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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

Case No. _____________

MUFTI QUARASHI, HARRY JONES, GLORY JONES, PETER HODDERSEN, MARK SMITH, BARRY RICKERT and CAROL RICKERT, on behalf of themselves and all others similarly situated,

Plaintiffs,

v.

CALIBER HOME LOANS, INC., CENTRAL LOAN ADMINISTRATION& REPORTING d/b/a CENLAR FSB, M&T BANK CORP., SPECIALIZED LOAN SERVICING, LLC, AMERICAN SECURITY INSURANCE COMPANY, and STANDARD GUARANTY INSURANCE COMPANY,

Defendants.
____/

CLASS ACTION
JURY DEMAND

CLASS ACTION COMPLAINT

Plaintiffs Harry Jones, Glory Jones, Peter Hoddersen, Mark Smith, Mufti Quarashi, Barry Rickert, and Carol Rickert file this class action complaint on behalf of themselves and all others similarly situated against CALIBER HOME LOANS, INC. ("Caliber"), CENTRAL LOAN

ADMINISTRATION & REPORTING d/b/a CENLAR FSB ("Cenlar"), M&T BANK CORP. ("M&T"), SPECIALIZED LOAN SERVICING, LLC ("SLS"), AMERICAN SECURITY INSURANCE COMPANY ("ASIC") and STANDARD GUARANTY INSURANCE COMPANY ("SGIC") (ASIC and SGIC shall together be referred to herein as "the Assurant Defendants").

INTRODUCTION

1. Undersigned Counsel have been litigating force-placed insurance ("FPI") class actions against insurance company Assurant and its subsidiaries (here, Defendants ASIC and SGIC) for more than six years in the Southern District of Florida and District of New Jersey. These FPI cases have been the subject of two different Multi District Litigation Panel ("MDL") hearings and have already included discovery of millions of pages of discovery and conducting hundreds of depositions. In early 2011, Undersigned Counsel filed the first of this wave of FPI cases in the Southern District of Florida, *Williams v. Wells Fargo Bank, N.A.,* No. 11-cv-21233-RNS (S.D. Fla.). The *Williams* case was certified and eventually settled and granted final approval on September 11, 2013.

2. Undersigned Counsel subsequently filed twenty two additional nationwide class actions in the Southern District of Florida and in the District of New Jersey against most of the major mortgage lenders and servicers and their partner insurers. Most of these cases were very actively litigated and Undersigned Counsel have now reached nationwide settlements in most of those cases, certifying nationwide classes and providing more than $5.2 billion in monetary relief to over 4.7 million homeowners across the country, plus important injunctive relief which has helped to put an end to most of the alleged unlawful practices for at least five years.[1] This case is

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1 *See Williams v. Wells Fargo Bank,* N.A., No. 11-cv-21233 (S.D. Fla.); *Saccoccio v. JPMorgan*

brought mainly to recoup monetary damages that were suffered by the customers of mortgage lenders and servicers SLS, M&T Bank, Caliber, and Cenlar, all of which worked exclusively with Assurant's subsidiaries ASIC and SGIC to impose illegal and undisclosed amounts to Plaintiffs and the proposed class during the relevant time periods.

3. This consolidated case is being filed before this Court for at least three reasons. First, three of the parties to this action are based in New Jersey. Plaintiffs Mark Smith and Mufti Quarashi are New Jersey residents, and Defendant Cenlar is based in New Jersey. Second, Undersigned Counsel represent plaintiffs in two other nationwide force-placed insurance class actions currently pending in this District, *Bowles v. Fay Servicing, LLC,* No. 2:16-cv-02714 (D. N.J.) and *In re: PHH Lender Insurance Litigation,* No. 12-cv-1117 NLH-KMW (consolidated with *Burroughs v. PHH Corp.,* No. 15-6122). The parties in *PHH* have already informed Judge Williams that they have reached a settlement on all terms (D.E. 259), and the parties in *Fay Servicing* are currently in mediation. Third, Plaintiff Peter Hoddersen had pending his own FPI class action case against Cenlar and ASIC in this Court, *see Hoddersen v. Cenlar*, No. 16-cv-05156 (D.N.J.), but the Defendants in that case argued that it should be consolidated with another case pending against *Cenlar* in the Southern District of Florida, *Jones v. Cenlar*, Case

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Chase Bank N.A., No. 13-cv-21107 (S.D. Fla.); *Diaz v. HSBC Bank (USA), N.A.,* No. 13-cv-21104 (S.D. Fla.); *Fladell v. Wells Fargo Bank, N.A.,* No. 13-cv-60721 (S.D. Fla.); *Hamilton v. SunTrust Mortg., Inc.,* No. 13-cv-60749 (S.D. Fla.); *Hall v. Bank of Am., N.A.,* No. 12-cv-22700 (S.D. Fla.); *Lee v. Ocwen Loan Servicing, LLC*, No. 14-cv-60649 (S.D. Fla.); *Braynen v. Nationstar Mortg., LLC,* No. 14-cv-20726 (S.D. Fla.); *Wilson v. Everbank, N.A.,* No. 14-cv-22264 (S.D. Fla.); *Montoya v. PNC Bank, N.A.,* No. 14-cv-20474 (S.D. Fla.); *Almanzar v. Select Portfolio Servicing,* No. 14-cv-22586 (S.D. Fla.); *Jackson v. U.S. Bank, N.A.,* No. 14-cv-21252 (S.D. Fla.); *Circeo-Loudon v. Green Tree Servicing, LLC,* No. 14-cv-21384 (S.D. Fla.); *Patel v. Specialized Loan Servicing, LLC*, No. 15-cv-62600 (S.D. Fla.); *Fowler v. Caliber Home Loans, Inc.,* No. 15-cv-24542 (S.D. Fla.); *Beber v. Branch Banking & Trust Co.,* No. 15-cv-23294 (S.D. Fla.); *Ziwczyn v. Regions Bank,* No. 15-cv-24558 (S.D. Fla.); *McNeil v. Selene Finance, LP,* No. 16-cv-22930 (S.D. Fla.); *McNeil v. Loancare, LLC,* No. 16-cv-20830 (S.D. Fla.); *Edwards v. Seterus, Inc.,* No. 15-cv-23107 (S.D. Fla.) *Cooper v. PennyMac Loan Servicing, LLC*, No. 16-cv-20413 (S.D. Fla.).

No. 16-cv-22428 (S.D. Fla.). This consolidated complaint brings all claims against Cenlar together in one proceeding.[2]

PARTIES

Plaintiffs

4. Plaintiff Mufti Quarashi was charged for force-placed insurance by Defendant M&T. Mr. Quarashi is a citizen of the State of New Jersey, residing at 1504 88th Street, North Bergen, New Jersey. He is a natural person over the age of 21 and is otherwise *sui juris*.

5. Plaintiffs Harry Jones and Glory Jones were charged for force-placed insurance by Defendant Cenlar. The Joneses are citizens of the State of Florida, residing at 11297 SW 155th Lane, Miami, Florida. They are both natural persons over the age of 21 and otherwise *sui juris*.

6. Plaintiff Peter Hoddersen was charged for force-placed insurance by Defendant Cenlar. Mr. Hoddersen is a citizen of the State of Florida, residing in Fleming Island, Florida. He is a natural person over the age of 21 and otherwise *sui juris*.

7. Plaintiff Mark Smith was charged for force placed insurance by Defendant SLS. Mr. Smith is a citizen of the State of New Jersey, residing at 17 North Brown Street, Gloucester City, New Jersey. He is a natural person over the age of 21 and is otherwise *sui juris*.

8. Plaintiffs Barry and Carol Rickert were charged for force-placed insurance by

2 The four Defendant lenders and servicers may seek to have Plaintiffs file separate complaints against each of them (instead of one consolidated complaint), as other defendants did five years ago in a consolidated action brought in the Southern District of Florida. However, six years of litigation against ASIC/SGIC, have revealed that the main focus of this case will be on the actions of insurance Defendants ASIC/SGIC and their conduct. The relevant contracts they had with each of the servicers simply vary on amounts of payments and a few other issues, but the Court can certainly agree on separate tracks and enter applicable protective orders that can certainly deal with any issues regarding competition and protected business information. In any event, such issues can certainly be addressed by the Court and the parties at the Initial Scheduling Conference.

Defendant Caliber. The Rickerts are citizens of the State of Pennsylvania, residing at 115 Slutter Valley Road, Dornsife, Pennsylvania. They are both natural persons over the age of 21 and are otherwise *sui juris*.

Defendants

9. Defendant AMERICAN SECURITY INSURANCE COMPANY is a Delaware corporation and an indirect subsidiary of Assurant Inc., writing force-placed insurance policies in all fifty states and the District of Columbia with its principal address in Atlanta, Georgia. ASIC often operates under the trade name "Assurant Specialty Property." ASIC contracts with the lenders to act as a force-placed insurance vendor and take over certain mortgage servicing functions. Its duties include, but are not limited to, tracking loans in their mortgage portfolio, new loan boarding, loss draft functions, escrow analysis, handling customer service duties, and securing force-placed insurance policies on properties when a borrower's insurance has lapsed.

10. Defendant STANDARD GUARANTY INSURANCE COMPANY is a Delaware corporation with its principal place of business in Georgia. SGIC is a subsidiary of Assurant, Inc., and does business throughout the United States. SGIC also provides servicing functions to mortgage lenders and servicers including tracking borrower compliance with insurance obligations and placing lender-placed insurance pursuant to a Master Services Agreement between SGIC and the lenders and servicers.

11. Defendant CALIBER HOME LOANS, INC. is a mortgage lender and servicer. Caliber is an Oklahoma corporation with its headquarters in Irving, Texas. Caliber conducts business throughout the United States, including in this District. Caliber was created in 2013 when two affiliated companies, Vericrest Financial and Caliber Funding, merged operations. Upon information and belief, Caliber is a successor-in-interest to these two entities and has

assumed all liabilities. Caliber and its predecessors are subsidiaries of the private-equity firm Loan Star.

12. Defendant CENLAR is an operating subsidiary of Cenlar Capital Corporation and a privately-held company with its principal place of business in Ewing, New Jersey. Cenlar is mortgage servicer and conducts business throughout the United States, including in this District.

13. Defendant SPECIALIZED LOAN SERVICING LLC is a mortgage servicer and collections entity. SLS is a Delaware Limited Liability Company headquartered in Highlands Ranch, Colorado. SLS conducts business throughout the United States, including in this District. Indeed, SLS has filed multiple foreclosure lawsuits against borrowers (many of them sure to be putative class members) in state courts within this District.

14. Defendant M&T BANK CORPORATION is a mortgage lender and servicer headquartered in Buffalo, New York, and doing business in numerous states, including New York, New Jersey, Pennsylvania, Maryland, Delaware, Virginia, West Virginia, Washington, D.C., and Connecticut.

