

Attorney General Porrino Announces \$45 Million Multi State Settlement with PHH Mortgage Corporation

TRENTON - - Attorney General Christopher S. Porrino announced today that New Jersey has entered into a \$45 million multi-state settlement with PHH Mortgage Corporation that resolves allegations the New-Jersey-based company improperly serviced mortgage loans during a four-year period. In addition to New Jersey, the overall settlement involves Attorneys General and state mortgage regulators from more than 45 states and the District of Columbia.

The nation's ninth largest non-bank residential mortgage servicer, PHH was accused of improperly servicing mortgage loans from January 1, 2009 through December 31, 2012.

The agreement announced today requires PHH to adhere to comprehensive mortgage servicing standards, conduct audits, and provide audit results to a committee of states. The settlement does not release PHH, which is headquartered in Mount Laurel, from liability for conduct that occurred beginning in 2013.

"This settlement holds PHH accountable for harm suffered by a significant number of borrowers in New Jersey and across the nation as a result of improper mortgage servicing," said Attorney General Porrino. "The agreement requires new servicing standards to help ensure that PHH doesn't repeat the kind of conduct that led to its questionable mortgage practices, and to provide financial relief to aggrieved homeowners. We remain committed to ensuring that companies who loan money to New Jersey homeowners do so in a manner that is transparent and fair."

The multi-state settlement announced today includes \$30.4 million in payments to borrowers, plus additional payments to 12 state Attorneys General who lead the investigation and negotiations, and a separate payment to state mortgage regulators.

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 homes, will qualify for a minimum \$285 payment.

In New Jersey, PHH is expected to make an estimated total of \$746,925 in direct payments to harmed borrowers, including more than 280 foreclosed borrowers who are eligible for the minimum payment of \$840, and more than 1,700 borrowers who are eligible for the minimum payment of \$285.

A settlement administrator will contact eligible payment recipients at a later date.

In December 2013, New Jersey entered into a \$6.25 million settlement with PHH that resolved the State's own investigation into allegations that PHH misled financially struggling homeowners who sought loan modifications or other help to avoid mortgage delinquency or foreclosure.

The 2013 settlement included \$3.61 million in restitution for approximately 2,000 borrowers in New Jersey and across the country whose loans were serviced by PHH. Any PHH borrower who received restitution as part of the company's 2013 settlement with New Jersey will not be among those borrowers eligible to receive payments as part of the multi-state agreement announced today.

Deputy Attorney General Lorraine K. Rak, Chief of the Division of Law's Consumer Fraud Prosecution Section, handled the PHH matter on behalf of the State.

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