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FOR IMMEDIATE RELEASE:
December 7, 2020

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MASSACHUSETTS DIVISION OF BANKS FINALIZES INVESTIGATION OF NATIONSTAR MORTGAGE'S MISCONDUCT AND OPERATIONAL WEAKNESSES

BOSTON, MA — The Massachusetts Division of Banks (DOB), in coordination with state and federal government partners, closed a multiyear investigation of Nationstar Mortgage LLC, d/b/a Mr. Cooper, one of the largest mortgage servicers in the nation, the agency announced today.

Significant 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.

These violations affected more than 115,000 consumers nationwide.

In taking action, DOB joined with 52 other state regulators, 51 state attorneys general, and the Federal Consumer Financial Protection Bureau. 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 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) Additional regulatory oversight and corporate disclosure going forward to ensure the company maintains adequate risk and compliance programs

In Massachusetts, the order includes redress of \$2.1 million for 1,904 consumers and civil penalties/government reimbursements totaling \$105,000.

“Through these collaborative supervisory efforts, coordinated by the state Multistate Mortgage Committee (MMC) of which DOB is an active participant, Massachusetts consumers have been protected from unlawful servicing practices by the companies servicing their mortgage loans,” said Undersecretary of Consumer Affairs and Business Regulation Edward A. Palleschi.

“The Division continues its active participation and leadership in multistate supervisory efforts such as this one which began in 2014, because we recognize the importance of working together with state and federal regulatory partners, as well as attorneys general across the country, to effectively drive industry compliance,” said Commissioner of Banks Mary L. Gallagher. “I am proud of our team’s ongoing focus and commitment to ensuring that companies doing business in the Commonwealth are properly regulated and regularly examined to determine compliance with consumer protection laws.”

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 state regulators from supervising the ongoing licensing and compliance obligations of 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 found at www.csbs.org/2020-settlement-agreement-and-consent-order.