

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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DBO Joins \$40.3 Million Multi-State Settlement with PHH Mortgage*PHH to Pay Restitution and Penalties*

SACRAMENTO – The California Department of Business Oversight (DBO) today joined in a \$40.3 million multi-state [settlement](#) with PHH Mortgage Corporation to resolve allegations that the company violated state and federal laws on foreclosures, loan modifications and servicing.

The settlement requires the New Jersey-based lender to pay \$31.5 million in consumer relief, to be distributed by an administrator to 52,000 borrowers from California and 46 other participating states. At least 3,800 California borrowers will be eligible for refunds under the settlement. The administrator will contact eligible borrowers, who must then submit claims to the administrator. Borrowers who may be eligible include those who PHH referred to foreclosure or foreclosed on between January 1, 2009, and December 31, 2012.

“With this settlement, PHH will compensate thousands of borrowers in California and across the nation who were hurt by its servicing and foreclosure practices,” DBO Commissioner Jan Lynn Owen said.

The settlement also requires PHH to adhere to new standards on servicing, foreclosures and loan modifications, conduct testing to ensure compliance with the standards, and provide compliance reports to the participating states. The company will also pay an \$8.8 million administrative penalty to the participating states, including \$159,967 to California.

Examinations conducted by the multi-state group found that PHH failed to exercise proper control over foreclosure documents, allowing unauthorized executions, inconsistent signatures, and improper certification and notarization, all of which affected the integrity of documents relied on in the foreclosure process. In addition, the examinations found deficiencies in other internal controls, loan servicing and modifications.

The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. The DBO’s regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, proraters, payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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