

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

SN Servicing Corporation
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**CONSENT ORDER PURSUANT
TO NEW YORK BANKING LAW §44**

The New York State Department of Financial Services (the “Department”), and SN Servicing Corporation (“SN Servicing,” and with the Department, the “Parties”) are willing to resolve the matters described herein without further proceedings.

WHEREAS, New York enacted the Abandoned Property Relief Act (the “Act”) to combat “the blight of vacant and abandoned properties” in 2016;

WHEREAS, the Act requires mortgagees and the servicers who act on their behalf to assume certain inspection, maintenance and registration responsibilities in connection with vacant and abandoned residential properties securing mortgage loans in their portfolios;

WHEREAS, violations of the Act are punishable by a fine of up to \$500.00 per day;

WHEREAS, SN Servicing is registered by the Department to engage in the business of mortgage loan servicing pursuant to Article 12-D of the New York Banking Law and, as such, is subject to regulation and supervision by the Department; and

WHEREAS, SN Servicing failed to register, secure and maintain properties, securing loans serviced by SN Servicing in violation of the Act.

THE DEPARTMENT’S FINDINGS

1. In August 2017, the Department received a complaint from the Gloversville Fire Department stating that two Gloversville houses were vacant and abandoned (the “Properties”)

and not being maintained in accordance with the requirements of Act, codified in Real Property Actions & Proceedings Law (“RPAPL”) Sections 1308 and 1310.

2. In August 2017, a search of the Vacant Property Registry maintained by the Department (the “Registry”) found that the Properties were not registered as vacant and abandoned. The Department was however able, through independent research, to identify SN Servicing as the servicer responsible for the Properties.

3. The Department promptly forwarded the complaints to SN Servicing for remediation.

4. An inspector set by the Department to check on each property showed that SN Servicing failed to take any action to address the maintenance violations at the Properties.

5. SN Servicing failed to remediate the maintenance violations before the mortgages on the Properties were extinguished through a tax foreclosure proceeding on January 1, 2018.

VIOLATIONS OF LAW & REGULATIONS

6. SN Servicing failed to register, secure and maintain either of the Properties. An inspection conducted by the Department revealed multiple, long-standing violations of the maintenance requirements imposed by the Act. Specifically, the inspection identified the following violations of the Act:

- a. Failure register the Properties as vacant and abandoned in the Registry (RPAPL 1310);
- b. Failure to properly secure the Properties (RPAPL 1308(4));
- c. Failure to maintain the Properties in good repair, structurally sound and sanitary (RPAPL 1308(7) and NYS Maintenance Code Section 304.1);

- d. Failure to maintain the Properties free of rubbish and debris (RPAPL 1308(7) and NYS Maintenance Code Section 307.1);
- e. Failure to keep all windows, doors and frames in sound condition, good repair and weather tight (RPAPL 1308(7) and NYS Maintenance Code Sections 304.13 and 304.15); and
- f. Failure to keep all sidewalks, walkways, stairs, driveways, parking areas and similar areas in a proper state of repair and maintained free from hazardous conditions (RPAPL 1308(7) and NYS Maintenance Code Section 302.3).

SETTLEMENT PROVISIONS

Monetary Payment

7. SN Servicing shall pay a penalty in the amount of \$100,000.00 (the “Settlement Payment”) to resolve the above-stated violations of the Act. SN Servicing shall pay one-half of the Settlement Payment (i.e., \$50,000.00) within ten (10) days of full execution of this Consent Order and the remaining one-half in five (5) equal monthly installments of \$10,000.00 each commencing on March 1, 2019. SN Servicing agrees that it will not claim assert or apply for a tax deduction or tax credit with regard to any U.S. federal, state or local tax, directly or indirectly, for any portion of the penalty paid pursuant to this Consent Order.

Verification of On-Going Compliance

8. Within thirty (30) days of the execution of this Consent Order, SN Servicing will provide the Department with confirmation that: (a) all properties subject to the requirements of the Act that are serviced by SN Servicing (i) have been registered pursuant to RPAPL 1310 and (ii)

are being maintained pursuant to RPAPL 1308; and (b) that all quarterly filings have been made for each property pursuant to 3 NYCRR 422.5 for the most recent quarter.