BRIEF FACTUAL BACKGROUND

15. Mortgage lenders and servicers Caliber, Cenlar, M&T, and SLS (alternatively referred to herein as the "Lender and Servicer Defendants") have had arrangements with the Assurant Defendants and their affiliates for many years whereby the Assurant Defendants perform many of the lenders' and servicers' mortgage-servicing functions and are the exclusive providers of force-placed insurance coverage for homeowners with mortgage loans owned or serviced by Caliber, Cenlar, M&T, and SLS.

16. In exchange for providing the Assurant Defendants with the exclusive right to

monitor the Lender and Servicer Defendants' mortgage loan portfolios and force-place their own insurance coverage, the Assurant Defendants pay the lenders and servicers gratuitous kickbacks that are mischaracterized to borrowers as legitimate compensation. These kickbacks include, but are not limited to, one or more of the following: (1) unearned "commissions" paid to an affiliate of the lender or servicer for work purportedly performed to procure individual policies; (2) "expense reimbursements" allegedly paid to reimburse the lender or servicer for expenses it incurred in the placement of force-placed insurance coverage on homeowners; (3) payments of illusory reinsurance premiums that carry no commensurate transfer of risk; and (4) free or below-cost mortgage-servicing functions that the Assurant Defendants perform for the lenders and servicers. These kickbacks effectively constitute a rebate to the Lender and Servicer Defendants on the cost of the force-placed insurance.

17. Despite representations to borrowers that they will only be charged for the cost of insurance coverage, and provisions in the mortgage contracts binding them to do so, Caliber, Cenlar, SLS, and M&T charge borrowers the cost of coverage plus the amount of the kickbacks; they do not, that is, pass these rebates on to the borrower. The Lender and Servicer Defendants deduct the initial, pre-rebate amount from borrowers' escrow accounts, and attempt to disguise the kickbacks as legitimate by mischaracterizing them as income earned by the lender or servicer.

18. These exclusive and collusive relationships have resulted in extraordinary profits for the Defendants totaling millions of dollars for Caliber, M&T, Cenlar, SLS, and the Assurant Defendants.[3] While many banks and insurance entities have ceased these practices as a result of

[3] These extraordinary profits are demonstrated by the extremely low loss ratios for the force-placed insurance product – typically in the range of 20-30%. Loss ratios on homeowner's voluntary insurance is typically above 50%.

class action lawsuits brought nationwide and various state and federal investigations, this class action has been brought to: (1) adequately compensate Caliber, M&T, Cenlar, and SLS homeowners for their economic losses, and (2) enjoin such practices by these Defendants in the future.

19. Lenders and servicers, like Caliber, M&T, Cenlar, and SLS here, force place insurance coverage when a borrower fails to obtain or maintain proper hazard, flood, or wind insurance coverage on the property that secures his or her loan. Under the typical mortgage agreement, if the insurance policy lapses or provides insufficient coverage, the lender has the right to "force place" new coverage on the property to protect its interest and then charge the borrower the cost of coverage. The Defendants' force-placed insurance scheme takes advantage of the broad discretion afforded the lenders and servicers in standard form mortgage agreements.

20. The money to finance force-placed insurance schemes comes from unsuspecting borrowers who are charged more than the cost of coverage for force-placed insurance by lenders or servicers. Borrowers are required to pay the full amount that the lender or servicer initially pays to the insurer – here the Assurant Defendants and affiliates – despite the fact that a considerable portion of that amount is kicked back to the lender or servicer in the manner described above. Caliber, M&T, Cenlar, and SLS get the benefit of an effective rebate from the Assurant Defendants which they do not pass on to the borrower. Instead they charge the borrower the full amount, purportedly for the cost of insurance coverage. Lenders and servicers and their exclusive force-placed insurers reap these unconscionable profits entirely at the expense of the unsuspecting borrowers.

21. At a hearing on force-placed insurance held by the National Association of Insurance Commissioners ("NAIC"), Birny Birnbaum, the foremost expert on the force-placed

insurance market, illustrated the staggering growth in profits that Defendants' schemes have reaped in recent years:[4]

LPI Premiums Have Quadrupled Since 2004

Year	Gross Written Premium ($ Millions)	Net Written Premium ($ Millions)
2004	$1,485	$796
2005	$1,832	$919
2006	$2,163	$1,074
2007	$3,058	$1,647
2008	$4,000	$2,209
2009	$5,181	$3,049
2010	$5,915	$3,223
2011	$5,692	$3,450
2004-2011	$29,326	$16,368

2009-2011 GWP Understated, Reporting Errors by QBE

CEJ LPI Presentation to NAIC 13 August 9, 2012

22. Assurant, Inc. ("Assurant") which works through its subsidiaries, like ASIC and SGIC, is one of the primary insurance company and controls the majority of the market for force-placed insurance. As shown below, Assurant held 58.6% of the nationwide market share for force-placed insurance in 2011. Together, Assurant and QBE/Balboa, the other major insurer with a significant market share at that time, controlled 99.7% of the market in the same year, and held no less than 96.1% of the market between 2004 and 2011. Mortgage lenders and servicers sustain the insurers' monopoly by agreeing to purchase all force-placed insurance from the two insurers in exchange for kickbacks and other benefits.

[4] This graph and the ones that follow were taken from Mr. Birnbaum's presentation to the NAIC on August 9, 2012. The presentation is available at: http://www.naic.org/documents/committees_c_120809_public_shearing_lender_placed_insurance_presentation_birnbaum.pdf.

Assurant and QBE Are the Market for LPI:
Countrywide Market Share

Year	Assurant	QBE/Balboa	Assurant + QBE/Balboa
2004	68.2%	29.8%	98.0%
2005	69.7%	26.4%	96.1%
2006	79.2%	19.5%	98.7%
2007	74.0%	25.4%	99.4%
2008	74.2%	25.5%	99.7%
2009	57.2%	42.4%	99.7%
2010	56.2%	43.5%	99.7%
2011	58.6%	41.1%	99.7%

CEJ LPI Presentation to NAIC 18 August 9, 2012

23. It is no surprise that these Defendants' practices have come under increased scrutiny in recent years by the government and regulators. For example:

- On March 21, 2013, the New York Department of Financial Services' ("NYDFS"), investigation into force-placed insurance practices "produced a major settlement with the country's largest 'force-placed' insurer, Assurant, Inc. . . . [The settlement] includes restitution for homeowners who were harmed, a $14 million penalty paid to the State of New York, and industry-leading reforms that will save homeowners, taxpayers, and investors millions of dollars going forward through lower rates."[5] Further, under the Consent Order entered, Assurant and its subsidiaries (including ASIC and SGIC), are prohibited from paying commissions to any servicers or entity affiliated with a servicer on force-placed insurance policies obtained by the servicer. *See* Assurant & NYDFS Consent Order, Mar. 21, 2013, at 9.

- At the NYDFS hearings on May 17, 2012 related to the force-placed insurance market, the Superintendent of Financial Services, Benjamin Lawsky, stated that the Department's initial inquiry uncovered "serious concerns and red flags" which included: 1) exponentially higher

[5] *See Cuomo Administration Settles with Country's Largest Force-Placed Insurer, Leading Nationwide Reform Effort and Saving Homeowners, Taxpayers, and Investors Millions of Dollars*, Dep't of Fin. Servs., Mar. 21, 2013, *available at,* http://www.dfs.ny.gov/about/press2013/pr1303211.htm.

premiums, 2) extraordinarily low loss ratios, 3) lack of competition in the market, and 4) tight relationships between the banks, their subsidiaries, and insurers. He went on to state:

> In sum when you combine [the] close and intricate web of relationships between the banks and insurance companies on the one hand, with high premiums, low loss ratios, and lack of competition on the other hand, it raises serious questions . . . .

- The National Association of Insurance Commissioners (NAIC) also held hearings on force-placed insurance in August 2012 which included a discussion of "reverse competition" in the force-placed insurance market. The NAIC's website explains:

> A key regulatory concern with the growing use of lender-placed insurance is "reverse competition," where the lender chooses the coverage provider and amounts, yet the consumer is obligated to pay the cost of coverage. Reverse competition is a market condition that tends to drive up prices to the consumers, as the lender is not motivated to select the lowest price for coverage since the cost is born by the borrower. Normally competitive forces tend to drive down costs for consumers. However, in this case, the lender is motivated to select coverage from an insurer looking out for the lender's interest rather than the borrower.[6]

- The Consumer Financial Protection Bureau's new regulations on force-placed insurance became final on January 17, 2013 and prohibit servicers of federally regulated mortgage loans from force-placing insurance unless the servicer has a reasonable basis to believe the borrower's insurance has lapsed and require the servicer to provide three notices of the force-placement in advance of issuing the certificate of insurance.[7]

- On December 18, 2013, Fannie Mae issued its Servicing Guide Announcement related to force-placed insurance that, among other things, prohibits servicers from including any commissions, bonuses, or other incentive compensation in the amounts charged to borrowers for force-placed insurance and further requires that the force-placed insurance

6 *See* http://www.naic.org/cipr_topics/topic_lender_placed_insurance.htm.

7 *See* Consumer Financial Protection Bureau Proposes Rules to Protect Mortgage Borrowers" available at http://www.consumerfinance.gov/pressreleases/consumer-financial-protection-bureau-proposes-rules-to-protect-mortgage-borrowers/

carrier cannot be an affiliated entity of the servicer.[8]

24. Defendants' self-dealing and collusion in the force-placed insurance market has caused substantial harm to Plaintiffs and the proposed classes they seek to represent. This class action seeks to redress that harm on behalf of Plaintiffs and the proposed class members and to recover all improper charges they have incurred related to the forced placement of insurance by Caliber, M&T, Cenlar, SLS, and the Assurant Defendants.

JURISDICTION AND VENUE

25. This Court has jurisdiction over this action pursuant to the Class Action Fairness Act of 2005 ("CAFA"), Pub. L. No. 109-2, 119 Stat. 4 (codified in various sections of 28 U.S.C.).

26. Plaintiffs are citizens of the States of Florida, Pennsylvania, and New Jersey with properties in those states. Defendants are citizens of various states but are registered to do business in the aforementioned states. The amount in controversy exceeds $5,000,000 and there are at least one hundred members of the putative class.

27. This Court has jurisdiction over Defendants because they are foreign corporations authorized to conduct business in New Jersey, are doing business in New Jersey, and have registered with the State of New Jersey, or do sufficient business in New Jersey, have sufficient minimum contacts with New Jersey, or otherwise intentionally avail themselves of the New Jersey consumer market through the promotion, marketing, sale, and service of mortgages or other lending services and insurance policies in New Jersey. This purposeful availment renders the exercise of jurisdiction by this Court over Defendants and their affiliated or related entities permissible under traditional notions of fair play and substantial justice.

