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NEWS RELEASE

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Idaho Joins $15.5 Million Multistate Settlement with Mortgage Servicer NewRez

Boise, Idaho…The Idaho Department of Finance, along with 48 state financial agencies in 47 states, has reached a $15.5 million settlement with NewRez LLC (NMLS ID 3013), one of the nation's largest mortgage servicers, for improperly imposing "force-placed" insurance costs on borrowers who already carried active homeowners insurance policies. Idaho homeowners may know the company by the name it uses to service loans, Shellpoint Mortgage Servicing.

Under the terms of the settlement, Fort Washington, Penn., based NewRez, will pay a total of $15.5 million. The company worked with state regulators to self-identify and proactively remediate more than $4.5 million to the impacted borrowers, and it will pay nearly an additional $11 million for costs and penalties. NewRez will be required to implement and conduct enhanced monitoring for loans that have force-placed insurance. The company also must implement other actions to strengthen controls.

The settlement resolves an issue discovered in a multistate examination of NewRez that found the company had improperly imposed force-placed insurance on more than 4,200 borrowers with active homeowners' insurance policies, causing consumer harm in the sum of more than $4.5 million. In Idaho, NewRez refunded $22,419.20 to 16 borrowers, an average of roughly $1,400 per affected homeowner. Idaho's share of the penalties and costs is $84,016.09.

“When a company falls short, we expect it to acknowledge the error and correct it. NewRez did so here. Our responsibility is to ensure Idaho borrowers do not bear that cost, and in this instance, they did not,” said Salvador Cruz, Director of the Idaho Department of Finance.

Force-placed insurance is often required when a homeowner's policy is cancelled, delinquent or is insufficient in coverage and the borrower has failed to secure replacement coverage. If necessary, the lender, bank, or loan servicer may force the replacement coverage, which allows the lender to protect its financial interest in the property. This practice usually is significantly more costly than if a consumer secures their own insurance policy.

What Idaho homeowners should know

Federal mortgage servicing rules require a servicer to send written notice at least 45 days before charging a borrower for force-placed insurance, followed by a reminder notice at least 15 days before the charge is assessed. A borrower who provides proof of existing coverage during that window should not be charged.

The Department encourages Idaho homeowners to take three steps:

- Review your annual escrow statement and monthly mortgage statement for insurance charges you did not authorize.
- Send your servicer proof of coverage in writing any time your policy renews, changes carriers, or is reinstated, and keep a copy of what you sent.
- Open mail from your servicer about insurance, even if you believe your coverage is current.

Borrowers affected by the conduct described in this settlement have already been reimbursed by the company. There is no claim form, no filing deadline, and no fee associated with this settlement. Consumers should be cautious of anyone who offers to recover settlement funds on their behalf for a fee.

The District of Columbia led the enforcement team, with the assistance of Arkansas, Iowa, Massachusetts, and Montana. NewRez cooperated with the states in the settlement.

Idaho residents who have questions about the enforcement action, or who believe they were charged for insurance they already had, may contact the Department of Finance at (208) 332-8000 or file a complaint at finance.idaho.gov/complaint-guidance. Residents can also visit NMLS Consumer Access at nmlsconsumeraccess.org to verify that a company is licensed to do business in Idaho and to view past enforcement actions.

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About the Idaho Department of Finance
The Idaho Department of Finance has regulated financial services in Idaho since 1905. Its mission is to protect Idaho's financial landscape through education, oversight, and responsible innovation, guided by our commitment to the communities we call home. For more information, please visit finance.idaho.gov or email finance@finance.idaho.gov.