

**UNITED STATES OF AMERICA**  
**BUREAU OF CONSUMER FINANCIAL PROTECTION**

ADMINISTRATIVE PROCEEDING  
File No. 2020-BCFP-0002

**RECEIVED**  
**Sep 15 2023**  
**SC Court of Appeals**

In the Matter of:

**SPECIALIZED LOAN  
SERVICING, LLC**

**CONSENT ORDER**

The Bureau of Consumer Financial Protection (Bureau) has reviewed certain mortgage servicing practices of Specialized Loan Servicing, LLC (Respondent, as defined below), specifically related to its handling of loss-mitigation applications and its implementation of foreclosure protections required to be afforded to borrowers engaged in the loss-mitigation process, and the Bureau has identified the following law violations: (1) Respondent violated the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. § 2601 et seq., its implementing regulation, Regulation X, 12 C.F.R. part 1024, and the Consumer Financial Protection Act of 2010 (CFPA) by taking prohibited foreclosure actions against certain borrowers, in violation of 12 C.F.R. § 1024.41(f)(2) and (g); and (2) Respondent violated RESPA, Regulation X, and the CFPA by failing to send or timely send evaluation

notices to certain borrowers, in violation of 12 C.F.R. § 1024.41(c)(1). Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

**I.  
Jurisdiction**

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, RESPA, 12 U.S.C. § 2601 et seq., and its implementing regulation, Regulation X, 12 C.F.R. part 1024.

**II.  
Stipulation**

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated April 23, 2020 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563,5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

**III.  
Definitions**

3. The following definitions apply to this Consent Order:

- a. “Affected Consumer” is a borrower who was subjected to any of the following actions, as defined below: Foreclosure Violation, Untimely Evaluation Notice, or No Evaluation Notice.
- b. “Effective Date” means the date on which the Consent Order is issued.
- c. “Evaluation Notice” means, as required by 12 C.F.R. § 1024.41(c)(1)(ii), the written notice servicers must send to a borrower within 30 days of receiving a complete Loss-Mitigation Application if the complete Loss-Mitigation Application was received more than 37 days before a foreclosure sale. Such notice states the servicer’s determination of which Loss-Mitigation Options, if any, it will offer to the borrower on behalf of the owner or assignee of the mortgage.
- d. “First Filing” means, as set forth in 12 C.F.R. § 1024.41, the first notice or filing required by applicable law for any judicial or non-judicial foreclosure process.
- e. “Foreclosure Violation” means an instance in which Respondent took one of the following actions in violation of 12 C.F.R. § 1024.41 against a borrower entitled to foreclosure protections under 12 C.F.R. § 1024.41:

- i. Making a First Filing;
  - ii. Moving for Judgment; or
  - iii. Conducting a foreclosure sale.
- f. “Loss-Mitigation Application” means, as set forth in 12 C.F.R. § 1024.31, an oral or written request for a Loss-Mitigation Option that is accompanied by any information required by a servicer for evaluation for a Loss-Mitigation Option.
- g. “Loss-Mitigation Option” means, as set forth in 12 C.F.R. § 1024.31, an alternative to foreclosure offered by the owner or assignee of a mortgage loan that is made available through the servicer to the borrower.
- h. “Moving for Judgment” means, as set forth in 12 C.F.R. § 1024.41, a servicer’s moving for foreclosure judgment or order of sale, including making a dispositive motion for foreclosure judgment, such as a motion for default judgment, judgment on the pleadings, or summary judgment, which may directly result in a judgment of foreclosure or order of sale. With respect to borrowers for whom Respondent did not maintain a record of such motions, the term includes the entry of a foreclosure judgment. In non-judicial foreclosure proceedings, the term includes the sending, recording, posting, or publishing of the

notice of sale, except in cases where sending, recording, posting, or publishing of the notice of sale is the First Filing or is a filing that is necessary to effect a postponement of sale scheduled before the foreclosure protections afforded under 12 C.F.R. § 1024.41 applied.

- i. “No Evaluation Notice” means the borrower was entitled to receive an Evaluation Notice under 12 C.F.R. § 1024.41(c)(1)(ii), but Respondent failed to send the borrower an Evaluation Notice.
- j. “Non-Retention Application” means a Loss-Mitigation Application submitted by a borrower who indicated a preference for a Loss-Mitigation Option that was an alternative to foreclosure that would allow the borrower to leave his or her home.
- k. “Regional Director” means the Regional Director for the West Region for the Office of Supervision for the Bureau of Consumer Financial Protection or his or her delegate.
- l. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Consent Order.