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8 *See* https://www.fanniemae.com/content/announcement/svc1327.pdf

28. In addition, this Court has subject-matter jurisdiction under CAFA because the amount in controversy exceeds $5 million and diversity exists between Plaintiff and the Defendants. 28 U.S.C. § 1332(d)(2). Further, in determining whether the $5 million amount in controversy requirement of 28 U.S.C. § 1332(d)(2) is met, the claims of the putative class members are aggregated. 28 U.S.C. § 1332(d)(6).

29. Venue is proper in this forum pursuant to 28 U.S.C. § 1391. Defendants transact business and may be found in this District. Venue is also proper here because at all times relevant hereto, Plaintiffs Quarashi and Smith resided in the District of New Jersey, Cenlar had its principal place of business in New Jersey, and a substantial portion of the practices complained of herein occurred in the District of New Jersey.

30. All conditions precedent to this action have occurred, been performed, or have been waived.

FACTUAL ALLEGATIONS

31. Permitting a lender to forcibly place insurance on a mortgaged property and charge the borrower for the cost of the coverage is neither a new concept nor a term undisclosed to borrowers in mortgage agreements. The standard form mortgage agreements owned or serviced by the Lender and Servicer Defendants include a provision requiring the borrower to maintain hazard insurance coverage, flood insurance coverage if the property is located in a Special Flood Hazard Area as determined by the Federal Emergency Management Agency, and wind insurance coverage on the property securing the loan, and in the event the insurance lapses, permit the lender to obtain force-placed coverage and charge the borrower for the cost rather than declare the borrow in default.

32. What is unknown to borrowers and not disclosed in the mortgage agreements is

that Caliber, Cenlar, M&T, and SLS have exclusive arrangements with the Assurant Defendants and their affiliates to manipulate the force-placed insurance market and charge borrowers more than permitted by contract for force-placed insurance. The Lender and Servicer Defendants pay ASIC and SGIC premiums for master group policies which cover the lender's or servicer's entire portfolio of mortgage loans, and the insurers then kick back a fixed percentage of the premium amount to Caliber, Cenlar, M&T, and SLS, providing them a rebate on the cost of coverage. The kickbacks—which are entirely gratuitous and unearned—are disguised as "commissions," "qualified expense reimbursements," or ceded reinsurance premiums, and other unmerited charges. Caliber, Cenlar, M&T, and SLS then charge borrowers the full, pre-rebate amounts, despite covenants in the mortgage agreements and representations in notices mailed to borrowers that they will be charged only the "cost of insurance coverage" for force-placed insurance.

The Force-Placed Insurance Schemes

33. The Assurant Defendants have entered into exclusive arrangements with Caliber, Cenlar, M&T, and SLS to provide various mortgage servicing functions at below cost; mortgage servicing functions that are properly the Lender and Servicer Defendants' responsibilities and that the Lender and Servicer Defendants are paid to perform by the owners of loans. The Assurant Defendants also contract to monitor Caliber's, Cenlar's, M&T's, and SLS's mortgage loan portfolios and force-place insurance when an individual borrower's voluntary policy lapses, both obligations properly borne by Caliber, Cenlar, M&T, and SLS. In addition to the subsidized mortgage services the Lender and Servicer Defendants receive from the Assurant Defendants, a percentage of borrowers' force-placed insurance charges are "kicked back" and paid directly to Caliber, Cenlar, M&T, and SLS.

34. The scheme works as follows. Caliber, Cenlar, M&T, and SLS contract for

either or both of the Assurant Defendants to take over various mortgage servicing functions and for a master insurance policy that covers their entire portfolio of mortgage loans. In exchange, the Assurant Defendants and their affiliates are given the exclusive right to be the sole force-placed insurance provider on property securing a loan within the portfolio when the borrower's insurance lapses or the lender determines the borrower's existing insurance is inadequate.

35. The Assurant Defendants and their affiliates monitor the Lender and Servicer Defendants' loan portfolios for lapses in borrowers' insurance coverage. Once a lapse is identified, an automated cycle of notices, purporting to come from the lender or servicer but actually generated by the Assurant Defendants, is sent to the borrowers to inform them that insurance will be purchased and force-placed if the voluntary coverage is not continued. In reality, however, the master policy is already in place and the lender or servicer does not purchase a new policy on the individual borrower's behalf, rather, a certificate of insurance from the master policy is automatically issued by the Assurant Defendants. If a lapse continues, the borrower is notified that insurance is being force-placed at his or her expense.

36. No individualized underwriting ever takes place for the force-placed coverage. Insurance is automatically placed on the property and the inflated amounts, including the unlawful kickbacks, are charged to the borrower. In many instances, the insurance lapse is not discovered for months or even years after the fact. Despite the absence of any claim or damage to the property during the period of lapse, coverage is placed on the property and the borrower is charged for the "cost" of the retroactive coverage.

37. Caliber, Cenlar, M&T, and SLS then pay the Assurant Defendants for the certificate of insurance, which issues from the already-existing master policy. The lenders' and servicers' obligations to pay the Assurant Defendants for the force-placed insurance arise from

the agreements between Caliber, Cenlar, M&T, or SLS and the Assurant Defendants, which govern the mortgage servicing functions that the Assurant Defendants perform as well as the procurement of the master policy, and are executed and already in place before the borrower's coverage lapses.

38. Once coverage issues and the lenders and servicers have paid the Assurant Defendants the full amount invoiced, the Assurant Defendants kick back a set percentage of that amount to the lenders and servicers without the lenders and servicers performing any functions related to the placement of coverage or servicing of the borrower's loan. The kickbacks paid to Caliber, Cenlar, M&T, SLS, or their affiliates are disguised as "commissions," "reinsurance payments," or "expense reimbursements." Upon information and belief, any Caliber, Cenlar, M&T, or SLS affiliate that receives the kickback passes along that payment to its affiliated lender or servicer, sometimes in the form of "soft dollar" or other credits.

39. The payment is not compensation for work performed; it is an effective rebate on the premium amount, reducing the cost of coverage that the lenders and servicers pay to the Assurant Defendants. The "commissions" or "expense reimbursements" are not legitimate reimbursements for actual costs, nor are they payments that have been earned for any work done by Caliber, Cenlar, M&T, SLS or their affiliates related to the placement of the insurance; they are unlawful kickbacks to the lenders and servicers for the exclusive arrangements to force-place insurance.

40. The money paid back to Caliber, Cenlar, M&T, SLS and their affiliates is not given in exchange for any services provided by them; it is simply grease paid to keep the force-placed machine moving. In an attempt to mask the kickbacks as legitimate, the Assurant Defendants, in letters purporting to come from the lenders and servicers, will often disclose to

the borrower that Caliber, Cenlar, M&T, SLS or their affiliates may earn commissions or compensation as a result of the forced placement of new coverage. In reality, however, no work is ever done by Caliber, Cenlar, M&T, SLS or their affiliates to procure insurance for that particular borrower because the coverage comes through the master policy already in place – and the process is largely automated by the Assurant Defendants. As a result, no commission or compensation is "earned" and, in addition, neither Caliber, Cenlar, M&T, SLS nor their affiliates incur any costs in relation to force-placing insurance on any particular borrower and therefore no "expense reimbursement" is due.

41. Once the certificate of insurance is issued on an individual borrower, Caliber, Cenlar, M&T, and SLS then charge that borrower the full, "pre-rebate" amount for the coverage while purporting to charge the borrower the cost of the insurance coverage in keeping with the borrower's mortgage agreement. The inflated amount is either deducted from the borrower's mortgage escrow account or added to the balance of the borrower's loan.[9] The borrower's escrow account is depleted irrespective of whether other escrow charges, such as property taxes, are also due and owing.

42. Under this highly profitable force-placed insurance scheme, Caliber, Cenlar, M&T, and SLS are incentivized to purchase and force-place insurance coverage with artificially inflated premiums on a borrower's property because the higher the cost of the insurance policy, the higher the kickback. And, as a result of the kickbacks, Caliber, Cenlar, M&T, and SLS effectively pay a reduced amount for force-placed insurance coverage but do not to pass these savings on to their borrowers.

43. Both Assurant Defendants and each lender and servicer also enter into agreements

[9] On some occasions, when a borrower does not have an escrow account, an escrow account with a negative balance is created and the borrower is charged to bring the balance to zero.

for the Assurant Defendants to provide mortgage servicing activities on the lenders' and servicers' loan portfolios at below cost. These activities include, but are not limited to, services such as new loan boarding, escrow administration, and loss draft functions – many of which have little or nothing to do with force-placed insurance. The Assurant Defendants offer to take on these mortgage servicing functions – which are Lender and Servicer Defendants' responsibilities pursuant to their agreements with the owners of the loans – at a discount to maintain their exclusive right to force-place insurance on Caliber, Cenlar, M&T, and SLS borrowers. Indeed, the Assurant Defendants do not perform these services for a lender without also being the exclusive provider of force-placed insurance.

44. The full cost of the servicing activities is added into the force-placed amounts which are then passed on to the borrower. The Assurant Defendants and their affiliates are able to provide these services at below cost because of the enormous profits they make from the hyper-inflated amounts charged for force-placed insurance. However, because insurance-lapsed mortgaged property typically comprises only 1-2% of the lenders' total mortgage portfolio, the borrowers who pay the charges from the lenders unfairly bear the entire cost to service the entire loan portfolio – despite many of the services having nothing to do with force-placed insurance. These charges, passed on to Plaintiffs and the proposed Class members, are not properly chargeable to the borrower because they are expenses associated with the servicing of all the loans and the loan servicers are already compensated for these activities by the owners of the loans (e.g., Fannie Mae).

45. The small percentage of borrowers who are charged for force-placed insurance shoulder the costs of monitoring Caliber's, Cenlar's, M&T's, and SLS's loan portfolios, effectively resulting in a kickback.

46. In addition, upon information and belief, the Assurant Defendants enter into essentially riskless "captive reinsurance arrangements" with affiliates of Caliber, Cenlar, M&T, and SLS to "reinsure" the property insurance force-placed on borrowers. A 2012 *American Banker* article illustrated this reinsurance problem using JPMorgan Chase's program by way of example:

> JPMorgan and other mortgage servicers reinsure the property insurance they buy on behalf of mortgage borrowers who have stopped paying for their own coverage. In JPMorgan's case, 75% of the total force-placed premiums cycle back to the bank through a reinsurance affiliate. This has raised further questions about the force-placed market's arrangements. . . .
>
> Over the last five years, Chase has received $660 million in reinsurance payments and commissions on force-placed policies, according to New York's DFS. . . .
>
> Of every hundred dollars in premiums that JPMorgan Chase borrowers pay to Assurant, the bank ends up keeping $58 in profit, DFS staff asserted. The agency suggested the bank's stake in force-placed insurance may encourage it to accept unjustifiably high prices by Assurant and to avoid filing claims on behalf of borrowers, since that would lower its reinsurer's returns.
>
> The DFS staff also questioned the lack of competition in the industry, noting that Assurant and QBE have undertaken acquisitions that give them long-term control of 90% of the market. Further limiting competition are the companies' tendency to file identical rates in many states, Lawsky and his staff argue.

