



Contact us (855) 411-2372


[HOME](#) [INSIDE THE CFPB](#) [GET ASSISTANCE](#) [PARTICIPATE](#) [LAW & REGULATION](#) [SUBMIT A COMPLAINT](#)
[HOME > NEWSROOM](#)

&gt; CFPB TAKES ACTION AGAINST MORTGAGE COMPANY FOR BLOCKING CONSUMERS' ATTEMPTS TO SAVE THEIR HOMES

JUL 30 2015

## CFPB Takes Action Against Mortgage Company for Blocking Consumers' Attempts to Save Their Homes



Receive press releases by email

Email address



More Information On




### *Residential Credit Solutions to Pay \$1.5 Million for Servicing Wrongs*

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau (CFPB) took action against Residential Credit Solutions, Inc. for blocking consumers' attempts to save their homes from foreclosure. The mortgage servicer failed to honor modifications for loans transferred from other servicers, treated consumers as if they were in default when they weren't, sent consumers escrow statements falsely claiming they were due a refund, and forced consumers to waive their rights in order to get a repayment plan. Residential Credit Solutions has agreed to pay \$1.5 million in restitution to victims and a \$100,000 civil money penalty for its illegal actions.

"By failing to honor loan modifications already in place, Residential Credit Solutions put consumers through more headaches but in some cases cost consumers their homes," said CFPB Director Richard Cordray. "Residential Credit Solutions must now compensate its victims \$1.5 million as a result of our action."

Residential Credit Solutions, headquartered in Fort Worth, Texas, is a national mortgage servicing company with about \$95 million in total assets. Since 2009, approximately 75,000 borrowers have had their loans transferred to Residential Credit Solutions. The company specializes in servicing delinquent loans and "credit-sensitive" residential mortgage loans, where the borrower is at high risk for default. As a servicer, it is responsible for, among other things, creating and sending monthly statements to borrowers, and collecting and processing payments. For troubled borrowers, it administers short sale and foreclosure relief programs provided by the owner of the loan. These "loss mitigation" programs provide alternatives to foreclosure.

According to today's order, Residential Credit Solutions engaged in illegal practices when servicing loans that it acquired from other servicers. On a number of occasions, the company failed to honor trial loan modifications that consumers had entered into with their prior servicers. Instead, it insisted that the consumer re-prove that they qualified. This effectively set consumers back as though they had not received a trial modification. It also prolonged many people's loss mitigation plans. The company put consumers in loan modification trial period purgatory and confused consumers about the status of their modifications, making it difficult for them to take appropriate action. In many cases, the company delayed or deprived borrowers of the opportunity to save or sell their homes.

Residential Credit Solutions' failures as a mortgage servicer hurt homeowners. In many cases, the company deprived borrowers of the ability to make an informed choice about how to save or sell their home, caused borrowers to drop out from the loss mitigation process entirely, and drove borrowers into foreclosure. The company violated the Consumer Financial Protection Act. Specifically, since January 2009, the company has:

Need our logo? You can find it [here](#).

### Photos and bios



[Director Rich  
Cordray](#)



[Deputy Director  
Steven  
Antonakes](#)

### Press contacts

Jen Howard

Assistant Director of Communications

(202) 435-7170

[Jennifer.Howard@cfpb.gov](mailto:Jennifer.Howard@cfpb.gov)

Walter Suskind

Press Assistant

(202) 435-9469

[Walter.Suskind@cfpb.gov](mailto:Walter.Suskind@cfpb.gov)

David Mayorga

Spokesperson

(202) 435-7159

[David.Mayorga@cfpb.gov](mailto:David.Mayorga@cfpb.gov)

- **Failed to honor in-process modifications:** Some of the borrowers who had their mortgage loans transferred to Residential Credit Solutions were already in trial modifications where they were making reduced payments. Residential Credit Solutions' practice from at least 2009 to 2013 was to not honor those agreements. Instead, the company insisted that consumers re-qualify for the modifications. The company treated these consumers as if they were still in default, subjecting them to collection calls, late fees, and default and delinquency notices. Many consumers had their loans referred to foreclosure, and some eventually lost their homes.
- **Provided incorrect information:** For the in-process modifications that Residential Credit Solutions failed to recognize, the company gave incorrect information to certain consumers about their unpaid balances, payment due dates, interest rates, monthly payment amounts, and delinquency statuses.
- **Misrepresented to consumers that they had extra money in escrow and were due a refund:** Servicers are required, with certain exceptions, to provide annual escrow account statements to consumers. These statements include the amount of any surplus funds, which must be refunded to a consumer whose loan payments are current. Many of the escrow statements that Residential Credit Solutions sent to delinquent consumers incorrectly stated that they had an escrow surplus of between \$80 and \$10,000.
- **Forced consumers to waive certain rights to get a payment plan:** Sometimes, the company offered a payment plan to consumers who fell behind in their payments. It allowed the consumer to make additional payments over a defined period of time; these were often a consumer's last opportunity to avoid default or foreclosure. But the company illegally required consumers to surrender certain legal rights in future foreclosures and bankruptcy protections as a condition of receiving the payment plan.