- m. “Relevant Period” includes the period from January 10, 2014 to the Effective Date.
- n. “Respondent” means Specialized Loan Servicing, LLC and its successors and assigns.
- o. “Untimely Evaluation Notice” means the borrower was entitled to receive an Evaluation Notice under 12 C.F.R. § 1024.41(c)(1)(ii), but Respondent failed to send the borrower an Evaluation Notice within 30 days of receiving the complete Loss-Mitigation Application.

#### **IV. Bureau Findings and Conclusions**

The Bureau finds the following:

- 4. Respondent is a residential-mortgage servicer located in Highlands Ranch, Colorado. As of February 29, 2020, Respondent serviced a portfolio of mortgage loans worth about \$112.69 billion.
- 5. Respondent is a “covered person” as defined by 12 U.S.C. § 5481(6) and a “servicer” as defined by 12 C.F.R. § 1024.2(b) because, among other things, it services loans and is responsible for servicing federally related mortgage loans within the meaning of 12 C.F.R. § 1024.2(b).

**Findings and Conclusions  
as to Respondent's Prohibited Foreclosure Actions**

6. Regulation X generally protects a borrower who has submitted a facially complete or complete Loss-Mitigation Application from certain foreclosure activities from the date the borrower submits a facially complete or complete Loss-Mitigation Application through specific end dates. For facially complete Loss-Mitigation Applications, foreclosure protections continue through the period in which the borrower is given a reasonable opportunity to provide the additional information or documents necessary to complete the Loss-Mitigation Application. For complete Loss-Mitigation Applications, including those that are facially complete and become complete, foreclosure protections continue until the determination of whether an alternative to foreclosure is viable and while the parties are working toward such an alternative, unless one of the circumstances specified in 12 C.F.R. § 1024.41(f)(2) or (g) is met.
7. During this period, Regulation X prohibits a servicer from:
  - a. making the First Filing, if the borrower submits the complete Loss-Mitigation Application before the servicer making the First Filing;
  - b. Moving for Judgment, if the borrower submits the complete Loss-Mitigation Application after the servicer made the First Filing but more than 37 days before a foreclosure sale; and

- c. conducting a foreclosure sale, if the borrower submits the complete Loss-Mitigation Application after the servicer made the First Filing but more than 37 days before a foreclosure sale. 12 C.F.R. § 1024.41(f)(2), (g).
8. Regulation X requires these foreclosure protections to remain in place until:
  - a. the servicer sends an Evaluation Notice advising the borrower that he or she is not eligible for any Loss-Mitigation Options and the appeal period in 12 C.F.R. § 1024.41(h) is not applicable, the borrower has not requested an appeal within the applicable period for requesting an appeal, or the borrower's appeal has been denied;
  - b. the borrower rejects all Loss-Mitigation Options offered by the servicer; or
  - c. the borrower fails to perform under an agreement on a Loss-Mitigation Option. 12 C.F.R. § 1024.41(f)(2)(i)-(iii), (g)(1)-(3).
9. These protections apply to all complete Loss-Mitigation Applications, regardless of whether the borrower indicated a preference for a Loss-Mitigation Option that allows him or her to retain the home.
10. Since January 10, 2014, Respondent made First Filings, moved for foreclosure judgment or an order of sale, and conducted foreclosure sales in

certain instances where the borrower was entitled to protection from these actions under Regulation X. 12 C.F.R. § 1024.41(f)(2), (g).

11. Respondent therefore violated RESPA, 12 U.S.C. § 2601 et seq., and its implementing regulation, Regulation X, 12 C.F.R. § 1024.41(f)(2), (g), by making First Filings, moving for foreclosure judgments or orders for sale, and conducting foreclosure sales when the borrower was entitled to protection from those actions. These violations are also violations of the CFPA, 12 U.S.C. § 5536(a)(1)(A), because they reflect an act or omission committed in violation of a Federal consumer financial law.

**Findings and Conclusions as to Respondent's  
Failures to Send or Timely Send Evaluation Notices**

12. Regulation X requires servicers, within 30 days of receiving a complete Loss-Mitigation Application from a borrower, to evaluate the borrower for all available loss-mitigation options and to give the borrower an Evaluation Notice regarding those options. 12 C.F.R. § 1024.41(c)(1).
13. Since January 10, 2014, Respondent failed to send or timely send Evaluation Notices to certain borrowers who were entitled to Evaluation Notices under Regulation X. 12 C.F.R. § 1024.41(c)(1)(ii).
14. Respondent therefore violated RESPA, 12 U.S.C. § 2601 et seq., and its implementing regulation, Regulation X, 12 C.F.R. § 1024.41(c)(1)(ii), and

also the CFPA, 12 U.S.C. § 5536(a)(1)(A), by committing an act or omission in violation of a Federal consumer financial law.

