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PRESS RELEASES

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Washington, D.C. – Forty-eight state financial agencies in 47 states have reached a $15.5 million settlement with one of the nation's largest mortgage servicers for improperly imposing "force-placed" insurance costs on borrowers who already had active homeowners insurance policies.

Under the terms of the settlement, Fort Washington, Penn., based NewRez LLC (NMLS ID 3013), will pay a total of $15.5 million. The company worked with state regulators to self-identify and proactively remediate more than $4.5 million to the impacted borrowers, and it will pay nearly an additional $11 million for costs and penalties. NewRez will be required to implement and conduct enhanced monitoring for loans that have force-placed insurance. The company also must implement other actions to strengthen controls.

The settlement resolves an issue discovered in a multistate examination of NewRez that found the company had improperly imposed force-placed insurance on more than 4,200 borrowers with active homeowners' insurance policies, causing consumer harm in the sum of more than $4.5 million.

Force-placed insurance is often required when a homeowner's policy is cancelled, delinquent or is insufficient in coverage and the borrower has failed to secure replacement coverage. If necessary, the lender, bank, or loan servicer may force the replacement coverage, which allows the lender to protect its financial interest in the property. This practice usually is significantly more costly than if a consumer secures their own insurance policy.

The District of Columbia led the enforcement team, with the assistance of Arkansas, Iowa, Massachusetts, and Montana. NewRez cooperated with the states in the settlement.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.