial regulators (including Puerto Rico and the Virgin Islands), 51 state attorneys general and the federal Consumer Financial Protection Bureau (CFPB). The special inspector general for the Troubled Asset Relief Program and her staff provided technical support during the examination resolution process. Additionally, state regulators addressed servicing issues impacting borrowers in bankruptcy in coordination with the United States Trustee Program, a component within the Department of Justice.

The DFPI had taken previous enforcement action against Nationstar Mortgage in December 2017. Acting then as the Department of Business Oversight, staff negotiated a settlement with Nationstar Mortgage where they agreed to pay more than $9.2 million in refunds and penalties to resolve allegations they overcharged borrowers and failed to properly investigate consumer complaints.

Today's final order resolves all outstanding issues flowing from coordinated CFPB and state regulator examinations that began in 2014. State regulators retain jurisdiction over this order and nothing in the agreement impacts the DFPI or other state regulators from supervising the ongoing licensing and compliance obligations of Nationstar/Mr. Cooper. Should additional violations occur, or if issues are not addressed sufficiently, the company remains subject to further regulatory actions.

The settlement agreement and consent order may be viewed or downloaded at www.csbs.org/2020-settlement-agreement-and-consent-order.

In addition to regulating mortgage lenders and servicers, the DFPI licenses and regulates financial services, including state-chartered banks and credit unions, student loan servicers, commodities and investment advisers, money transmitters, securities issuers and broker-dealers, non-bank installment lenders, payday lenders, PACE administrators, escrow companies, and franchisors.

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