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[EXEMPT FROM FILING FEES  
UNDER GOV. CODE, § 6103]

9 *Attorneys for the People of the State of California*

10  
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 COUNTY OF LOS ANGELES

13  
14 **THE PEOPLE OF THE STATE OF**  
**CALIFORNIA,**  
15  
16 Plaintiff,  
17  
18 v.  
19 **SELECT PORTFOLIO SERVICING,**  
**INC.,** a Utah corporation,  
20 Defendant.

Case No.

**[PROPOSED] FINAL JUDGMENT AND  
PERMANENT INJUNCTION**

21 The People of the State of California (the “People”), appearing through their attorney, Rob  
22 Bonta, Attorney General of the State of California, by Supervising Deputy Attorney General Tina  
23 Charoenpong and Deputy Attorneys General Monica J. Zi, Rebecca Morse, and Asal  
24 Akhondzadeh, and Select Portfolio Servicing, Inc. (“Defendant”), appearing through its attorneys,  
25 Bronwyn F. Pollock and Michael Bornhorst of Mayer Brown LLP, having stipulated to the entry  
26 of this Judgment by the Court without the taking of proof and without trial or adjudication of any  
27 fact or law, without this Judgment constituting evidence of or an admission by Defendant  
28 regarding any issue of law or fact alleged in the Complaint, without Defendant admitting any

1 liability regarding any issue of fact or law alleged in the Complaint, and with all parties having  
2 waived their right to appeal from this Judgment, and the Court having considered the matter and  
3 the Stipulation concurrently filed herewith, and good cause appearing:

4 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

5 1. This Court has jurisdiction over the allegations and subject matter of the People’s  
6 Complaint filed in this action, and the parties to this action; venue is proper in this County; and  
7 this Court has jurisdiction to enter this Judgment.

8 **DEFINITIONS**

9 2. The following definitions shall apply for purposes of this Judgment:

10 A. “Borrower” means any natural person who is a mortgagor or trustor and  
11 who is potentially eligible for any loss mitigation option offered by, or through, his or her  
12 mortgage servicer, as defined in Civil Code section 2920.5, subdivision (c).

13 B. “Loss mitigation options” or similar forms of payment relief are to be  
14 interpreted consistent with the term “foreclosure prevention alternative,” as defined in California  
15 Civil Code section 2920.5, subdivisions (b) and (d).

16 C. “Mortgage” means a first lien mortgage or deed of trust secured by owner-  
17 occupied residential real property in California containing no more than four dwelling units, as  
18 defined in Civil Code section 2924.15, subdivision (a).

19 D. “SPOC” means a single point of contact provided to a borrower pursuant to  
20 Civil Code section 2923.7, subdivision (a), subject to the limitation set forth under Civil Code  
21 section 2923.7, subdivision (f), and means an individual or team of personnel each of whom has  
22 the ability and authority to perform the responsibilities described in Civil Code section 2923.7,  
23 subdivisions (b) and (d), as defined in Civil Code section 2923.7(e).

24 **INJUNCTION**

25 3. Nothing in this Judgment alters the requirements of federal or state law.

26 4. The injunctive provisions of this Judgment shall apply to Defendant; its  
27 subsidiaries and successors who engage in residential mortgage servicing; the assigns of all or  
28 substantially all of the assets of its business; and its officers and employees.

1           5.       Defendant shall be and hereby is permanently enjoined and restrained, under  
2 Business and Professions Code section 17203, from directly or indirectly engaging in any of the  
3 following acts or practices:

4           A.       Making any false or misleading representations to borrowers regarding the  
5 loss mitigation process, as prohibited by Business and Professions Code section 17200 et seq.,  
6 including but not limited to representations relating to the provision of a SPOC to borrowers  
7 entitled to a SPOC under Civil Code section 2923.7, subdivision (a); available loss mitigation  
8 options; eligibility requirements for loss mitigation options; loss mitigation application  
9 requirements, deadlines, or status; and forbearance and post-forbearance options;