9. For the twelve (12) months following the execution of this Consent Order, SN Servicing will, on a bi-monthly basis (i.e., every two (2) months), provide the Department with confirmation that all properties subject to the requirements of the Act that are serviced by SN Servicing have been registered pursuant to RPAPL 1310 and that all quarterly filings have been made for each property pursuant to 3 NYCRR 422.5 for the most recent quarter. In addition, for each property subject to the Act, SN Servicing will provide the Department with:

- a. Inspection reports, including pictures, for each property for the current month; and
- b. Maintenance records, including pictures, for each property for the current month.

10. SN Servicing will promptly update its filings on the registry for any property currently or previously in their servicing portfolio that is no longer subject to the Act.

11. SN Servicing will provide a substantive response to any inquiries made by the Department regarding a property it believes to be subject to the Act, within fourteen (14) days of the date of the inquiry and will remedy any violation of the Act within a reasonable timeframe as determined in the sole discretion of the Department.

MISCELLANEOUS TERMS & CONDITIONS

12. In the event that the Department believes SN Servicing to be in material breach of the Consent Order, the Department will provide written notice to SN Servicing and SN Servicing must, within ten (10) business days of receiving such notice, or on a later date if so determined in the Department's sole regulatory discretion, appear before the Department to demonstrate that no

material breach has occurred or, to the extent pertinent, that the breach is not material or that SN Servicing has cured the breach.

13. The Parties understand and agree that SN Servicing's failure to make the required showing within the designated time period shall be presumptive evidence of SN Servicing's breach. Upon a finding that SN Servicing has breached this Consent Order, the Department retains all remedies available to it under New York Banking, Financial Services and Real Actions & Proceedings Laws, and may use any evidence available to the Department in any ensuing hearing, notices or orders.

14. This Consent Order may not be altered, modified or changed unless in writing signed by the Parties hereto.

15. This Consent Order shall be enforceable and remain in effect for twelve (12) months unless stayed or terminated in writing by the Superintendent or her designee.

16. Provided that SN Servicing complies fully with the terms of the Consent Order, no further action will be taken by the Department against SN Servicing for the conduct and time period set forth in this Consent Order.

17. By executing this Consent Order, SN Servicing represents and warrants to the Department that it is authorized to enter into this Consent Order and has authorized and has directed its general counsel, William A. Fogleman, to enter into this Consent Order on behalf of SN Servicing, waiving any and all rights to judicial review of this Consent Order or to challenge or contest the issuance, validity, effectiveness, terms or enforceability of the provisions of this Consent Order.

18. The Parties agree that this Consent Order does not create any private rights or remedies against SN Servicing, create any liability for SN Servicing, constitute evidence of any

wrongdoing by SN Servicing for the purpose of any third-party proceeding, or waive any defenses of SN Servicing against any person or entity not a party to this Consent Order.

19. All written communications to the Department regarding this Consent Order should be sent as follows:

Attention:

Rholda L. Ricketts
Deputy Superintendent of Banks
New York State Department of Financial Services
One State Street
New York, New York 10004

20. All written communications to SN Servicing regarding this Consent Order must be sent as follows:

Attention:

William A. Fogleman
SN Servicing Corporation
13702 Coursey Boulevard, Building 2
Baton Rouge, LA 70817
bfogleman@spsc.com

With a copy to:

Heath Olnowich
Mavrides, Moyal, Packman & Sadkin, LLP
276 Fifth Avenue, Suite 404
New York, NY 10001
HBO@mmmps.com

21. This Consent Order is not confidential; therefore, it shall be made available to the public.

[REMAINDER OF PAGE BLANK – SIGNATURE PAGE FOLLOWS]

WHEREFORE, the Parties hereto have caused this Consent Order to be executed.

By: William A. Fogleman
William A. Fogleman
General Counsel
SN Servicing Corporation
Dated: 1/8/19

By: Maria T. Vullo
Maria T. Vullo
Superintendent of Financial Services
New York State Department of Financial Services
Dated: 1/14/19