

Fraud

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mortgage.

They took the offer and started sending checks; after a couple of months, Nationstar claimed they never received the second payment.

At the same time the McElderys were negotiating on the phone with Nationstar — and even sending more payments — the company had already started the foreclosure process.

In July of this year, Nationstar literally demanded payments from the McElderys while at the same time returning one.

“Enclosed you will find we are returning the funds you have submitted on your account that were insufficient to resolve your delinquency,” the letter from Nationstar’s “Loss Mitigation Department” says. “At this time, we are continuing with our collection efforts.”

Sound bad? There’s more.

A month after the foreclosure was filed in court, Nation-

star Mortgage cashed the “lost” check that triggered the foreclosure itself — but didn’t stop the foreclosure action.

loan and then not end up getting a modified mortgage,” says the McElderys’ attorney, Mike Fuller with the law firm Olsen Daines.

“What’s uncommon is that after Nationstar initiated foreclosure, started to kick the McElderys out of their home, they went and found the payment that was allegedly missing all along, and even collected payments that were sent by the McElderys in good faith after the three month period ended.

“And they refused to return them,” Fuller said. “And they refused to stop foreclosing.”

National Fines for Fraud

In her letter to Holder on Wednesday, Warren wrote that the \$225 million that the five mortgage servicing companies paid in fines represented only .6 percent of the 92,735 fraudulent mortgage claims they made, the value of which totaled over \$12 billion.

Further, Warren asks Holder to explain how his department came up with the \$225 million settlement figure; she requests copies of any research by the DOJ on how much the fraud actually cost the government and consumers; “any other documents that relate to DOJ’s decision to accept the \$225 million payment as a release from False Claims Act liability;” and a statement certifying how much of the fines paid by the mortgage companies has been deposited in the FHA’s Capital Reserve Fund so far and how much will be deposited there once the fines are paid off.

The National Mortgage Settlement only impacted homeowners with foreclosures from 2008-2011; the amount each qualifying homeowner received is pennies on the dollar — or even less, if that’s possible.

“Unfortunately, these checks will do very little to soothe the financial pain of these households, which were much more likely to be households of color,” the Greenlining Institute’s economic equity blogger Kevin Hill wrote this week. “That’s because the checks are approximately



Michael McEldery with attorney Mike Fuller

\$1,480.

“That won’t even begin to repair the damage done to those who lost their homes during the housing crisis and were forced to find other places to live.

“Frankly, the amount is so small it seems to be more of an insult to the victims of the housing crisis than anything else,” Hill wrote.

As for the Consumer Financial Protection Bureau, Warren appears to be gearing up for a fight.

“First, I am troubled because I believe there needs to be a clearer and more public accounting of the damages that FHA incurred from the servicers’ fraudulent conduct,” she wrote to Holder.

“Second, and more broadly, I am concerned that this might be yet another example of the federal government’s timid enforcement strategy against the nation’s largest institutions.”

Nationstar Mortgage cashed the ‘lost’ check that triggered the foreclosure itself

star Mortgage cashed the “lost” check that triggered the foreclosure itself — but didn’t stop the foreclosure action.

Judith McEldery says a Nationstar staffer told her on the phone that perhaps the lost check had been deposited in somebody else’s account; the copy of the cashed check returned to the couple includes an endorsement on the back with a complete stranger’s name.

“It’s not uncommon for a borrower who is behind on mortgage payments to try to modify their loan, and it’s not uncommon for borrowers to receive offers to modify their

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