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U.S. Trustee Program Reaches Agreements with Three Mortgage Servicers Providing More than \$74 Million in Remediation to Homeowners in Bankruptcy

Agreements Address Past Systemic Bankruptcy Servicing Errors Impacting Homeowners

Correction (12/7/2020): Per the Memorandum of Understanding it was U.S. Bank's policy to perform annual escrow analyses for borrowers in bankruptcy.

The Department of Justice's U.S. Trustee Program (USTP) announced today that it has entered into national agreements with three mortgage servicers to address past mortgage servicing deficiencies impacting homeowners in bankruptcy. The agreements with Nationstar Mortgage, LLC (Nationstar), U.S. Bank National Association (U.S. Bank), and PNC Bank, NA (PNC) address noncompliance with the Bankruptcy Code and Federal Rules of Bankruptcy Procedure that impacted over 60,000 accounts of borrowers in bankruptcy dating back to 2011 and resulted in payment application errors; inaccurate, missing, and untimely bankruptcy filings; and/or delayed escrow statements.

"Homeowners in bankruptcy are entitled to receive proper and timely notices and to have their payments properly accounted for, consistent with the Bankruptcy Code and Rules," said USTP Director Cliff White. "The failure of mortgage servicers to comply with those requirements compromises the integrity of the bankruptcy system and the ability of homeowners to receive a fresh start."

Collectively, the USTP's agreements with Nationstar and U.S. Bank, and the letter of acknowledgement with PNC, provide over \$74 million to remediate over 76,000 historical servicing errors impacting borrowers in bankruptcy. The agreements also require the servicers to implement improvements in their bankruptcy operations to ensure that the errors do not recur. Most of the remediation and corrective actions have already been taken by the servicers.

Historical Servicing Deficiencies

Nationstar and PNC at times failed to run annual escrow analyses for borrowers in bankruptcy. Further, Nationstar, U.S. Bank, and PNC failed to (1) file timely and accurate notices of changes to bankruptcy borrowers' ongoing mortgage payments, (2) file timely and accurate notices of fees assessed during borrowers' bankruptcy cases, and (3) provide an accurate final accounting of the payments made by the borrower during the bankruptcy case as required under the Bankruptcy Code and Rules.

In addition to these deficient servicing practices, U.S. Bank and PNC failed to accurately apply borrower payments in bankruptcy cases. And U.S. Bank failed to file timely and accurate proofs of claim in bankruptcy cases.

Monetary Remediation and Changes to Internal Procedures

The servicers have or will provide account credits and refunds to impacted bankruptcy borrowers. Nationstar has provided more than \$40 million in credits and refunds. U.S. Bank has, or will, provide at least \$29 million in credits and refunds, and has waived approximately \$43 million in fees and charges across its mortgage servicing portfolio,

including for borrowers in bankruptcy. PNC provided close to \$5 million in credits and refunds, as well as additional remediation in the form of lien releases and debt forgiveness.

In addition to monetary and other remediation, Nationstar, U.S. Bank, and PNC each made changes to their internal procedures to prevent the recurrence of the deficient bankruptcy servicing practices. These changes included enhancements to computer platforms, improvements to vendor and employee training and oversight, and implementation of quality control processes to ensure the accuracy and timeliness of filings in bankruptcy cases and escrow analyses for borrowers in bankruptcy.

No Effect on Non-Parties

These agreements do not affect the rights of any homeowner or other third party, including other governmental agencies. Bankruptcy borrowers with questions may contact the servicers at:

Nationstar Mortgage LLC at 833-981-2112,

PNC Bank at 855-245-3814, and

U.S. Bank at 888-724-7362.

The agreements are posted at <https://www.justice.gov/ust/national-mortgage-settlements>.

The USTP is the component of the Justice Department that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce the bankruptcy laws. The Program has 21 regions and 90 field office locations. Learn more about the Program at: <https://www.justice.gov/ust>.

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Mortgage Fraud

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[U.S. Trustee Program](#)

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