



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Nationstar Shells Out \$76M To End Collusion Class Action

By **Kelly Knaub**

Law360, New York (November 9, 2015, 10:08 PM ET) -- A Florida federal judge Monday approved a \$76 million settlement to end a class action accusing Nationstar Mortgage of colluding with force-placed insurance providers to make lucrative profits, a deal that increased by \$22 million at a final fairness hearing.

Borrowers who brought the suit asked Magistrate Judge Jonathan Goodman to finalize a \$54 million settlement of their class action **in June**, but the judge noted in Monday's order that class counsel explained during the final fairness hearing, held in July that they now view the settlement as providing the potential of \$76 million, plus the value of injunctive relief.

The settlement will resolve claims by more than 380,000 borrowers who had mortgage loans with Nationstar Mortgage LLC and alleged they were overcharged for hazard, flood or wind coverage issued by Assurant Inc. or its subsidiaries between Jan. 1, 2008, and Jan. 30, 2015.

"We are very appreciative to Judge Goodman for his extremely well reasoned and detailed order," Adam Moskowitz, an attorney for plaintiffs, told Law360 on Monday.

The class counsel will receive \$5 million in attorneys' fees, which is equal to 6.57 percent of the total monetary award made available to the class, according to the judge's order.

The judge said that only two pro se class members have pending objections, neither of whom appeared at the final fairness hearing, noting that the court found that their objections are based on "basic misunderstanding of either the terms of the settlement or the law that applies to class action settlement."

Judge Goodman said the two individuals were given the opportunity to opt out and pursue their own claims in separate litigation if they were not happy with the settlement, adding that 107 other class members have chosen to do so.

Plaintiffs claimed the issuers and their subsidiaries entered into exclusive relationships with major mortgage lenders and servicers to provide force-placed insurance policies implemented when borrowers lapsed on their coverage. The issuers allegedly charged inflated premiums and paid tens of millions of dollars in kickbacks to Nationstar and its affiliates.

The settlement will block Nationstar from engaging in practices that allegedly inflated the insurance premium charges imposed on mortgagors for five years, according to court documents.

The issue arose from the practice of mortgage banks requiring borrowers to secure hazard insurance to protect their properties. Plaintiffs didn't challenge the requirement to have

insurance but argued that the arrangement that Nationstar had with Assurant and others artificially inflated the cost of premiums beyond what was reasonable or necessary to protect the property, according to court documents.

JPMorgan Chase NA, HSBC USA NA, Citibank NA and Wells Fargo NA — as well as their affiliates and several insurers — agreed to settle claims similar to the ones in the instant suit. In March 2014, Wells Fargo and Assurant Inc. settled for an undisclosed amount in a similar case. And Bank of America NA in April 2014 agreed to pay \$228 million to settle a putative class action — in the same court as the instant suit — accusing the bank of overcharging homeowners for force-placed insurance.

The plaintiffs said in their motion for final approval that the practices at issue were blocked by a settlement with New York state regulators but that the prohibitions only applied to borrowers in New York state and only bound Assurant.

Attorneys for the defendants did not immediately return a request for comment on Monday.

The class is represented by Adam M. Moskowitz, Tucker Ronzetti, Rachel Sullivan and Robert J. Neary of Kozyak Tropin & Throckmorton LLP, Lance A. Harke, Sarah Engel and Howard M. Bushman of Harke Clasby & Bushman LLP, Aaron S. Podhurst, Peter Prieto, John Gravante III and Matthew Weinshall of Podhurst Orseck PA, Hector Pena of Hector Pena PA, Chip Merlin of Merlin Law Group PA, Kenneth G. Gilman of Gilman Law LLP, Gurian Group PA, and Parker & Dufresne PA.

Nationstar is represented by Alan G. Greer and Nathaniel M. Edenfield of Richman Greer PA, and John B. Sullivan, Mark D. Lonergan, Erik Kemp and Megan C. Kelly of Severson & Werson PC. Assurant and other defendants are represented by Frank G. Burt, W. Glenn Merten and Brian P. Perryman of Carlton Fields Jordan Burt PA.

The case is Howard Braynen et al. v. Nationstar Mortgage LLC et al., case number 1:14-cv-20726, in the U.S. District Court for the Southern District of Florida.

--Additional reporting by Kurt Orzeck and Zachary Zaggar. Editing by Emily Kokoll.

---

All Content © 2003-2015, Portfolio Media, Inc.