**ORDER**

**V.  
Conduct Provisions**

**IT IS ORDERED**, under §§ 1053 and 1055 of the CFPA, that:

15. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate RESPA, 12 U.S.C. § 2601 et seq., and its implementing regulation, Regulation X, 12 C.F.R. part 1024, and must take the following affirmative actions:
  - a. develop and implement policies and procedures that ensure borrowers are appropriately protected from prohibited foreclosure events in accordance with 12 C.F.R. § 1024.41(f)(2) & (g), including:
    - i. ensuring that Respondent does not make First Filings against borrowers who submit facially complete or complete Loss-Mitigation Applications during the pre-foreclosure review period set forth in 12 C.F.R. § 1024.41(f)(1) or before Respondent makes the First Filing, if the Loss-Mitigation Applications meet all other requirements for foreclosure protections under 12 C.F.R. § 1024.41;

- ii. ensuring that Respondent does not move for foreclosure judgments or orders of sale, or conduct foreclosure sales against borrowers who submit facially complete or complete Loss-Mitigation Applications more than 37 days before the foreclosure sales, if the Loss-Mitigation Applications meet all other requirements for foreclosure protections under 12 C.F.R. § 1024.41;
  - iii. ensuring that Respondent continues the foreclosure protections described in paragraphs (a)(i) and (ii) above until borrowers meet one of the conditions listed under 12 C.F.R. § 1024.41(f)(2)(i)-(iii) & (g)(1)-(3), as applicable; and
  - iv. ensuring that Respondent provides foreclosure protections required by 12 C.F.R. § 1024.41, including the placement of timely foreclosure holds.
- b. review and monitor Respondent's foreclosure actions to ensure that borrowers receive the required foreclosure protections, that Respondent's personnel are adhering to Respondent's policies and procedures, and that controls to ensure effective compliance have been implemented;

- c. develop and implement policies and procedures that ensure that Respondent will provide Evaluation Notices to borrowers within 30 days of receipt of their complete Loss-Mitigation Applications.
- d. record, maintain, and track activities and events that evidence compliance with 12 C.F.R. §§ 1024.41(b)(2), (c)(1), (f)(2), and (g) as information in data fields or information that can be derived from data fields in Respondent's information system.
- e. record and maintain the data required by Paragraph 15(d) in a manner that allows Respondent to produce it readily upon request.
- f. implement controls to ensure that Respondent's personnel are correctly entering data into Respondent's information system, including the information required by Paragraph 15(d).
- g. monitor foreclosure activity to ensure that before an action is taken, it is not prohibited by 12 C.F.R. § 1024.41(f)(2) or (g), including checking a Loss-Mitigation Application's status and whether a document has been submitted that could make the application facially complete or complete.
- h. monitor and test foreclosure holds to ensure they are timely placed and are effective from the date Respondent received the document making an application facially complete or complete, and ensure that

no Foreclosure Violation occurs between the date Respondent received the facially complete or complete application and the date foreclosure counsel put the foreclosure proceeding on hold;

- i. monitor and test foreclosure activity to ensure that foreclosure counsel take reasonable steps in response to the placement of a hold, including taking reasonable steps to avoid a ruling on motions that may directly result in a judgment of foreclosure or order of sale;
- j. promptly instruct or provide guidance to foreclosure counsel to stop foreclosure activity, or to take all reasonable steps to avoid a ruling on any pending motions for judgment or orders of sale, when a Loss-Mitigation Application is complete or facially complete;
- k. develop written policies and procedures that ensure compliance with 12 C.F.R. § 1024.41, train and re-train all personnel and service providers on the written policies and procedures developed with appropriate frequency and implement controls to test Respondent's personnel's compliance with its policies and procedures with appropriate frequency.

## **VI. Compliance Plan**

**IT IS FURTHER ORDERED** that:

16. Within 60 days of the Effective Date, Respondent must submit to the Regional Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondent's loss-mitigation and foreclosure procedures comply with all applicable Federal consumer financial laws and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:
  - a. detailed steps for addressing each action required by this Order;
  - b. specific timeframes and deadlines for implementation of the steps described above; and
  - c. a procedure for recording and tracking the activities and events that evidence compliance with this Order.
17. The Regional Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Regional Director directs Respondent to revise the Compliance Plan, Respondent must revise and resubmit the Compliance Plan to the Regional Director within 30 days.
18. After receiving notification that the Regional Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

