

# **Attorney General Raoul Reaches \$86.3 Million Settlement With Mortgage Servicer Nationstar**

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**CHICAGO** – Attorney General Kwame Raoul and Iowa Attorney General Tom Miller today led a bipartisan coalition of 50 attorneys general, which joined other federal and

state agencies to announce an \$86.3 million settlement with Nationstar Mortgage (Nationstar). Nationstar is the country's fourth-largest mortgage servicer.

[The judgment](#) resolves allegations that Nationstar, which does business as "Mr. Cooper," violated consumer protection laws during its servicing of mortgage loans between Jan. 1, 2011 and Dec. 31, 2017. The settlement provides relief to the thousands of borrowers whose loans were mishandled or experienced additional problems when their loans were transferred to Nationstar, leading to foreclosure in some circumstances.

"Nationstar failed to provide the necessary support to homeowners, causing borrowers to fall behind on their payments and risk foreclosure," Raoul said. "This settlement holds Nationstar accountable for these actions and ensures that customers receive comprehensive support from the company going forward."

The consent judgment, filed in the U.S. District Court for the District of Columbia, provides approximately \$79.2 million in relief affecting 55,814 loans nationally, with more than \$3.4 million directed to 2,487 loans in Illinois. The judgment also requires Nationstar to follow a detailed set of rules or "servicing standards" in how it handles certain mortgage loans. These servicing standards are more comprehensive than existing law and will be in place for three years starting on Jan. 1.

In 2012, Nationstar began purchasing mortgage servicing portfolios from competitors and grew quickly into the nation's largest non-bank servicer. [The lawsuit](#) alleged that as loan data was transferred to Nationstar, borrowers who had sought assistance with payments and loan modifications sometimes fell through the cracks. Borrowers in this category will receive a guaranteed minimum payment of \$840 as part of the settlement.

The lawsuit also alleged that other borrowers suffered damages when Nationstar failed to oversee third-party vendors hired to inspect and maintain properties owned by delinquent borrowers and improperly changed locks on their homes. These borrowers will receive a guaranteed minimum payment of \$250. Additionally, Raoul and the attorney generals allege that Nationstar failed to timely and accurately apply payments by certain borrowers, failed to properly review and respond to borrower complaints and failed to make timely escrow disbursements, including payments allocated for property taxes.

A settlement administrator will send a claim form to eligible borrowers in 2021. Nationstar has already provided some of the relief outlined in the settlement.

Joining Raoul in reaching the settlement are the attorneys general of every other state and the District of Columbia. Raoul and the attorneys general negotiated the settlement with state mortgage regulators and the federal Consumer Financial Protection Bureau,

which filed separate settlement documents. Raoul and the attorneys general also collaborated with the U.S. Trustee Program (USTP), a component within the Department of Justice that seeks to promote the efficiency and protect the integrity of the bankruptcy system. The USTP is finalizing a separate agreement with Nationstar to address historical servicing issues impacting borrowers in bankruptcy.

Raoul encourages homeowners who need mortgage assistance to call his Homeowner Helpline at 1-866-544-7151 or visit the [Attorney General's website](#).