



State Attorneys General and State Mortgage Regulators Reach \$45 Million Settlement with PHH Mortgage Corporation

January 3, 2018 (Anchorage, AK)—Attorney General Jahna Lindemuth has joined 48 other state attorneys general, the District of Columbia and over 45 state mortgage regulators in a \$45 million settlement with New Jersey-based mortgage lender and servicer PHH Mortgage Corporation.

The settlement resolves allegations that PHH, the nation’s ninth largest non-bank residential mortgage servicer, improperly serviced mortgage loans from January 1, 2009 through December 31, 2012. The agreement requires PHH to adhere to comprehensive mortgage servicing standards, conduct audits, and provide audit results to a committee of states. This settlement builds on prior settlements the State of Alaska has joined that focus on unlawful practices of certain mortgage servicing companies. These include [multi-state settlements](#) with HSBC, SunTrust, and Ocwen as well as the National Mortgage Settlement.

“Even though we were fortunate that PHH’s unlawful actions impacted only a small group of Alaskans, it is important that we go after this type of behavior,” Attorney General Lindemuth said. “Mortgage servicing companies need to know that we are watching. They have a great deal of power over their borrowers, and we need to be vigilant in assuring the public and other companies that unlawful conduct will not be tolerated.”

The Department of Commerce, Community, and Economic Development Commissioner Mike Navarre went on to say, “A home is the largest purchase many people will make in their lifetime so it is extremely important that mortgage servicers apply monthly payments in an accurate and timely manner. This settlement will address the mortgage servicing standards that PHH failed to meet and provide monetary relief to borrowers who were foreclosed on or who were harmed in the referral process.”

The states’ allegations against PHH include the following:

- PHH failed to timely and accurately apply payments made by some borrowers and maintain accurate account statements;
- PHH charged unauthorized fees for default-related services;
- PHH threatened foreclosure and conveyed inconsistent information to some borrowers engaged in loss mitigation;

- PHH failed to properly respond to some borrowers' complaints and reasonable requests for information and assistance; and
- PHH failed to properly process borrowers' applications for loan modifications.

The \$45 million settlement includes \$30.4 million in payments to borrowers, plus additional payments to those state attorneys general who helped lead the investigation and negotiations, and a separate payment to state mortgage regulators. The State of Alaska will receive an administrative penalty in the amount of \$159,967.

Borrowers who were subjected to PHH foreclosures during the eligible period will qualify for a minimum \$840 payment, and borrowers who faced foreclosures that PHH initiated during the eligible period, but did not lose their home, will receive a minimum \$285 payment. Approximately 50 Alaskans are eligible for a payment. A settlement administrator will contact eligible payment recipients at a later date.

To view the complaint and judgment click [here](#) and [here](#).

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