**VII.  
Order to Pay Redress**

**IT IS FURTHER ORDERED** that:

19. Redress will be paid in three forms to Affected Consumers, by Respondent applying funds to outstanding principal loan balances, providing payments by check and waiving borrower deficiencies.
20. Within 10 business days of the Effective Date, Respondent must reserve or deposit into a segregated deposit account \$775,000 for the purpose of providing redress payments to Affected Consumers as required by this section.
21. Within 30 days of the Effective Date, Respondent must submit to the Regional Director for review and non-objection a comprehensive written plan for providing redress consistent with this Consent Order (Redress Plan). The Regional Director will have the discretion to make a determination of non-objection to the Redress Plan or direct Respondent to revise it. If the Regional Director directs Respondent to revise the Redress Plan, Respondent must revise and resubmit the Redress Plan to the Regional Director within 30 days. After receiving notification that the Regional Director has made a determination of non-objection to the Redress Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan.

22. The Redress Plan must, at a minimum, apply to all Affected Consumers and:
- a. specify how Respondent will identify all Affected Consumers, including its methodology for identifying each Untimely Evaluation Notice, No Evaluation Notice, and Foreclosure Violation that occurred for each Affected Consumer, and specify the amount of redress to be paid to each Affected Consumer, although the Bureau will have sole discretion to make a final determination of the amounts of the payments to be made to Affected Consumers under the Redress Plan, so long as the total amount of redress does not exceed \$775,000;
  - b. provide for the waiver of \$500,000 in borrower deficiencies, to be applied to borrowers' accounts no later than 30 days after the completion of the Redress Plan;
  - c. include a deadline by which the initial redress payments or credits will be made to Affected Consumers, which may not be later than 45 days from the Regional Director's determination of non-objection to the Redress Plan;
  - d. include the form of the letters or other communications (Redress Notification Letter) to be sent to Affected Consumers who are receiving redress from Respondent and the form of the envelopes that will contain the Redress Notification Letters. The Redress

Notification Letters and form envelopes must be approved by the Regional Director. Any changes made to the Redress Notification Letters or form envelopes by the Regional Director must be included.

The Redress Notification Letters must explain why the Affected Consumer is receiving redress, state that Respondent is providing redress because of this Consent Order, and direct the Affected Consumer to the Bureau's website address that contains the Consent Order. Respondent may not include in any envelope containing a Redress Notification Letter any materials other than the approved letter and redress check, unless Respondent obtains written confirmation from the Regional Director that the Bureau does not object to the inclusion of the additional materials;

- e. when Respondent makes redress payments to Affected Consumers, require the checks be sent by United States Postal Service first-class mail, address-correction service requested, to the Affected Consumer's most recent address as maintained in Respondent's records;
- f. for any Affected Consumer whose redress payment is returned or whose check is not cashed in 90 days, require Respondent to make reasonable attempts to obtain a current address using standard

address-search methodologies, including a standard address search using the National Change of Address system and to promptly re-mail all returned redress checks to current addresses, if any; and

- g. if the check for any eligible consumer is returned to Respondent or if the check is not cashed within 90 days after a second mailing, and if a current mailing address cannot be identified using standard address search methodologies, require Respondent to maintain and disburse the funds according to its processes for handling unclaimed funds.
23. Within 45 days of completion of the Redress Plan, Respondent's internal audit department must review and assess Respondent's compliance with the terms of the Redress Plan (Redress Review).
  24. The Redress Review must include an assessment of the Redress Plan and the methodology used to identify Affected Consumers and the applicable violations for Affected Consumers that qualify them to receive redress under this Consent Order, the Redress Amount for each Affected Consumer, the procedures used to issue and track payments of the Redress Amounts to Affected Consumers, and whether the Redress Plan has been properly executed. The Redress Review must also include an audit of the Redress Amount to provide reasonable assurance that Affected Consumers received the correct Redress Amount.

25. The Redress Review will be summarized in a written report (Redress Review Report), which must be submitted to the Regional Director within 60 days of completion of the Redress Review.
26. After completing the Redress Plan, if the amount of redress payments provided to Affected Consumers is less than \$775,000, within 30 days of the completion of the Redress Plan, Respondent must pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according to the Bureau's wiring instructions, the difference between the amount of redress provided to Affected Consumers and \$775,000.
27. The Bureau may use these remaining funds to pay additional redress to Affected Consumers. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury as disgorgement. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this section.
28. Respondent may not condition the payment of any redress to any Affected Consumer under this Consent Order on that Affected Consumer waiving any right.

**VIII.**  
**Order to Pay Civil Money Penalty**

29. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$250,000 to the Bureau.
30. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
31. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
32. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
  - a. claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order;
  - b. seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.