J. Horwitz, *Chase Reinsurance Deals Draw New York Regulator's Attacks*, AM. BANKER, May 18, 2012, *available at* http://www.americanbanker.com/issues/177_97/chase-reinsurance-deals-regulator-attack-1049460-1.html.

47. The Lender and Servicer Defendants' reinsurance programs are simply a way to funnel profits, in the form of ceded premiums, to the Lender and Servicer Defendants at borrowers' expense. While reinsurance can, and often does, serve a legitimate purpose, here it does not. On information and belief, Lender and Servicer Defendants or their affiliates enter into

reinsurance agreements with the Assurant Defendants that provide that the insurer will return to the lender or servicer significant percentages of the force-placed insurance charges by way of ceded reinsurance premiums to the lender's or servicer's affiliates or subsidiaries – which in turn pass on these profits to Caliber, Cenlar, M&T, or SLS. The ceded premiums are nothing more than a kickback to Caliber, Cenlar, M&T, and SLS and a method for each lender or servicer to profit from the forced placement of new coverage. Indeed, while Caliber, Cenlar, M&T, SLS or their affiliates purportedly provided reinsurance, they did not assume any real risk.

48. The amounts charged borrowers are also inflated by the interest that accrues on the amounts owed for force-placed coverage; when Caliber, Cenlar, M&T, and SLS add charges for force-placed insurance to a homeowners' mortgage loan balances, it increases the interest paid over the life of the loan by the homeowners to the lenders or servicers.

49. The actions and practices described above are unconscionable and undertaken in bad faith with the sole objective to maximize profits. Borrowers who for whatever reason have stopped paying for insurance or are under-insured on mortgaged property are charged more than the lenders' and servicers' cost of coverage force-placed insurance. These charges cover undisclosed kickbacks to the Lender and Servicer Defendants or their affiliates (who, as described above, perform little to no functions related to the force-placement of the individual policies), as well as the cost of captive reinsurance arrangements, and discounted mortgage servicing functions.

50. Borrowers have no say in the selection of the force-placed insurance carrier or the terms of the force-placed insurance policies. Force-placed policies are commercial insurance policies with premiums intended for all lender or servicer clients of the Assurant Defendants and

are meant to protect their interest in the property.[10] The terms are determined by the lender or servicer and the insurers.

51. Plaintiffs here do not challenge Caliber's, Cenlar's, M&T's, or SLS's right to force place insurance in the first instance. They challenge Defendants' manipulation of the force-placed insurance market with an eye toward charging borrowers more for force-placed insurance than is authorized by their mortgage contracts, using unlawful kickback arrangements to cast the illegitimate excess charges as costs related to procuring coverage. Lenders or servicers, like Caliber, Cenlar, M&T, and SLS, are financially motivated to select the insurer, like SGIC or ASIC, that offer them the best financial benefit in the terms of "commissions," "expense reimbursements," discounted mortgage servicing functions, or ceded reinsurance premiums.

52. This action is brought to put an end to Defendants' exclusive, collusive, and uncompetitive arrangements. Plaintiffs seek to recover the improper charges passed on to them and other borrowers nationwide through their claims for breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, tortious interference with a contract or advantageous business relationship, and violations of the federal Truth in Lending Act ("TILA"), and Racketeer Influenced and Corrupt Organizations Act ("RICO"), and Florida's and New Jersey's consumer protection statutes.

Plaintiffs Harry Jones and Glory Jones (the "Jones Plaintiffs")

53. Plaintiff Harry Jones took a mortgage loan from Prospect Mortgage, LLC in December 2010 on a property in Miami-Dade County, Florida. At all relevant times, the mortgage loan was serviced by Cenlar.

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[10] Indeed, ASIC's master insurance policy is entitled "Mortgagee Interest Protection."

54. In December 2012, Mr. Jones executed a Quit Claim Deed on the property for his daughter-in-law, Glory Jones. Ms. Jones has been responsible for all mortgage and escrow payments since that time.

55. Paragraphs 4 and 7 of the Jones' mortgage contract state in pertinent part as follows:

> 4. **Fire, Flood and Other Hazard Insurance.** Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire, for which the Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by the Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.
>
> In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order in paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged Property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.
>
> In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.
>
> …
>
> **7. Charges to Borrower and Protection of Lender's Rights in the Property**. Borrower shall pay all governmental or municipal charges,

> fines and impositions that are not included in paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.
>
> If Borrower fails to make these payments or the payments required by paragraph 2, or fails to perform any other covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in paragraph 2.
>
> Any amounts disbursed by Lender under this paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement at the Note rate, and at the option of Lender shall be immediately due and payable.
>
> Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any party of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

The Jones Plaintiffs' mortgage contract is attached as **Exhibit A**.

56. In or around December of 2013, the Jones Plaintiffs' voluntary hazard insurance policy lapsed. Cenlar then purchased a hazard force-placed insurance policy through ASIC and force-placed it on their property. The Jones Plaintiffs have had a force-placed policy through ASIC on the property since that time and have either paid or still owe the amounts for the force-placed charges to Cenlar.

57. Pursuant to the automated procedures in place, the Jones Plaintiffs received letters regarding the force-placement of the ASIC insurance including a letter renewing the insurance on February 4, 2016 which purportedly came from Cenlar but was in fact sent by ASIC.

58. The letter misrepresented to the Jones Plaintiffs that Cenlar would be charging them for the "cost" of the insurance and that the higher "cost" of the force-placed insurance policy was "because the insurance we purchase is issued automatically without evaluating the risk of insuring your property," when in fact Cenlar does not charge borrowers the cost of the insurance because as a result of the kickbacks, it pays less for the insurance than what it charges to the Jones Plaintiffs and other borrowers. Further the higher cost of the force-placed insurance policy was due to the kickback scheme that Defendants have enacted and not due to lack of a risk evaluation.[11]

59. At no time did any Defendants disclose, in the letters or by any other means, that an exclusive relationship between Cenlar and ASIC was in place and that because of the kickbacks, provided to Cenlar, it would effectively be paying less than what it would charge to the Jones Plaintiffs and the Class for the force-placed insurance coverage.

60. It was also never disclosed to the Jones Plaintiffs or the Class members that the amounts charged them covered below cost mortgage-servicing functions that ASIC performs for Cenlar and that the Jones Plaintiffs and the putative Class members charges would be subsidizing these functions that are often not related to the placement of insurance, that are already paid for by the owners of the loans, and therefore are not properly charged to them. The amounts kicked back to Cenlar were not reduced from the amount charged resulting in the Jones Plaintiffs paying

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11 In his testimony before the NYDFS, an insurance expert, Robert Hunter, argued that, "lack of underwriting should also result in much lower acquisition expenses for FPI insurers, since no sales force is required to place the insurance." *See* Hunter NYDFS Testimony at 5.

more than the "cost" of the insurance.

61. All putative Class members received materially similar letters pursuant to the automated procedures used by Defendants.

62. There are no material differences between these Defendants' actions and practices directed to the Jones Plaintiffs and their actions and practices directed to the putative class.

Plaintiff Peter Hoddersen

63. Plaintiff Peter Hoddersen took a mortgage on a property in Fleming Island, Florida in November 2014. Shortly after Plaintiff Hoddersen purchased his home, all loan-servicing obligations and liabilities relating to the forced placement of insurance were assigned to Cenlar.

64. Plaintiff Hoddersen's mortgage contract included the following provisions regarding force-placed insurance:

> 5. **Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.
>
> If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's

> expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.
> …
>
> **9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument**. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property.

Plaintiff Hoddersen’s mortgage contract is attached as **Exhibit B**.

65. In March 2016, Plaintiff Hoddersen received a letter on Cenlar letterhead advising that he had failed to provide proof of flood insurance. Plaintiff Hoddersen contacted his insurance broker and was informed that his flood insurer had repeatedly notified Cenlar of his coverage, the payments for which were to be deducted from escrow. Plaintiff Hoddersen was assured by a Cenlar representative that the situation would be rectified.

66. On or around April 19, 2016, Cenlar secured force-placed flood insurance for Plaintiff Hoddersen’s property from ASIC with an annual premium of $1,670.00.

67. On April 22, 2016, Cenlar sent Plaintiff Hoddersen a letter, which he received, informing Plaintiff Hoddersen that new flood coverage had been forced on his property.

68. The notices mailed to Plaintiff Hoddersen represented that the amounts charged for coverage covered the cost of insurance, but did not disclose that Plaintiff Hoddersen would be charged more than Cenlar's cost of insurance coverage.

69. At no time did any Defendants disclose, by any means, to Plaintiff Hoddersen that an exclusive relationship between Cenlar and the Assurant Defendants was already in place. Nor was there any disclosure of the financial arrangement between the Defendants to keep the exclusive force-placed relationship in place.

70. Nor was it disclosed to Plaintiff Hoddersen or the putative Class members that because of this kickback, Cenlar itself would effectively be paying a less than what it would charge to Plaintiff Hoddersen for the force-placed insurance coverage.

71. Finally, it was never disclosed to Plaintiff Hoddersen or the Class members that the amounts charged them covered other illegitimate kickbacks and below cost mortgage-servicing functions not properly charged to them. The amounts kicked back to Cenlar were not reduced from the amount charged resulting in Plaintiff Hoddersen paying more than the "cost" of the insurance.

72. All putative Class members received materially similar letters pursuant to the automated procedures used by Defendants.

73. There are no material differences between these Defendants' actions and practices directed to Plaintiff Hoddersen and their actions and practices directed to the putative Classes.

Plaintiff Mufti Quarashi

74. Plaintiff Mufti Quarashi took a mortgage on a property in North Bergen, New Jersey on June 19, 2006. His mortgage loan was assigned to M&T Bank on June 20, 2012.

75. The force-placed insurance provisions in Plaintiff Quarashi's mortgage contract

were identical to those in Plaintiff Hoddersen's mortgage contract, which are set forth in paragraph 64, *supra*.

76. M&T forced coverage on Plaintiff Quarashi's North Bergen property through the Assurant Defendants in 2014.

77. Plaintiff Quarashi received notices on M&T letterhead advising that his coverage had lapsed and that new coverage would be forced if the lapse was not cured. The notices represented that the amounts charged for coverage covered the "cost of insurance, but did not disclose that Plaintiff Quarashi would be charged more than M&T's cost of insurance coverage.