10           B.       Failing to comply with the California Homeowner Bill of Rights (Civ.  
11 Code, §§ 2923.4 et seq.) (“HBOR”), including but not limited to section 2923.6, subdivisions (c),  
12 (f), (g), section 2923.7, and section 2924.10;

13           C.       Failing to comply with section 1788.17 of the Rosenthal Fair Debt  
14 Collection Practices Act (Civ. Code §§ 1788 et seq.), and section 1692e, subdivisions (2), (4), and  
15 (10) of the Fair Debt Collection Practices Act (15 U.S.C. §§ 1692 et seq.) to the extent either  
16 applies to Defendant’s conduct; and

17           D.       Failing to comply with the loss mitigation and pre-foreclosure requirements  
18 under Regulation X (12 C.F.R. §§ 1024.30 et seq.), including but not limited to the early  
19 intervention requirements under section 1024.39, subdivisions (a)-(b), the continuity of contact  
20 requirements under section 1024.40, and the loss mitigation procedures under section 1024.41,  
21 subdivisions (b), (c) and (d).

22           6.       When Defendant is required to establish a SPOC under Civil Code section 2923.7,  
23 subdivision (a):

24           A.       Defendant shall assign either a specific individual or a team of designated  
25 specific individuals. Defendant shall not designate all or substantially all of its call center  
26 associates with SPOC responsibilities as a borrower’s assigned SPOC or assigned SPOC team;

27           B.       Defendant shall maintain a dedicated SPOC e-mail address available only  
28 to California borrowers;

1 C. Defendant shall provide the borrower direct means of communication with  
2 their assigned SPOC, which shall include: (1) a phone number and extension for the assigned  
3 SPOC, as well as the option, if the assigned SPOC or a member of the borrower's assigned SPOC  
4 team is not available within a reasonable hold time (i.e., 90 seconds or less), to schedule a call  
5 back within one business day, and (2) an e-mail address dedicated for California borrowers that  
6 California borrowers can use to reach their assigned SPOC or assigned SPOC team;

7 D. With respect to any email directed to a borrower's assigned SPOC  
8 regarding potential loss mitigation options, Defendant shall ensure that: (i) the borrower's email  
9 is reviewed and acknowledged within five (5) business days of receipt of the borrower's email,  
10 and (ii) the borrower's assigned SPOC, or a member of their assigned SPOC team, places a  
11 telephone call to the borrower within this same time frame when a substantive response is  
12 warranted, including when the borrower requests a call back or has questions regarding the loss  
13 mitigation process; and

14 E. Defendant shall ensure that assigned SPOCs, including individual SPOCs  
15 and each member of a borrower's assigned SPOC team, are knowledgeable about the borrower's  
16 situation and current status in the alternatives to foreclosure process.

17 7. Defendant shall develop benchmarks for managing SPOC caseloads and  
18 implement appropriate SPOC caseload limits to further the responsibilities of assigned SPOCs,  
19 including those set forth in Civil Code section 2923.7, subdivisions (b) to (e).

20 8. Defendant shall provide written notice to borrowers who are delinquent on their  
21 mortgage and are potentially eligible for loss mitigation options of their right, under Civil Code  
22 section 2923.6, subdivision (c), to submit a complete loan modification application up to five (5)  
23 business days prior to a scheduled foreclosure sale and their right, under Civil Code section  
24 2923.6, subdivision (d), to submit an additional loss mitigation application if there has been a  
25 material change in the borrower's financial circumstances since the date of the borrower's  
26 previous application and the denial of their most recent application was due to the borrower's  
27 financial circumstances. Nothing in this term shall prevent SPS from accurately informing  
28 borrowers that they may be ineligible for loss mitigation for other reasons.

1           9.       If Defendant denies a loan modification application, Defendant shall provide to the  
2 borrower the specific reasons for the denial of the loan modification, including any specific  
3 reasons for investor disallowance, and if applicable, shall make clear when a loan modification is  
4 denied based on investor rules that establish an order ranking for the evaluation of loss mitigation  
5 options (i.e., a waterfall). When providing such notice, it is sufficient for Defendant to inform the  
6 borrower that their loan's owner and/or investor has an established hierarchy for prioritizing loss  
7 mitigation options and the borrower qualified for a different loss mitigation option under that  
8 hierarchy.

