

# Champion settles with NY AG for deceptive reverse mortgage borrowers

Bernice Dyer April 7, 2021

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New York Attorney General Letitia James has settled a lawsuit against Champion Mortgage for allegedly misleading borrowers in need of help.

Court documents indicate that Champion – the reverse mortgage manager under Mr. Cooper, [formerly Nationstar Mortgage Holdings](#) – sent over 3,000 pre-closing letters to defaulting clients, but in unclear and inaccurate language, leading borrowers to believe they were already being sued and seized by Champion.

In other instances, Champion allegedly failed to properly notify its home equity conversion mortgage borrowers of property tax payments on their behalf, resulting in double payments.

Both parties decided that Champion would donate \$ 500,000 to the Attorney General's Equitable Reverse Mortgage Assistance program. ERMA offers defaulting reverse mortgage borrowers or those at risk of defaulting low cost [loans](#) to cover their inability to pay.

"No one should be faced with the threat of losing their home, and businesses have a responsibility to provide transparency and fairness to borrowers and to risky homeowners," James said in a press release.

"These funds will provide much-needed help to ensure our seniors have access to permanent housing, and this action is a warning to businesses that we hold them to their obligations to their customers.

Champion has cooperated with the Attorney General and is committed to doing a better job for his reverse mortgage clients.

"Champion is committed to providing a customer-centric experience and has taken steps to ensure that we provide effective and accurate information to our customers," a representative for Mr. Cooper said in a statement to NMN. "We look forward to partnering with New York. The Attorney General and the Center for New York City Neighborhoods to promote and protect affordable homeownership for our New York clients."

As part of the settlement, Champion also agreed to improve its notifications to New York borrowers before making any property tax payments on behalf of their property. It is also committed to simplifying its language in pre-closure communications, providing direct contact to owners to access all loss mitigation opportunities available, and staying in compliance with New State law. York.

[In December, Mr. Cooper also agreed](#) pay a \$ 91 million settlement to the Consumer Financial Protection Bureau for alleged misconduct with loan modifications, foreclosures and cancellations of mortgage insurance policies.