78. At no time did any Defendants disclose, by any means, to Plaintiff Quarashi that an exclusive relationship between M&T and the Assurant Defendants was already in place. Nor was there any disclosure of the financial arrangement between the Defendants to keep the exclusive force-placed relationship in place.

79. Nor was it disclosed to Plaintiff Quarashi or the putative Class members that because of this kickback, M&T itself would effectively be paying a less than what it would charge to Plaintiff Quarashi for the force-placed insurance coverage.

80. Finally, it was never disclosed to Plaintiff Quarashi or the Class members that the amounts charged them covered other illegitimate kickbacks and below cost mortgage-servicing functions not properly charged to them. The amounts kicked back to M&T were not reduced from the amount charged resulting in Plaintiff Quarashi paying more than the "cost" of the insurance.

81. All putative Class members received materially similar letters pursuant to the automated procedures used by Defendants.

82. There are no material differences between these Defendants' actions and practices

directed to Plaintiff Quarashi and their actions and practices directed to the putative Classes.

Plaintiff Mark Smith

83. Plaintiff Mark Smith took a mortgage loan from Countrywide Home Loans, Inc. on a property in Gloucester City, New Jersey on February 28, 2007. Shortly after Plaintiff Smith purchased his home, all loan-servicing obligations and liabilities relating to the forced placement of insurance were assigned to SLS.

84. The force-placed insurance provisions in Plaintiff Smith's mortgage contract were identical to those in Plaintiff Hoddersen's mortgage contract, which are set forth in paragraph 64, *supra*.

85. During the course of his ownership of the property, Plaintiff Smith's voluntary hazard insurance policy lapsed. Plaintiff Smith received a letter on SLS letterhead advising him of the lapse on January 5, 2015. The letter advised that Mr. Smith's hazard insurance had expired, and that if he did not provide proof of voluntary insurance, SLS intended to purchase new insurance for his property. The letter also advised Mr. Smith, *inter alia*, that the new insurance would be purchased "primarily for the benefit of SLS," and that his "monthly mortgage payments w[ould] be increased to include the cost of th[e] policy."

86. The letter also represented to Plaintiff Smith that the higher cost of the force-placed insurance policy was "because the insurance we purchase is issued automatically without evaluating the risk of insuring your property," when in fact the higher cost of the force-placed coverage was due to the scheme that Defendants have enacted whereby SLS receives a kickback on the cost of the force-placed insurance policy but charges Plaintiff Smith and other putative Class members the inflated amount.

87. Plaintiff Smith received a second letter on April 20, 2015 advising that new

coverage had been purchased for his property at an estimated annual premium of $2,948.30, the cost of which would be added to the balance of his mortgage loan. The letter again advised Plaintiff Smith that his "monthly mortgage payments w[ould] be increased to include the cost of th[e] policy," the coverage had been purchased primarily for SLS's benefit, and the higher cost of the coverage resulted from its automatic issuance without any accompanying evaluation of risk.

88. Plaintiff Smith received a third letter from SLS on June 20, 2016 advising that new coverage had been forced on his property at an annual premium of $2920.30, and included the same additional representations as the first and second letter.

89. Plaintiff Smith was charged for and still owes amounts for force-placed coverage in connection with these force-placed insurance policies.

90. At no time did any Defendants disclose, by any means, to Plaintiff Smith that an exclusive relationship between SLS and the Assurant Defendants was already in place. Nor was there any disclosure of the financial arrangement between the Defendants to keep the exclusive force-placed relationship in place.

91. Nor was it disclosed to Plaintiff Smith or the putative Class members that because of this kickback, SLS itself would effectively be paying a less than what it would charge to Plaintiff Smith for the force-placed insurance coverage.

92. Finally, it was never disclosed to Plaintiff Smith or the Class members that the amounts charged them covered other illegitimate kickbacks and below cost mortgage-servicing functions not properly charged to them. The amounts kicked back to SLS were not reduced from the amount charged resulting in Plaintiff Smith paying more than the "cost" of the insurance.

93. All putative Class members received materially similar letters pursuant to the

automated procedures used by Defendants.

94. There are no material differences between these Defendants' actions and practices directed to Plaintiff Smith and their actions and practices directed to the putative Classes.

Plaintiffs Barry and Carol Rickert (the "Rickert Plaintiffs")

95. Plaintiffs Barry and Carol Rickert took a mortgage loan on a property in Dornsife, Pennsylvania. Caliber was responsible for servicing their mortgage loan at all times relevant to the allegations herein.

96. The force-placed insurance provisions in the Rickert Plaintiffs' mortgage contract were identical to those in Plaintiff Hoddersen's mortgage contract, which are set forth in paragraph 64, *supra*.

97. Caliber forced hazard coverage through ASIC on the Rickert Plaintiffs' Dornsife property for the periods June 1, 2014 through May 31, 2015; June 1, 2015 through May 31, 2016; and June 1, 2016 through May 31, 2017.

98. The Rickert Plaintiffs received notices from ASIC on Caliber letterhead advising that their coverage had lapsed and that new coverage would be forced if the lapse was not cured. The notices represented that the amounts charged for coverage covered the "cost of hazard insurance," but did not disclose that the Rickert Plaintiffs would be charged more than Caliber's cost of insurance coverage.

99. At no time did any Defendants disclose, by any means, to the Rickert Plaintiffs that an exclusive relationship between Caliber and the Assurant Defendants was already in place. Nor was there any disclosure of the financial arrangement between the Defendants to keep the exclusive force-placed relationship in place.

100. Nor was it disclosed to the Rickert Plaintiffs or the putative Class members that

because of this kickback, Caliber itself would effectively be paying a less than what it would charge to the Rickert Plaintiffs for the force-placed insurance coverage.

101. Finally, it was never disclosed to the Rickert Plaintiffs or the Class members that the amounts charged them covered other illegitimate kickbacks and below cost mortgage-servicing functions not properly charged to them. The amounts kicked back to Caliber were not reduced from the amount charged resulting in the Rickert Plaintiffs paying more than the "cost" of the insurance.

102. All putative Class members received materially similar letters pursuant to the automated procedures used by Defendants.

103. There are no material differences between these Defendants' actions and practices directed to the Rickert Plaintiffs and their actions and practices directed to the putative Classes.

CLASS ALLEGATIONS

A. Class Definitions

104. Plaintiffs bring this action against Defendants pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of themselves and all other persons similarly situated. Plaintiffs seeks to represent the following classes:

1. Caliber Nationwide Class:

   All borrowers who, within the applicable statutes of limitation, were charged for a force-placed insurance policy through Caliber or its affiliates, entities, or subsidiaries. Excluded from this class are Defendants, their affiliates, subsidiaries, agents, board members, directors, officers, and/or employees.

2. SLS Nationwide Class:

   All borrowers who, within the applicable statutes of limitation, were

charged for a force-placed insurance policy through SLS or its affiliates, entities, or subsidiaries. Excluded from this class are Defendants, their affiliates, subsidiaries, agents, board members, directors, officers, and/or employees.

a. New Jersey Subclass as to Counts XVIII and XIX:

All New Jersey borrowers who, within the applicable statutes of limitation, were charged for a force-placed insurance policy through SLS or its affiliates, entities, or subsidiaries. Excluded from this class are Defendants, their affiliates, subsidiaries, agents, board members, directors, officers, and/or employees.

3. Cenlar Nationwide Class:

All borrowers who, within the applicable statutes of limitation, were charged for a force-placed insurance policy through Cenlar or its affiliates, entities, or subsidiaries. Excluded from this class are Defendants, their affiliates, subsidiaries, agents, board members, directors, officers, and/or employees.

a. Florida Subclass as to Count XVII:

All Florida borrowers who, within the applicable statutes of limitation, were charged for a force-placed insurance policy through Cenlar or its affiliates, entities, or subsidiaries. Excluded from his class are Defendants, their affiliates, subsidiaries, agents, board members, directors, officers, and/or employees

4. M&T Nationwide Class:

All borrowers who, within the applicable statutes of limitation, were charged for a force-placed insurance policy through M&T or its affiliates, entities, or subsidiaries. Excluded from this class are Defendants, their affiliates, subsidiaries, agents, board members, directors, officers, and/or employees.

105. Plaintiffs reserve the right to modify or amend the definitions of the proposed classes before the Court determines whether certification is appropriate.

106. Defendants subjected Plaintiffs and the respective Class members to the same unfair, unlawful, and deceptive practices and harmed them in the same manner.

B. Numerosity

107. The proposed classes are so numerous that joinder of all members would be impracticable. Defendants sell and service millions of mortgage loans and insurance policies in New Jersey, Pennsylvania, and Florida, as well as nationwide. The individual Class members are ascertainable, as the names and addresses of all Class members can be identified in the business records maintained by Defendants. The precise number of Class members for the classes numbers at least in the thousands and can only be obtained through discovery, but the numbers are clearly more than can be consolidated in one complaint such that it would be impractical for each member to bring suit individually. Plaintiffs do not anticipate any difficulties in the management of the action as a class action.

C. Commonality

108. There are questions of law and fact that are common to Plaintiffs' and Class members' claims. These common questions predominate over any questions that go particularly to any individual member of the Classes. Among such common questions of law and fact are the following:

a. Whether Defendants charged borrowers for unnecessary insurance coverage including, but not limited to, insurance coverage that exceeded the amount required by law or the borrowers' mortgages;

b. Whether the Lender and Servicer Defendants breached their mortgage contracts with Plaintiffs and the Class members by charging them for force-placed insurance that included illegal kickbacks (including unwarranted commissions or qualified expense reimbursements, and reinsurance payments) and by charging Plaintiffs and the Class members for servicing their loans;

c. Whether the Lender and Servicer Defendants have been unjustly enriched at the expense of Plaintiffs and the Class members;

d. Whether the Lender and Servicer Defendants breached the implied covenant of good faith and fair dealing by entering into exclusive arrangements with the Assurant Defendants and/or their affiliates, which resulted in amounts above the cost of coverage for force-placed insurance being charged to Plaintiffs and the Class members as kickbacks;

e. Whether Defendants manipulated forced-placed insurance purchases in order to maximize their profits to the detriment of Plaintiffs and the Class members;

f. Whether Caliber, Cenlar, M&T, SLS, or their affiliates perform any work or services in exchange for the "commissions" or other "compensation" they collect;

g. Whether "qualified expense reimbursements" received by Caliber, Cenlar, M&T, and SLS are for true expenses or are just kickbacks pursuant to their exclusive relationship with the Assurant Defendants;

h. Whether the Lender and Servicer Defendants charge Plaintiffs and the Class members amounts beyond the cost of coverage and take kickbacks from the Assurant Defendants that are disguised as "commissions" and "qualified expense reimbursements," among other things;

i. Whether the Lender and Servicer Defendants violated the federal Truth in Lending Act ("TILA") by conditioning their extensions of credit on the purchase of insurance through an affiliate, in direct contravention of the anti-coercion disclosures included in borrowers' mortgages;

j. Whether the Lender and Servicer Defendants violated TILA by failing to disclose kickbacks charged to Plaintiff and the Class members in their mortgages;

k. Whether the Assurant Defendants intentionally and unjustifiably interfered with Plaintiffs' and the Class members' rights under the mortgage contracts by paying kickbacks and providing free or below-cost mortgage servicing functions to Caliber, Cenlar, M&T, SLS or their affiliates thereby inducing a breach of the contract;

l. Whether Defendants were associated with the enterprise and agreed and conspired to violate the federal RICO statutes; and

m. Whether Plaintiffs and the Class members are entitled to damages and/or injunctive relief as a result of Defendants' conduct.

