Commonwealth of Kentucky
Public Protection Cabinet

Andy Beshear, Governor **Kerry B. Harvey, Secretary**

FOR IMMEDIATE RELEASE

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State Secures More than $600,000 for Kentucky Home Owners

DEPARTMENT OF FINANCIAL INSTITUTIONS FINALIZES INVESTIGATION OF MR. COOPER HOME LOANS, REACHES SETTLEMENT

FRANKORT, Ky. (Dec. 17, 2020) – The Department of Financial Institutions (DFI), along with state and federal government partners, has concluded a multiyear investigation of Nationstar Mortgage LLC, d/b/a Mr. Cooper, one of the largest mortgage servicers in the nation.

"The Department of Financial Institutions and the Public Protection Cabinet continue to serve Team Kentucky by safeguarding homeowners' investments," said Gov. Andy Beshear. "This settlement affects nearly 600 Kentuckians, and it is the latest example of how DFI defends our residents' financial interests."

The settlement imposes significant consumer remediation and penalties on the company for multiple violations of state and federal laws. Based on the investigation findings, the company:

- failed to submit tax payments from borrower escrow accounts;
- failed to terminate private mortgage insurance when required;
- mishandled loan modifications and servicing transfers; and
- wrongfully foreclosed on properties.

In Kentucky, the order includes redress of $611,000 for 595 consumers. In addition, Kentucky will receive a portion of the $750,000 in civil penalties, which will be distributed evenly among participating states and jurisdictions.

Many impacted consumers have already received refunds and more will be contacted by the settlement administrator in the coming weeks. Eligible consumers will be contacted by Nationstar or the settlement administrator about refunds under the settlement.

DFI joined with 52 other state regulators, 51 state attorneys general and the federal Consumer Financial Protection Bureau in the action. The special inspector general for the Troubled Asset Relief Program and her staff provided technical support during the examination resolution process. In addition, state regulators coordinated with the United States Trustee Program, part of the Department of Justice, to address servicing issues affecting borrowers in bankruptcy.

The coordinated government agreements required the following penalties, organizational changes and customer remuneration:

- nearly $90 million in refunds and other payments to more than 115,000 consumers in 53 states and jurisdictions;
- more than $6.5 million in civil monetary penalties and government reimbursement;
- enhanced servicing standards for three years; and
- additional regulatory oversight and corporate disclosure to ensure the company maintains adequate risk and compliance programs.

"This action to protect Kentucky borrowers is the result of a multistate effort. As the financial services industry grows and becomes more complex, the Kentucky DFI must work with other regulators to ensure consumers are protected and companies comply with statutes, regulations and proper corporate governance," said DFI Commissioner Charles A. Vice.

The 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 keeps state regulators from supervising the ongoing licensing and compliance obligations of Mr. Cooper. The company remains subject to further regulatory actions should additional violations occur, or if it does not address issues sufficiently.

The settlement agreement and consent order are online at www.csbs.org/2020-settlement-agreement-and-consent-order.

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DFI, http://kfi.ky.gov, is an agency in the Public Protection Cabinet. For more than 100 years, it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, encouraging economic opportunities, and promoting sound financial decisions through financial literacy and empowerment programs.