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CONSUMER FINANCIAL PROTECTION BUREAU AND MULTIPLE STATES ENTER INTO SETTLEMENT WITH NATIONSTAR MORTGAGE, LLC FOR UNLAWFUL SERVICING PRACTICES

WASHINGTON, D.C. — Today the Consumer Financial Protection Bureau (Bureau) filed a complaint and proposed stipulated judgment and order against Nationstar Mortgage, LLC, which does business as Mr. Cooper (Nationstar). The Bureau's action is part of a coordinated effort between the Bureau, a multistate group of state attorneys general, and state bank regulators. The Bureau alleges that Nationstar violated multiple Federal consumer financial laws, causing substantial harm to the borrowers whose mortgage loans it serviced, including distressed homeowners. Nationstar is one of the nation's largest mortgage servicers and the largest non-bank mortgage servicer in the United States. The proposed judgment and order, if entered by the court, would require Nationstar to pay approximately $73 million in redress to more than 40,000 harmed borrowers. It would also require Nationstar to pay a $1.5 million civil penalty to the Bureau. Attorneys general from all 50 states and the District of Columbia and bank regulators from 53 jurisdictions covering 48 states and Puerto Rico, the Virgin Islands, and the District of Columbia have also settled with Nationstar today and their settlements are reflected in separate actions, concurrently filed in the United States District Court for the District of Columbia.

"Mortgage servicers are entrusted with handling significant financial transactions for millions of Americans, including struggling homeowners. Nationstar broke that trust by engaging in unfair and deceptive practices prohibited by the Consumer Financial Protection Act of 2010, as well as violations of the Real Estate Settlement Procedures Act and the Homeowner's Protection Act," said CFPB Director Kathleen L. Kraninger. "Today's action is the culmination of a multi-year effort working with our state partners to investigate Nationstar's failings, which resulted in substantial consumer harm. We had a strong partnership with our state counterparts in this case and I thank them for all their support in this case."

"This settlement demonstrates the crucial role of state financial services regulators in ensuring that homeowners are protected as they obtain and pay down their mortgages—especially homeowners who may be struggling with making their payments," said Illinois Department of Financial and Professional Regulation Secretary Deborah Hagan. "This resolution demonstrates that a commitment to government coordination provides a path to efficient, effective, and comprehensive outcomes for both consumers and for Mr. Cooper, who will be held to the highest operational standards as it continues to provide mortgage services across the nation."

The Bureau's and States' proposed judgments and orders, if entered by the court, will yield nearly $85 million in recoveries for consumers to date and over $6 million more in fees and penalties. They are also part of a larger government effort, which also includes assistance from the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and the United States Trustee Program, to address Nationstar's alleged unlawful mortgage loan servicing practices.

In its complaint, filed in federal district court in the District of Columbia, the Bureau alleges that Nationstar engaged in unfair and deceptive acts and practices in violation of the Consumer Financial Protection Act of 2010, violated the Real Estate Settlement Procedures Act (RESPA), and violated the Homeowner's Protection Act of 1998 (HPA). Specifically, the Bureau alleges that between January 2012 and January 1, 2016, in numerous instances Nationstar failed to identify loans on its systems that had pending loss-mitigation applications or trial-modification plans, and as a result failed to honor borrowers' loan modification agreements. Nationstar allegedly foreclosed on borrowers to whom it had promised it would not foreclose while their loss mitigation applications were pending. Nationstar also allegedly improperly increased borrowers' permanent, modified monthly loan payments, mispresented to borrowers when they would be eligible to have their private mortgage insurance premiums canceled, and failed to timely remove private mortgage insurance from borrowers' accounts. Nationstar allegedly failed to timely disburse borrowers' tax payments from their escrow accounts and failed to properly conduct escrow analyses for borrowers during their Chapter 13 bankruptcy proceedings.

If entered by the court, Nationstar would be required to immediately set aside about $15.6 million to pay borrowers it has not remediated prior to the order's effective date and to certify that it has already paid approximately $57.5 million in redress to other borrowers affected by the conduct alleged in the complaint. The stipulated judgment and order would also require Nationstar, among other things, to enhance its policies and processes including with respect to handling consumer complaints and disputes, conducting escrow analyses on borrowers' accounts, transferring information during servicing transfers, offering loss mitigation, and terminating borrowers' private mortgage insurance.

To read the complaint click here: https://files.consumerfinance.gov/f/documents/cfpb_nationstar-mortgage-llc-dba-mr-cooper_complaint_2020-12.pdf.

To read the proposed stipulated judgement and order click here: https://files.consumerfinance.gov/f/documents/cfpb_nationstar-mortgage-llc-dba-mr-cooper_stipulated-final-judgment-and-order_2020-12.pdf.

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by regularly identifying and addressing outdated, unnecessary, or unduly burdensome regulations, by making rules more effective, by consistently enforcing federal consumer financial law, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.