D. <u>Typicality</u>

109. Plaintiffs are members of the classes they seeks to represent. Plaintiffs' claims are typical of the Class members' claims because of the similarity, uniformity, and common purpose of the Defendants' unlawful conduct. Each Class member has sustained, and will continue to sustain, damages in the same manner as Plaintiffs as a result of Defendants' wrongful conduct.

E. Adequacy of Representation

110. Plaintiffs are adequate representatives of the Classes they seek to represent and will fairly and adequately protect the interests of those classes. Plaintiffs are committed to the vigorous prosecution of this action and have retained competent counsel, experienced in litigation of this nature, to represent them. There is no hostility between Plaintiffs and the unnamed Class members. Plaintiffs anticipate no difficulty in the management of this litigation as a class action.

111. To prosecute this case, Plaintiffs have chosen the undersigned law firms, which are very experienced in class action litigation and have the financial and legal resources to meet the substantial costs and legal issues associated with this type of litigation.

F. Requirements of Fed. R. Civ. P. 23(b)(3)

112. The questions of law or fact common to Plaintiffs' and each Class member's claims predominate over any questions of law or fact affecting only individual members of the class. All claims by Plaintiffs and the unnamed Class members are based on Defendants' scheme regarding the force-placed insurance policies and their deceptive and egregious actions involved in securing the force-placed policy.

113. Common issues predominate where, as here, liability can be determined on a class-wide basis, even when there will be some individualized damages determinations.

114. As a result, when determining whether common questions predominate, courts focus on the liability issue, and if the liability issue is common to the class as is the case at bar, common questions will be held to predominate over individual questions.

G. Superiority

115. A class action is superior to individual actions in part because of the non-

exhaustive factors listed below:

(a) Joinder of all class members would create extreme hardship and inconvenience for the affected customers as they reside all across the states;

(b) Individual claims by class members are impractical because the costs to pursue individual claims exceed the value of what any one class member has at stake. As a result, individual class members have no interest in prosecuting and controlling separate actions;

(c) There are no known individual class members who are interested in individually controlling the prosecution of separate actions;

(d) The interests of justice will be well served by resolving the common disputes of potential class members in one forum;

(e) Individual suits would not be cost effective or economically maintainable as individual actions; and

(f) The action is manageable as a class action.

H. Requirements of Fed. R. Civ. P. 23(b)(1) & (2)

116. Prosecuting separate actions by or against individual Class members would create a risk of inconsistent or varying adjudications with respect to individual class members that would establish incompatible standards of conduct for the party opposing the class.

117. Defendants have acted or failed to act in a manner generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Class as a whole.

COUNT I

BREACH OF CONTRACT
(against Cenlar)

118. Plaintiff Hoddersen and the Jones Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

119. Plaintiff Hoddersen and the Jones Plaintiffs and all similarly situated Class

members have mortgages that are owned and/or serviced by Cenlar.

120. Plaintiff Hoddersen's, the Jones Plaintiffs', and these Class members' mortgages are written on uniform mortgage forms and contain substantially similar provisions regarding force-placed insurance requirements and its placement by Cenlar. The force-placed provisions from the Jones Plaintiffs' and Plaintiff Hoddersen's mortgages are set forth above in paragraphs 55 and 64, respectively.

121. Plaintiff Hoddersen's and the Jones Plaintiffs' mortgages require that they maintain insurance on their property and provide that if they fail to do so, then the lender may obtain insurance coverage to protect its interest in the property, "force place" the coverage, and charge the borrower the cost.

122. Cenlar charges borrowers amounts for force-placed insurance that include unmerited "qualified expense reimbursements" or "commissions," reinsurance payments, discounted mortgage servicing functions, and other impermissible costs. These costs are not costs of coverage, and are not applied to protecting Cenlar's rights or risk in the collateral for borrowers' mortgage loans. Cenlar breached the mortgage agreements by, among other things, charging Plaintiff Hoddersen, the Jones Plaintiffs, and Class members the amounts beyond the actual cost of coverage.

123. Cenlar has also breached Plaintiff Hoddersen's, the Jones Plaintiffs', and the Class members' mortgage agreements by charging Plaintiff Hoddersen, the Jones Plaintiffs, and Class members for excess and unnecessary force-placed insurance coverage, as such coverage does not protect Cenlar's rights in their collateral or cover their risk.

124. Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members have suffered damages as a result of Cenlar's breaches of their contracts.

WHEREFORE, Plaintiff Hoddersen and the Jones Plaintiffs, on behalf of themselves and all similarly situated class members, seek compensatory damages resulting from Cenlar's breaches of contract, as well as injunctive relief preventing Cenlar from continuing to violate the terms of the Class members' mortgages. Plaintiff Hoddersen and the Jones Plaintiffs further seek all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT II

BREACH OF CONTRACT (against SLS)

125. Plaintiff Smith re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

126. Plaintiff Smith and all similarly situated Class members have mortgages that are owned and/or serviced by SLS.

127. Plaintiff Smith and these Class members' mortgages are written on uniform mortgage forms and contain substantially similar provisions regarding force-placed insurance requirements and its placement by SLS. The force-placed provisions from Plaintiff Smith's mortgage are set forth above in paragraph 64.

128. Plaintiff Smith's mortgage requires that he maintain insurance on his property and provide that if he fails to do so, then the lender may obtain insurance coverage to protect its interest in the property, "force place" the coverage, and charge the borrower the cost.

129. SLS charges borrowers amounts for force-placed insurance that include unmerited "qualified expense reimbursements" or "commissions," reinsurance payments, discounted mortgage servicing functions, and other impermissible costs. These costs are not costs of coverage, and are not applied to protecting SLS's rights or risk in the collateral for borrowers'

mortgage loans. SLS breached the mortgage agreements by, among other things, charging Plaintiff Smith and Class members these amounts beyond the actual cost of coverage.

130. SLS has also breached Plaintiff Smith's and the Class members' mortgage agreements by charging Plaintiff Smith and the Class members for excess and unnecessary force-placed insurance coverage, as such coverage does not protect SLS's rights in their collateral or cover their risk.

131. Plaintiff Smith and the Class members have suffered damages as a result of SLS's breaches of their contracts.

WHEREFORE, Plaintiff Smith, on behalf of himself and all similarly situated class members, seeks compensatory damages resulting from the SLS's breaches of contract, as well as injunctive relief preventing SLS from continuing to violate the terms of his and the Class members' mortgages. Plaintiff Smith further seeks all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT III

BREACH OF CONTRACT
(against M&T)

132. Plaintiff Quarashi re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

133. Plaintiff Quarashi and all similarly situated Class members have mortgages that are owned and/or serviced by M&T.

134. Plaintiff Quarashi and these Class members' mortgages are written on uniform mortgage forms and contain substantially similar provisions regarding force-placed insurance

requirements and its placement by M&T. The force-placed provisions from Plaintiff Quarashi's mortgage are set forth above in paragraph 64.

135. Plaintiff Quarashi's mortgage requires that he maintain insurance on his property and provide that if he fails to do so, then the lender may obtain insurance coverage to protect its interest in the property, "force place" the coverage, and charge the borrower the cost.

136. M&T charges borrowers amounts for force-placed insurance that include unmerited "qualified expense reimbursements" or "commissions," reinsurance payments, as well as discounted mortgage servicing functions, and other impermissible costs. These costs are not costs of coverage, and are not applied to protecting M&T's rights or risk in the collateral for borrowers' mortgage loans. M&T breached the mortgage agreements by, among other things, charging Plaintiff Quarashi and Class members the amounts beyond the actual cost of coverage.

137. M&T has also breached Plaintiff's and the Class members' mortgage agreements by charging Plaintiff Quarashi and the Class members for excess and unnecessary force-placed insurance coverage, as such coverage does not protect M&T's rights in their collateral or cover their risk.

138. Plaintiff Quarashi and the Class members have suffered damages as a result of the M&T's breaches of their contracts.

WHEREFORE, Plaintiff Quarashi, on behalf of himself and all similarly situated class members, seeks compensatory damages resulting from the M&T's breaches of contract, as well as injunctive relief preventing them from further violating the terms of the Class members' mortgages. Plaintiff Quarashi further seeks all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT IV

BREACH OF CONTRACT
(against Caliber)

139. The Rickert Plaintiffs re-allege and incorporates paragraph 1-106, above as if fully set forth herein and further allege as follows.

140. The Rickert Plaintiffs and all similarly situated Class members have mortgages that are owned and/or serviced by Caliber.

141. The Rickert Plaintiffs and these Class members' mortgages are written on uniform mortgage forms and contain substantially similar provisions regarding force-placed insurance requirements and its placement by Caliber. The force-placed provisions from the Rickert Plaintiffs' mortgage are set forth above in paragraph 64.

142. The Rickert Plaintiffs' mortgage requires that they maintain insurance on their property and provide that if they fail to do so, then the lender may obtain insurance coverage to protect its interest in the property, "force place" the coverage, and charge the borrower the cost.

143. Caliber charges borrowers amounts for force-placed insurance that include unmerited "qualified expense reimbursements" or "commissions," reinsurance payments, as well as discounted mortgage servicing functions, and other impermissible costs. These costs are not costs of coverage, and are not applied to protecting Caliber's rights or risk in the collateral for borrowers' mortgage loans. Caliber breached the mortgage agreements by, among other things, charging the Rickert Plaintiffs and Class members the amounts beyond the actual cost of coverage.

144. Caliber has also breached Plaintiffs' and the Class members' mortgage agreements by charging the Rickert Plaintiffs and the Class members for excess and unnecessary force-placed insurance coverage, as such coverage does not protect Caliber's rights in their collateral or cover their risk.

145. The Rickert Plaintiffs and the Class members have suffered damages as a result of the Caliber's breaches of their contracts.

