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Florida Attorney General's Office News Release

Attorney General Moody Secures Millions for Homebuyers in Florida and Nationwide

TALLAHASSEE, Fla.—Attorney General Ashley Moody today secured more than $86 million, including millions in relief for Florida homeowners, following a multistate investigation into Nationstar Mortgage, the country's fourth-largest mortgage servicer. Attorney General Moody is joined in the multistate action by 50 attorneys general and other federal and state agencies.

Attorney General Ashley Moody said, "Investing in a home is often the largest financial commitment a family makes—requiring years or even decades of regular monthly payments. Homeowners deserve accuracy, transparency and fair business dealings in the processing of their mortgage payments and servicing of their loans. Today's action will ensure improved servicing practices and better transparency for Floridians and homeowners nationwide. I am proud to secure relief for thousands affected by this mortgage servicer's faulty servicing practices."

The multistate consent judgment, filed in the U.S. District Court for the District of Columbia, along with other resolutions obtained by the state mortgage regulators and the Consumer Financial Protection Bureau, provides approximately $80 million in relief affecting more than 55,000 loans nationally. It covers conduct by Nationstar occurring from Jan. 1, 2011 until Dec. 31, 2017 and resolves allegations that Nationstar, which does business as Mr. Cooper, violated consumer protection laws during its servicing of mortgage loans.

Under the proposed settlement, direct payments from a fund of more than $6.4 million will be available to eligible borrowers, including those:

- Who lost homes to foreclosure shortly after a service transfer to Nationstar; or
- Who were improperly locked out of their homes during a property inspection.

A separate fund exceeding $15.6 million will go to borrowers for impermissible increases in mortgage payments. Prior to the resolution, and as a result of this investigation, borrowers received more than $57.7 million in relief for harms resulting from errors during servicing transfers and processing, trial loan modifications, untimely property tax payments, overpayments for private insurance and other servicing deficiencies. The court action also includes more than $6.5 million in payments to the state and federal entities for penalties, fines and costs of the investigation.

In Florida, 5,703 Florida borrowers are eligible to receive more than $7.8 million in relief, including relief already distributed and additional payments to be made. As a result of the multistate consent judgment, more than 1,767 Florida loans are eligible for more than $900,000

in direct payments from the payment fund available in the states' agreement. Prior to the court action, and as a result of this investigation, Floridians received more than $5 million in relief for servicing errors. Floridians will also be eligible for approximately $2.2 million of the $15.6 million fund for borrowers suffering increases in mortgage payments.

If approved by the court, the consent judgment will also require Nationstar to follow a detailed set of rules, or servicing standards, in how it handles certain mortgage loans. These servicing standards are more comprehensive than existing law and will be in place for three years starting on Jan. 1, 2021.

The multimillion-dollar multistate agreement was reached in conjunction with separate agreements filed by state mortgage regulators and the federal CFPB.

According to the investigation, Nationstar began purchasing mortgage servicing portfolios in 2012 from competitors and grew quickly into the nation's largest non-bank servicer. As loan data was transferred to Nationstar, borrowers who sought assistance with payments and loan modifications sometimes fell through the cracks and their loans were sent to foreclosure. Eligible borrowers in this category who file a timely claim will receive a guaranteed minimum payment of $840 as part of the consent judgment.

The investigation also uncovered other borrower harm resulting from Nationstar's failure to oversee third-party vendors hired to inspect and maintain properties owned by delinquent borrowers that improperly changed locks on homes. These borrowers who file a timely claim are eligible to receive a guaranteed minimum payment of $250.

An agreement administrator will send claim forms to eligible borrowers in 2021. Nationstar has already provided some of the relief outlined in the agreement.

The consent judgment also requires Nationstar to conduct audits and provide audit results to a committee of states to ensure compliance with the agreement.

The lawsuit alleged other unlawful acts and practices by Nationstar, including:

- Failing to properly oversee and implement the transfer of mortgage loans;
- Failing to appropriately identify loans with pending loan modification applications when a loan was being transferred to Nationstar for servicing;
- Failing to timely and accurately apply payments made by certain borrowers;
- Threatening foreclosure and conveying conflicting messages to certain borrowers engaged in loss mitigation;
- Failing to properly process borrowers' applications for loan modifications;
- Failing to properly review and respond to borrower complaints;
- Failing to make timely escrow disbursements, including the failure to timely remit property tax payments;
- Failing to timely terminate borrowers' private mortgage insurance; and
- Collecting monthly modified payment amounts on certain loans where the amounts charged for principal and interest exceed the principal and interest amount contained in the trial plan agreement.

To view the complaint, click here.

To view the proposed consent judgment, click here.