9           10.       Defendant shall allow a borrower who is potentially eligible for loss mitigation  
10 options to submit a complete loss mitigation application and shall evaluate the borrower's  
11 complete loss mitigation application for all loss mitigation options available to the borrower  
12 regardless of whether the borrower accepted a short-term loss mitigation option based on an  
13 incomplete loss mitigation application, as provided by Regulation X, 12 C.F.R. § 1024.41,  
14 subdivision (c)(2)(iii).

15           11.       If a borrower is on a forbearance plan, at least 30 days before the end of the plan  
16 term, Defendant shall inform the borrower of the loss mitigation options available to the borrower  
17 by the owner or assignee of the borrower's mortgage loan at the time of the communication, and  
18 the actions the borrower must take to be evaluated for such loss mitigation options.

19           12.       For borrowers in forbearance, if a borrower's forbearance agreement or applicable  
20 law does not allow the assessment of late fees during the forbearance period, periodic mortgage  
21 statements sent by Defendant to such borrowers shall: (a) not state that a late fee will be charged  
22 if a mortgage payment is not received during the forbearance period, (b) inform the borrower that  
23 the terms of their forbearance agreement may alter the payment amount and due date on their loan  
24 and that they should submit payments in the amounts and on the dates set forth under the terms of  
25 their forbearance agreements, and (c) inform the borrower that foreclosure cannot be initiated,  
26 advanced and/or proceed to sale while they are in forbearance.

27           13.       Defendant has certified that, as part of its efforts to implement the CARES Act (15  
28 U.S.C. § 9056), Defendant waived or reversed any late fees assessed on accounts while the

1 account was on an active COVID-19 related forbearance plan. Should Defendant identify any  
2 additional borrowers who were assessed a late fee during a period that their account was on an  
3 active COVID-19 related forbearance and if such fees have not already been waived or reversed,  
4 Defendant shall reverse or refund any such fees.

5 14. Defendant shall, as necessary to comply with the laws and injunctive provisions  
6 described in this Judgment, modify its existing policies, procedures, and processes, or establish,  
7 implement, and maintain new policies, procedures, and processes to ensure compliance with the  
8 laws and injunctive provisions described in this Judgment.

9 15. Defendant shall notify its directors and affiliates, agents, and independent  
10 contractors who perform mortgage servicing tasks relating to loss mitigation on behalf of  
11 Defendant about the injunctive provisions described in this Judgment.

12 16. Defendant shall provide trainings at least once a year to all call center associates  
13 with SPOC responsibilities and employees with duties related to call center performance, loan  
14 resolution, collections, and foreclosure activities, for the purpose of ensuring compliance with the  
15 laws and injunctive provisions described in this Judgment. This training shall include, but is not  
16 limited to:

17 A. Borrowers' rights and Defendant's loss mitigation and pre-foreclosure  
18 obligations under Civil Code section 2923.6, subdivisions (c), (f), (g), and section 2924.10,  
19 subdivision (a), and 12 C.F.R. sections 1024.39, subdivisions (a)-(b), section 1024.40, and section  
20 1024.41, subdivisions (b), (c) and (d);

21 B. The responsibilities of assigned SPOCs, including those set forth in Civil  
22 Code section 2923.7, subdivisions (b)-(e); and

23 C. Sufficiently documenting communications with borrowers.

24 17. Defendant shall complete quarterly assessments of the sufficiency of call center  
25 associate staffing to meet the needs of customer call volume and SPOC caseloads. Assessments  
26 shall also include a thorough review and evaluation of borrower complaints regarding: the  
27 inability to communicate with an assigned SPOC; SPS's failure to provide information or its  
28 provision of incorrect, incomplete, or conflicting information; the loss mitigation application

1 process or the documents necessary to initiate or complete an application; loss mitigation option  
2 determinations; SPS's failure to stop or delay foreclosure proceedings; and other matters  
3 described in Civil Code section 2923.7(a)-(e).