WHEREFORE, the Rickert Plaintiffs, on behalf of themselves and all similarly situated class members, seek compensatory damages resulting from the Caliber's breaches of contract, as well as injunctive relief preventing them from further violating the terms of the Class members' mortgages. The Rickert Plaintiffs further seek all relief deemed appropriate by this Court, including pre-and post-judgment interest, attorneys' fees and costs.

COUNT V

BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING (against Cenlar)

146. Plaintiff Hoddersen and the Jones Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

147. A covenant of good faith and fair dealing is implied in every contract and imposes upon each party a duty of good faith and fair dealing in its performance. Common law calls for substantial compliance with the spirit, not just the letter, of a contract in its performance.

148. Where an agreement affords one party the power to make a discretionary decision without defined standards, the duty to act in good faith limits that party's ability to act capriciously to contravene the reasonable contractual expectations of the other party.

149. Plaintiff Hoddersen's, the Jones Plaintiffs' and the Class members' mortgage contracts allow Cenlar to force place insurance coverage on the borrower in the event of a lapse in coverage, but do not define standards for selecting an insurer or procuring an insurance policy.

150. Cenlar is afforded substantial discretion in force-placing insurance coverage. It is permitted to unilaterally choose the company from which it purchases force-placed insurance and negotiates any price for the coverage it procures. Cenlar has an obligation to exercise the

discretion afforded it in good faith, and not capriciously or in bad faith. Neither Plaintiff Hoddersen nor the Jones Plaintiffs seek to vary the express terms of the mortgage contract, but only to insure that Cenlar exercises its discretion in good faith.

151. Cenlar breached the implied covenant of good faith and fair dealing by, among other things:

(a) Manipulating the force-placed insurance market by selecting insurers (here, the Assurant Defendants and their affiliates) that will participate in its kickback scheme, and by failing to seek competitive bids on the open market and instead contracting to create "back room" deals whereby an exclusive arrangement is in place for the Assurant Defendants to issue their own insurance coverage without Cenlar seeking a competitive price;

(b) Exercising its discretion to choose a force-placed coverage in bad faith and in contravention of the parties' reasonable expectations, by purposefully selecting coverage from insurers that will participate in a scheme to charge borrowers amounts beyond the cost of coverage;

(c) Assessing inflated and unnecessary insurance charges against Plaintiffs and the Class and misrepresenting the reason for the cost of the policies;

(d) Collecting a percentage of the amounts charged to borrowers and not passing that percentage on to the borrower;

(e) Charging Plaintiff Hoddersen, the Jones Plaintiffs, and the Class the cost of having the vendor perform its obligation of servicing its mortgage portfolio, which is not properly chargeable to Plaintiffs or the Class;

(f) Charging Plaintiff Hoddersen, the Jones Plaintiffs, and the Class for expense reimbursements or commissions when the insurance is prearranged, no work is done by Cenlar or its affiliates, no expenses related to the placement of the force-placed insurance are incurred, and no commission is due; and

(h) Charging Plaintiff Hoddersen, the Jones Plaintiffs, and the Class illegitimate amounts for force-placed insurance due to the captive reinsurance arrangement.

152. As a direct, proximate, and legal result of the aforementioned breaches of the covenant of good faith and fair dealing, Plaintiff Hoddersen, the Jones Plaintiffs, and the Class

have suffered damages.

WHEREFORE, Plaintiff Hoddersen and the Jones Plaintiffs, on behalf of themselves and similarly situated Class members, seek a judicial declaration that the amounts charged and the terms of the force-placed insurance policies violate the duties of good faith and fair dealing. Plaintiff Hoddersen and the Jones Plaintiffs also seek damages resulting from the Cenlar's breaches of its duties. Plaintiff Hoddersen and the Jones Plaintiffs further seek all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT VI

BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING (against SLS)

153. Plaintiff Smith re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

154. A covenant of good faith and fair dealing is implied in every contract and imposes upon each party a duty of good faith and fair dealing in its performance. Common law calls for substantial compliance with the spirit, not just the letter, of a contract in its performance.

155. Where an agreement affords one party the power to make a discretionary decision without defined standards, the duty to act in good faith limits that party's ability to act capriciously to contravene the reasonable contractual expectations of the other party.

156. Plaintiff Smith's and the Class members' mortgage contracts allow SLS to force place insurance coverage on the borrower in the event of a lapse in coverage, but do not define standards for selecting an insurer or procuring an insurance policy.

157. SLS is afforded substantial discretion in force-placing insurance coverage. It is permitted to unilaterally choose the company from which it purchases force-placed insurance and negotiates any price for the coverage it procures. SLS has an obligation to exercise the

discretion afforded it in good faith, and not capriciously or in bad faith. Plaintiff Smith does not seek to vary the express terms of the mortgage contract, but only to ensure that SLS exercises its discretion in good faith.

158. SLS breached the implied covenant of good faith and fair dealing by, among other things:

(a) Manipulating the force-placed insurance market by selecting insurers (here, the Assurant Defendants and their affiliates) that will participate in its kickback scheme, and by failing to seek competitive bids on the open market and instead contracting to create “back room” deals whereby an exclusive arrangement is in place for the Assurant Defendants to issue their own insurance coverage without SLS seeking a competitive price;

(b) Exercising its discretion to choose a force-placed coverage in bad faith and in contravention of the parties’ reasonable expectations, by purposefully selecting coverage from insurers that will participate in a scheme to charge borrowers amounts beyond the cost of coverage;

(c) Assessing inflated and unnecessary insurance charges against Plaintiff and the Class and misrepresenting the reason for the cost of the policies;

(d) Collecting a percentage of the amounts charged to borrowers and not passing that percentage on to the borrower;

(e) Charging Plaintiff and the Class the cost of having the vendor perform its obligation of servicing its mortgage portfolio, which is not properly chargeable to Plaintiff or the Class;

(f) Charging Plaintiff and the Class for expense reimbursements or commissions when the insurance is prearranged, no work is done by SLS or its affiliates, no expenses related to the placement of the force-placed insurance are incurred, and no commission is due; and

(h) Charging Plaintiff and the Class illegitimate amounts for force-placed insurance due to the captive reinsurance arrangement.

159. As a direct, proximate, and legal result of the aforementioned breaches of the covenant of good faith and fair dealing, Plaintiff Smith and the Class have suffered damages.

WHEREFORE, Plaintiff Smith, on behalf of himself and similarly situated Class

members, seeks a judicial declaration that the amounts charged and the terms of the force-placed insurance policies violate the duties of good faith and fair dealing. Plaintiff Smith also seeks damages resulting from the SLS's breaches of its duties. Plaintiff Smith further seeks all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT VII

BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING (against M&T)

160. Plaintiff Quarashi re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

161. A covenant of good faith and fair dealing is implied in every contract and imposes upon each party a duty of good faith and fair dealing in its performance. Common law calls for substantial compliance with the spirit, not just the letter, of a contract in its performance.

162. Where an agreement affords one party the power to make a discretionary decision without defined standards, the duty to act in good faith limits that party's ability to act capriciously to contravene the reasonable contractual expectations of the other party.

163. Plaintiff Quarashi's and the Class members' mortgage contracts allow M&T to force place insurance coverage on the borrower in the event of a lapse in coverage, but do not define standards for selecting an insurer or procuring an insurance policy.

164. M&T is afforded substantial discretion in force-placing insurance coverage. It is permitted to unilaterally choose the company from which it purchases force-placed insurance and negotiates any price for the coverage it procures. M&T has an obligation to exercise the discretion afforded it in good faith, and not capriciously or in bad faith. Plaintiff Quarashi does not seek to vary the express terms of the mortgage contract, but only to ensure that M&T

exercises its discretion in good faith.

165. M&T breached the implied covenant of good faith and fair dealing by, among other things:

(a) Manipulating the force-placed insurance market by selecting insurers (here, the Assurant Defendants and their affiliates) that will participate in its kickback scheme, and by failing to seek competitive bids on the open market and instead contracting to create "back room" deals whereby an exclusive arrangement is in place for the Assurant Defendants to issue their own insurance coverage without M&T seeking a competitive price;

(b) Exercising its discretion to choose a force-placed coverage in bad faith and in contravention of the parties' reasonable expectations, by purposefully selecting coverage from insurers that will participate in a scheme to charge borrowers amounts beyond the cost of coverage;

(c) Assessing inflated and unnecessary insurance charges against Plaintiff Quarashi and the Class and misrepresenting the reason for the cost of the policies;

(d) Collecting a percentage of the amounts charged to borrowers and not passing that percentage on to the borrower;

(e) Charging Plaintiff Quarashi and the Class the cost of having the vendor perform its obligation of servicing its mortgage portfolio, which is not properly chargeable to Plaintiff Quarashi or the Class;

(f) Charging Plaintiff Quarashi and the Class for expense reimbursements or commissions when the insurance is prearranged, no work is done by M&T or its affiliates, no expenses related to the placement of the force-placed insurance are incurred, and no commission is due; and

(h) Charging Plaintiff Quarashi and the Class illegitimate amounts for force-placed insurance due to the captive reinsurance arrangement.

166. As a direct, proximate, and legal result of the aforementioned breaches of the covenant of good faith and fair dealing, Plaintiff Quarashi and the Class have suffered damages.

WHEREFORE, Plaintiff Quarashi, on behalf of himself and similarly situated Class members, seeks a judicial declaration that the amounts charged and the terms of the force-placed

insurance policies violate the duties of good faith and fair dealing. Plaintiff Quarashi also seeks damages resulting from the M&T's breaches of its duties. Plaintiff Quarashi further seeks all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT VIII

BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING (against Caliber)

167. The Rickert Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

168. A covenant of good faith and fair dealing is implied in every contract and imposes upon each party a duty of good faith and fair dealing in its performance. Common law calls for substantial compliance with the spirit, not just the letter, of a contract in its performance.

169. Where an agreement affords one party the power to make a discretionary decision without defined standards, the duty to act in good faith limits that party's ability to act capriciously to contravene the reasonable contractual expectations of the other party.

170. The Rickert Plaintiffs' and the Class members' mortgage contracts allow Caliber to force place insurance coverage on the borrower in the event of a lapse in coverage, but do not define standards for selecting an insurer or procuring an insurance policy.

171. Caliber is afforded substantial discretion in force-placing insurance coverage. It is permitted to unilaterally choose the company from which it purchases force-placed insurance and negotiates any price for the coverage it procures. Caliber has an obligation to exercise the discretion afforded it in good faith, and not capriciously or in bad faith. The Rickert Plaintiffs do not seek to vary the express terms of the mortgage contract, but only to ensure that Caliber exercises its discretion in good faith.

