

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

State of Minnesota
Dept. of Commerce

AUG 17 2022

Rec'd \$

54,000

In the Matter of Residential Mortgage Originator license
and NewRez, LLC DBA Caliber Home Funding,
Rate 30, & Shellpoint Mortgage Servicing
License No. 40125694

State of Minnesota
Dept. of Commerce

AUG 17 2022

Rec'd \$

630

CONSENT ORDER

TO: NewRez, LLC
1100 Virginia Dr.
Suite 125
Fort Washington, PA 19034

Commissioner of Commerce Grace Arnold (Commissioner) has determined as follows:

1. The Commissioner has advised NewRez, LLC (Respondent) that she is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2020), and other applicable law, based on the allegation that Respondent incorrectly applied 54 of 58 payments by consumers S.P., B.Y., and D.H. from January 2020 to December 2021, in violation of Minn. Stat. § 58.12 subd. 1 (b)(2)(v).

2. During the investigation, Respondent has voluntarily repaid all interest over-payments by consumers B.Y. and D.H. and agreed to not re-apply the interest under-payments by consumer S.P. Not all misapplications of payments resulted in financial harm to the consumers.

3. Respondent acknowledges that they have been advised of the right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondent hereby expressly waives those rights. Respondent further acknowledges that they have been represented by legal counsel throughout these proceedings or has waived that right.

4. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2020) and Minn. R. 1400.5900 (2019).

5. For purposes of Minn. Stat. § 16D.17 (2020), Respondent expressly waives the right to any notice or opportunity for a hearing on any civil penalty imposed by the Commissioner. Further, Minn.

Stat. § 16D.17 (2020) allows the Commissioner to file and enforce the civil penalty imposed by this Order as a judgment against Respondent in district court without further notice or additional proceedings.

6. The civil penalty and/or any resulting judgment arising from this Order will be non-dischargeable in any bankruptcy proceeding. See 11 U.S.C. 523 (a)(7) ("A discharge under section 727, 1141, 1228(a), 1228(b) or 1328(b) of this title does not discharge an individual debtor from any debt... to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit, and is not compensation for actual pecuniary loss, other than a tax penalty...").

7. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. Ch. 45 (2020) that:

- A. Respondent shall pay a civil penalty in the amount of \$54,000 to the State of Minnesota;
- B. Respondent shall conduct an audit of all Minnesota mortgages whose servicing rights were transferred from TCF Bank, N.A. to Respondent since January 1, 2019, to ensure payments were applied correctly and caused no financial harm to consumers. The results of this audit must be reported to this Department by close of business on August 31, 2022, and must, at a minimum, provide the loan number, the payment application errors discovered by the audit, and include evidence of reimbursement to consumers who were overcharged interest, if any. If the audit only reveals less payment of interest and additional payment of principal, that information will also be noted in the audit response, but no changes will be made to the consumers' accounts and no remediation is ordered by the Department in those instances;
- C. Respondent's obligation to review the subject mortgages is ongoing and Respondent shall regularly review the accounts and make any necessary updates. If additional remediation is needed after the original audit is provided on August 31, 2022, Respondent shall provide information to the Department in the same form as the original audit;

D. Respondent shall postpone all pending sheriff sales involving Minnesota mortgages whose servicing rights were transferred from TCF Bank, N.A. to Respondent since January 1, 2019, until such time as the audit is submitted to the Commissioner on or before August 31, 2022, and any overcharge of interest is reimbursed to the consumer;

E. Respondent shall cease and desist from violating any laws, rules, or orders related to the duties and responsibilities entrusted to the Commissioner under Minnesota Statute Chapters 58; and

F. Respondent shall pay all investigative costs in the amount of \$630 at the time the Consent to Entry of Order is signed pursuant to Minn. Stat. § 45.027, subd. 1(8) (2020).

This Order shall be effective upon signature by or on behalf of the Commissioner.

Date: 8/24/2022

GRACE ARNOLD
Commissioner



MATTHEW VATTER
Assistant Commissioner of Enforcement
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of NewRez, LLC, states the undersigned has read this Consent Order; that the undersigned knows and fully understands its contents and effect; that the undersigned is authorized to execute this Consent Order on behalf of NewRez, LLC; that the undersigned has been advised of the right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing and expressly waives those rights. The undersigned further acknowledges that NewRez, LLC has been represented by legal counsel throughout these proceedings, or has been advised of its right to be represented by legal counsel, which right it hereby expressly waives; and that it consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

NewRez, LLC

Date: 7/28/2022

By:

Justin Bradley

Its:

Deputy General Counsel

STATE OF SC

COUNTY OF Greenville

Signed or attested before me on July 28, 2022 (Date)

(Notary Stamp)



(Signature of Notary)

My Commission expires:

06/11/2023