4 18. For three years after the entry of this Judgment, Defendant shall perform quarterly  
5 reviews, including a thorough review of all borrower written complaints and of all processes and  
6 controls designed to ensure compliance, and evaluate its efforts to comply with the laws and  
7 injunctive terms described in this Judgment.

8 19. For three years after the entry of this Judgment, Defendant shall prepare and  
9 provide annual reports to the Attorney General's Office, detailing the steps taken to ensure  
10 compliance with the laws and injunctive terms described in this Judgment, including the results of  
11 each quarterly review described in this Judgment and any planned or implemented changes. The  
12 first report shall be provided six (6) months after the entry of this Judgment, and the additional  
13 reports shall be provided thereafter on an annual basis. Reports submitted pursuant to this  
14 Paragraph shall be treated as confidential and as exempt from disclosure under the California  
15 Public Records Act, Government Code section 7920.000 et seq.

16 **MONETARY PROVISIONS**

17 20. Defendant shall pay a total of \$4.6 million, as further described in Paragraphs 21  
18 and 22 of this Judgment. Payment shall be made within fourteen (14) calendar days of the date of  
19 entry of this Judgment, pursuant to instructions provided by the Attorney General's Office.

20 21. Of the total amount to be paid, Defendant shall pay \$1.6 million in civil penalties  
21 pursuant to Business and Professions Code section 17206.

22 22. Of the total amount to be paid, Defendant shall pay \$3 million in restitution  
23 pursuant to Business and Professions Code section 17203. Such funds shall be distributed at the  
24 sole discretion of the Attorney General to Borrowers identified in the Attorney General's  
25 investigation who were in current status and initially denied home retention options after exiting a  
26 COVID-related forbearance plan, experienced certain delays in completing a loss mitigation  
27 application during the COVID-19 pandemic, or received certain ineligibility notifications after  
28 submitting a timely loss mitigation application.



1 forbearance plan; and compliance with Civil Code section 2923.6, subdivisions (c), (f), (g),  
2 section 2923.7, subdivisions (a)-(e), and section 2924.10.

3 **ADDITIONAL PROVISIONS**

4 27. This Court retains jurisdiction over this Judgment and the parties hereto for the  
5 purposes of enabling the parties to apply the Court for such orders or directions as may be  
6 necessary or appropriate for the construction, modification, and/or enforcement of this Judgment,  
7 and for any other purposes authorized by law.

8 28. This Judgment may be enforced only by the parties hereto.

9 29. Nothing in this Judgment shall abrogate the confidentiality of any materials or  
10 information obtained by the Attorney General's Office during its investigation of Defendant,  
11 except as provided by law.

12 30. Unless otherwise directed by the parties, all submissions, requests,  
13 communications, or other documents relating to this Judgment shall be transmitted by email to the  
14 following:

15 To the California Attorney General's Office:

16 Monica J. Zi  
17 Deputy Attorney General  
18 Email: Monica.Zi@doj.ca.gov

Rebecca Morse  
Deputy Attorney General  
Email: Rebecca.Morse@doj.ca.gov

19 Asal Akhondzadeh  
20 Deputy Attorney General  
21 Email: Asal.Akhondzadeh@doj.ca.gov

22 To Select Portfolio Servicing, Inc.:

23 Bronwyn Pollock  
24 Michael Bornhorst  
25 MAYER BROWN LLP  
26 Email: bpollock@mayerbrown.com  
27 Email: mbornhorst@mayerbrown.com

28 Kevin Warren  
SELECT PORTFOLIO SERVICING  
Chief Compliance Officer  
Email: kevin.warren@spservicing.com

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31. If the Attorney General’s Office determines that Defendant has failed to comply with any injunctive term of this Judgment and that this failure does not threaten the health, safety, or welfare of the citizens of the State of California, then before seeking an order to enforce this Judgment, the Attorney General’s Office will notify Defendant in writing of such claimed failure to comply and provide Defendant with fifteen business days to make a good faith written response.

32. The clerk is ordered to enter this Judgment forthwith.

ORDERED AND ADJUDGED at Los Angeles, California.

Dated: \_\_\_\_\_

\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT