PHH to pay $750k over military service member foreclosures

PHH Mortgage agreed to pay a total sum of $750,000 to six active-duty service members in response to allegations that the mortgage company unlawfully foreclosed on their homes without obtaining the necessary court orders, according to the United States Department of Justice (DOJ).

In a statement, a PHH spokesperson told Inman that the company fully cooperated with the investigation and voluntarily agreed to compensate the alleged victims without any admittance of guilt.

“PHH decided to settle this matter because it was in the best interest of these service members, and allows the company to move forward and avoid protracted litigation,” the spokesperson told Inman in a statement. “The DOJ has reviewed PHH’s foreclosure policies and procedures and found them to be compliant with the Service members Civil Relief Act (SCRA).”

The Service members Civil Relief Act includes protections for soldiers, sailors, airmen, Marines, Coast Guardsmen and commissioned officers, among other branches of the military. It was unclear from DOJ documents which specific branches of the military the six plaintiffs now serve.

DOJ initially launched the investigation in May 2016 after receiving a complaint. The investigation revealed that, between 2010 and 2012, PHH, one of the nation’s largest mortgage providers, foreclosed on six homes of SCRA-protected service members in violation of SCRA standards.

As a result of the investigation, DOJ filed a lawsuit in the United States District Court for the District of New Jersey. Wednesday’s settlement resolves the suit.

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“Our men and women in uniform deserve to be able to focus on their job of keeping our country safe without worrying about losing their homes to an unlawful foreclosure,” Assistant Attorney General Eric Dreiband said in a statement. “The Civil Rights Division is committed to protecting the rights of our service members from unlawful conduct.”

In September 2018, PHH and Realogy agreed to pay $17 million as a result of a class-action lawsuit in which the companies were accused of providing kickbacks to affiliated title and settlement providers through a now-defunct joint venture, PHH Home Loans.

In February 2018, a $109 million fine levied against PHH by the Consumer Financial Protection Bureau was reversed by the Court of Appeals for the District of Columbia Circuit. The fine was originally over PHH’s alleged practice of taking reinsurance fees as kickbacks.

PHH Corporation, the parent company of PHH Mortgage, was acquired by Ocwen Financial Corporation in October 2018.

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