State and Federal Regulators Finalize Investigation of Mr. Cooper Misconduct and Operational Weaknesses

Dec 7, 2020

State financial services regulators from 53 jurisdictions, with assistance from the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators, closed a multiyear investigation of Nationstar Mortgage LLC, d/b/a Mr. Cooper, one of the largest mortgage servicers in the nation.

This joint effort also involved 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. State regulators also 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 secured refunds and other redress of almost $90 million to more than 115,000 consumers in 53 states and jurisdictions. The company will also pay more than $6.5 million in civil penalties and government reimbursement.

“Multistate supervision and enforcement actions like today’s exemplify the power of states working together to regulate financial services, protect consumers and local economies,” said John W. Ryan, CSBS president and CEO. “States working together and with their federal counterparts is the future of industry oversight.”

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
Today’s final order resolves all outstanding issues flowing from coordinated CFPB and state regulator examinations that began in 2014. The examinations found 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.

View the settlement agreement and consent order at www.csbs.org/2020-settlement-agreement-and-consent-order.

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