33. To preserve the deterrent effect of the civil money penalty, in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau and pay the amount of the offset reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

## **IX.**

### **Additional Monetary Provisions**

**IT IS FURTHER ORDERED** that:

34. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of

default to the date of payment, and will immediately become due and payable.

35. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
36. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
37. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

**X.**  
**Reporting Requirements**

**IT IS FURTHER ORDERED** that:

38. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.
39. Within 7 business days of the Effective Date, Respondent must:
  - a. designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent;
  - b. identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and

- c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
40. Respondent must report any change in the information required to be submitted under Paragraph 39 at least 30 days before the change or as soon as practicable after learning about the change, whichever is sooner.
41. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an accurate written compliance progress report (Compliance Report), sworn to under penalty of perjury, which, at a minimum:
  - a. lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of the Consent Order;
  - b. describes in detail the manner and form in which Respondent has complied with the Redress Plan; and
  - c. attaches a copy of each Order Acknowledgment obtained under Section XI (Order Distribution and Acknowledgment), unless previously submitted to the Bureau.

**XI.**  
**Order Distribution and Acknowledgment**

**IT IS FURTHER ORDERED** that:

42. Within 7 business days of the Effective Date, Respondent must submit to the Regional Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.
43. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its executive officers as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
44. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section X, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
45. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq., within 30 days of delivery, from all persons receiving a copy of this Consent Order under this section.

## **XII. Recordkeeping**

**IT IS FURTHER ORDERED** that:

46. Respondent must create and retain the following business records:
- a. all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau;
  - b. all documents and records pertaining to the Redress Plan;
  - c. copies of all template communications with borrowers engaged in the loss-mitigation process, all policies and procedures related to loss-mitigation and foreclosure, all training materials related to the loss-mitigation process and foreclosure; and all data related to the servicing of loans, including the data elements required by Section V;
  - d. for each individual Affected Consumer: the consumer's name, last known address, last known phone number, and last known email address (if available), amounts paid, date on which Respondent began servicing the Affected Consumer's loan, and the date on which Respondent stopped servicing the Affected Consumer's loan, if applicable; and
  - e. all consumer complaints and refund requests (whether received directly or indirectly, such as through a third party), and any responses

to those complaints or requests.

47. Respondent must make the documents identified in Paragraph 46 available to the Bureau upon the Bureau's request.

**XIII.  
Notices**

**IT IS FURTHER ORDERED** that:

48. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re Specialized Loan Servicing, LLC*, File No. 2020-CFPB-0002," and send them by overnight courier or first-class mail to the below address and contemporaneously by email to [Enforcement\\_Compliance@cfpb.gov](mailto:Enforcement_Compliance@cfpb.gov):

Regional Director, West Region  
Bureau of Consumer Financial Protection  
301 Howard Street, Suite 1200  
San Francisco, CA 94105

**XIV.  
Cooperation with the Bureau**

**IT IS FURTHER ORDERED** that:

49. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Consumer. Respondent must provide such information in its or its agents'

possession or control within 14 days of receiving a written request from the Bureau.

50. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section IV. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must cause Respondent's officers, employees, representatives, and agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 10 days' written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

**XV.  
Compliance Monitoring**

**IT IS FURTHER ORDERED** that, to monitor Respondent's compliance with this Consent Order:

51. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested non-privileged information, which must be made under penalty of perjury; provide sworn testimony related to requirements of this Consent Order and Respondent's compliance with those requirements; and produce non-

privileged documents related to requirements of this Consent Order and Respondent's compliance with those requirements.

52. For purposes of this section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
53. Respondent must permit Bureau representatives to interview about the requirements of this Consent Order and Respondent's compliance with those requirements any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
54. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

**XVI.**  
**Modifications to Non-Material Requirements**

**IT IS FURTHER ORDERED** that:

55. Respondent may seek a modification to nonmaterial requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.

56. The Regional Director may, in his or her discretion, modify any nonmaterial requirements of this Consent Order if he or she determines good cause justifies the modification. Any such modification must be in writing.

**XVII.**  
**Administrative Provisions**

57. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 58.
58. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations, or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order or to seek penalties for any violations of the Consent Order.
59. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and

expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

60. This Consent Order will terminate 5 years from the Effective Date. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
61. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
62. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
63. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

64. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.
65. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, its officers, or employees to violate any law, rule, or regulation.

**IT IS SO ORDERED**, this <sup>May</sup> 7 day of April, 2020.

  
Kathleen Kraninger  
Director  
Bureau of Consumer Financial Protection