This enforcement action covers Residential Credit Solutions' illegal practices prior to the January 2014 effective date of the CFPB's new mortgage servicing rules.

## Enforcement Action

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has the authority to take action against institutions engaging in unfair, deceptive, or abusive practices. Today's order requires Residential Credit Solutions to, among other things:

- **Pay \$1.5 million in redress to victims:** The company must pay \$1.5 million to the hundreds of consumers whose in-process loan modifications were not honored. Borrowers who receive payments will not be prevented from taking individual action on their claims as a result of this settlement.
- **Engage in efforts to help affected borrowers preserve their home:** For certain borrowers affected by its unlawful practices who were not foreclosed on, Residential Credit Solutions must convert in-process loan modifications into permanent modifications. And it must engage in outreach, including telephone and mail campaigns and translation services to contact borrowers and offer them loss mitigation options. It must stop foreclosure processes for certain borrowers, if those are happening.
- **Honor prior loss mitigation agreements:** Residential Credit Solutions must honor loss mitigation agreements entered by prior servicers, including in-process modifications, continue processing pending loss mitigation requests received in transfers, and review and evaluate pending loss mitigation applications.
- **End all mortgage servicing violations:** In addition to being subject to the loss mitigation provisions of the CFPB's new mortgage servicing rules, Residential

Moira Vahey  
Spokesperson  
(202) 435-9151  
[Moira.Vahey@cfpb.gov](mailto:Moira.Vahey@cfpb.gov)

Sam Gilford  
Spokesperson  
(202) 435-7673  
[Samuel.Gilford@cfpb.gov](mailto:Samuel.Gilford@cfpb.gov)

---

### Stay connected



[Twitter](#)



[Facebook](#)



[Flickr](#)



[Youtube](#)

---

### Archive

#### ▼ 2015

[JULY 2015](#) (20)

[JUNE 2015](#) (17)

[MAY 2015](#) (19)

[APRIL 2015](#) (19)

[MARCH 2015](#) (13)

[FEBRUARY 2015](#) (14)

[JANUARY 2015](#) (12)

▶ 2014

▶ 2013

▶ 2012

▶ 2011

▶ 2010

Credit Solutions is prohibited from making misrepresentations to consumers regarding loss mitigation, such as false statements about how much is owed.

- **Adhere to rigorous servicing transfer requirements:** The company must create a detailed data integrity program that tests, identifies, and corrects errors in loans transferred to it to ensure that it has accurate information about consumers' loans. Residential Credit Solutions may not transfer loans in loss mitigation, in or out, unless all account-level documents and data relating to loss mitigation are provided to the new servicer by the date of transfer.
- **Make loss mitigation applications readily available:** Residential Credit Solutions must make its loss mitigation application available to consumers at no cost by making it readily accessible on its website and providing it upon request to consumers. The application must identify all required documentation and information necessary to complete a loss mitigation application. It must also adequately train its personnel in loss mitigation procedures.
- **Pay \$100,000 civil penalty:** The company will make a \$100,000 penalty payment to the CFPB's Civil Penalty Fund.

**A copy of the consent order is available at:**

[http://files.consumerfinance.gov/f/201507\\_cfpb\\_consent-order\\_residential-credit-solutions.pdf](http://files.consumerfinance.gov/f/201507_cfpb_consent-order_residential-credit-solutions.pdf) 

###

*The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit [consumerfinance.gov](http://consumerfinance.gov).*



[Privacy policy and legal notices](#)

[Accessibility](#)

[Plain writing](#)

[No FEAR Act](#)

[FOIA](#)

[Whistleblower Act](#)

[USA.gov](#)

[Office of Inspector General](#)

[Ombudsman](#)



Visite nuestro sitio web en español



[Contact us](#) | [Newsroom](#) | [Jobs](#) | [Open government](#)