172. Caliber breached the implied covenant of good faith and fair dealing by, among other things:

(a) Manipulating the force-placed insurance market by selecting insurers (here, the Assurant Defendants and their affiliates) that will participate in its kickback scheme, and by failing to seek competitive bids on the open market and instead contracting to create "back room" deals whereby an exclusive arrangement is in place for the Assurant Defendants to issue their own insurance coverage without Caliber seeking a competitive price;

(b) Exercising its discretion to choose a force-placed coverage in bad faith and in contravention of the parties' reasonable expectations, by purposefully selecting coverage from insurers that will participate in a scheme to charge borrowers amounts beyond the cost of coverage;

(c) Assessing inflated and unnecessary insurance charges against the Rickert Plaintiffs and the Class and misrepresenting the reason for the cost of the policies;

(d) Collecting a percentage of the amounts charged to borrowers and not passing that percentage on to the borrower;

(e) Charging the Rickert Plaintiffs and the Class the cost of having the vendor perform its obligation of servicing its mortgage portfolio, which is not properly chargeable to the Rickert Plaintiffs or the Class;

(f) Charging the Rickert Plaintiffs and the Class for expense reimbursements or commissions when the insurance is prearranged, no work is done by Caliber or its affiliates, no expenses related to the placement of the force-placed insurance are incurred, and no commission is due; and

(h) Charging the Rickert Plaintiffs and the Class illegitimate amounts for force-placed insurance due to the captive reinsurance arrangement.

173. As a direct, proximate, and legal result of the aforementioned breaches of the covenant of good faith and fair dealing, the Rickert Plaintiffs and the Class have suffered damages.

WHEREFORE, the Rickert Plaintiffs, on behalf of themselves and similarly situated Class members, seek a judicial declaration that the amounts charged and the terms of the force-placed insurance policies violate the duties of good faith and fair dealing. The Rickert Plaintiffs

also seek damages resulting from the Caliber's breaches of its duties. The Rickert Plaintiffs further seek all relief deemed appropriate by this Court, including pre- and post-judgment interest, attorneys' fees and costs.

COUNT IX

UNJUST ENRICHMENT
(against Cenlar)[12]

174. Plaintiff Hoddersen and the Jones Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

175. Cenlar received from Plaintiff Hoddersen, the Jones Plaintiffs, and Class members, benefits in the form of unwarranted kickbacks, including "expense reimbursements" or "commissions," captive reinsurance arrangements, and subsidized loan servicing costs.

176. Cenlar entered into an agreement whereby the insurance vendor – here, the Assurant Defendants and their affiliates – would provide below cost mortgage servicing activities and cover Cenlar's entire portfolio of loans with a master policy and issue certificates of insurance when a borrower's voluntary policy lapsed. Cenlar would then charge Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members amounts for the force-placed insurance that had been artificially inflated to include the kickbacks described above and then retain the amounts of those kickbacks for itself. The force-placed policies imposed on borrowers therefore cost less than what Cenlar actually paid for them.

177. The Assurant Defendants paid and collected significant monies in kickbacks, commissions, reimbursements, and reinsurance tied directly to the cost of the force-placed insurance premium (as a percentage). Commissions or kickbacks were paid directly to Cenlar or its affiliates in order to be able to exclusively provide force-placed insurance policies. The

[12] Plaintiff Hoddersen and the Jones Plaintiffs plead their unjust enrichment claim against Cenlar in the alternative to their contractual claims against it.

Assurant Defendants and their affiliates were mere conduits for the delivery of the kickbacks and improper charges to Cenlar or its affiliates.

178. These payments directly benefitted Cenlar and/or its affiliates and were taken to the detriment of the borrower. The kickbacks (in the form reimbursements, commissions, or reinsurance arrangements, as well as subsidized costs) were subsumed into the charges to borrowers for the force-placed insurance and ultimately paid by them. Therefore, Cenlar had the incentive to charge and collect unreasonably inflated prices for the force-placed policies.

179. Further, Cenlar was unjustly enriched through financial benefits in the form of increased interest income and other fees that resulted when the amounts for the force-placed insurance policies were added to the Class members' mortgage loans.

180. As a result, Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members have conferred a benefit on Cenlar.

181. Cenlar had knowledge of this benefit and voluntarily accepted and retained the benefit conferred on it.

182. Cenlar will be unjustly enriched if it is allowed to retain the aforementioned benefits, and each Class member is entitled to recover the amount by which Cenlar was unjustly enriched at his or her expense.

WHEREFORE, Plaintiff Hoddersen and the Jones Plaintiffs, on behalf of themselves and all similarly situated Class members, demand an award against Cenlar in the amounts by which it has been unjustly enriched at Plaintiff Hoddersen's, the Jones Plaintiffs', and the Class Members' expense, and such other relief as this Court deems just and proper, including pre- and post-judgment interest.

COUNT X

UNJUST ENRICHMENT
(against SLS)[13]

183. Plaintiff Smith re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

184. SLS received from Plaintiff Smith and Class members, benefits in the form of unwarranted kickbacks, including "expense reimbursements" or "commissions," captive reinsurance arrangements, and subsidized loan servicing costs.

185. SLS entered into an agreement whereby the insurance vendor – here, the Assurant Defendants and their affiliates – would provide below cost mortgage servicing activities and cover Caliber's entire portfolio of loans with a master policy and issue certificates of insurance when a borrower's voluntary policy lapsed. SLS would then charge Plaintiff Smith and the Class members amounts for the force-placed insurance that had been artificially inflated to include the kickbacks described above and then retain the amounts of those kickbacks for itself. The force-placed policies imposed on borrowers therefore cost less than what SLS actually paid for them.

186. The Assurant Defendants paid and collected significant monies in kickbacks, commissions, reimbursements, and reinsurance tied directly to the cost of the force-placed insurance premium (as a percentage). Commissions or kickbacks were paid directly to SLS or its affiliates in order to be able to exclusively provide force-placed insurance policies. The Assurant Defendants and their affiliates were mere conduits for the delivery of the kickbacks and improper charges to SLS or its affiliates.

187. These payments directly benefitted SLS and/or its affiliates and were taken to the detriment of the borrower. The kickbacks (in the form reimbursements, commissions, or reinsurance arrangements, as well as subsidized costs) were subsumed into the charges to

[13] Plaintiff Smith pleads his unjust enrichment claim against SLS in the alternative to his contractual claims against it.

borrowers for the force-placed insurance and ultimately paid by them. Therefore, SLS had the incentive to charge and collect unreasonably inflated prices for the force-placed policies.

188. Further, SLS was unjustly enriched through financial benefits in the form of increased interest income and other fees that resulted when the amounts for the force-placed insurance policies were added to the Class members' mortgage loans.

189. As a result, Plaintiff Smith and the Class members have conferred a benefit on Caliber.

190. SLS had knowledge of this benefit and voluntarily accepted and retained the benefit conferred on it.

191. Had Plaintiff Smith known that he had been charged amounts in excess of SLS's cost of coverage, he would have expected remuneration from SLS at the time the benefit was conferred.

192. SLS will be unjustly enriched if it is allowed to retain the aforementioned benefits, and each Class member is entitled to recover the amount by which SLS was unjustly enriched at his or her expense.

WHEREFORE, Plaintiff Smith, on behalf of himself and all similarly situated Class members, demands an award against SLS in the amounts by which it has been unjustly enriched at Plaintiff Smith's and the Class Members' expense, and such other relief as this Court deems just and proper.

COUNT XI

UNJUST ENRICHMENT
(against M&T)[14]

193. Plaintiff Quarashi re-alleges and incorporates paragraphs 1-106, above as if fully

[14] Plaintiff Quarashi pleads his unjust enrichment claim against Caliber in the alternative to his contractual claims.

set forth herein and further alleges as follows.

194. M&T received from Plaintiff Quarashi and Class members, benefits in the form of unwarranted kickbacks, including "expense reimbursements" or "commissions," captive reinsurance arrangements, and subsidized loan servicing costs.

195. M&T entered into an agreement whereby the insurance vendor – here, the Assurant Defendants and their affiliates – would provide below cost mortgage servicing activities and cover M&T's entire portfolio of loans with a master policy and issue certificates of insurance when a borrower's voluntary policy lapsed. M&T would then charge Plaintiff Quarashi and the Class members amounts for the force-placed insurance that had been artificially inflated to include the kickbacks described above and then retain the amounts of those kickbacks for itself. The force-placed policies imposed on borrowers therefore cost less than what M&T actually paid for them.

196. The Assurant Defendants paid and collected significant monies in kickbacks, commissions, reimbursements, and reinsurance tied directly to the cost of the force-placed insurance premium (as a percentage). Commissions or kickbacks were paid directly to M&T or its affiliates in order to be able to exclusively provide force-placed insurance policies. The Assurant Defendants and their affiliates were mere conduits for the delivery of the kickbacks and improper charges to M&T or its affiliates.

197. These payments directly benefitted M&T and/or its affiliates and were taken to the detriment of the borrower. The kickbacks (in the form reimbursements, commissions, or reinsurance arrangements, as well as subsidized costs) were subsumed into the charges to borrowers for the force-placed insurance and ultimately paid by them. Therefore, M&T had the incentive to charge and collect unreasonably inflated prices for the force-placed policies.

198. Further, M&T was unjustly enriched through financial benefits in the form of increased interest income and other fees that resulted when the amounts for the force-placed insurance policies were added to the Class members' mortgage loans.

199. As a result, Plaintiff Quarashi and the Class members have conferred a benefit on M&T.

200. M&T had knowledge of this benefit and voluntarily accepted and retained the benefit conferred on it.

201. Had Plaintiff Quarashi known that he had been charged amounts in excess of M&T's cost of coverage, he would have expected remuneration from M&T at the time the benefit was conferred.

202. M&T will be unjustly enriched if it is allowed to retain the aforementioned benefits, and each Class member is entitled to recover the amount by which M&T was unjustly enriched at his or her expense.

WHEREFORE, Plaintiff Quarashi, on behalf of himself and all similarly situated Class members, demands an award against M&T in the amounts by which it has been unjustly enriched at Plaintiff Quarashi's and the Class Members' expense, and such other relief as this Court deems just and proper.

COUNT XII

UNJUST ENRICHMENT (against Caliber)[15]

203. The Rickert Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

204. Caliber received from the Rickert Plaintiffs and Class members, benefits in the

[15] The Rickert Plaintiffs pleads his unjust enrichment claim against Caliber in the alternative to his contractual claims.

form of unwarranted kickbacks, including "expense reimbursements" or "commissions," captive reinsurance arrangements, and subsidized loan servicing costs.

205. Caliber entered into an agreement whereby the insurance vendor – here, the Assurant Defendants and their affiliates – would provide below cost mortgage servicing activities and cover Caliber's entire portfolio of loans with a master policy and issue certificates of insurance when a borrower's voluntary policy lapsed. Caliber would then charge the Rickert Plaintiffs and the Class members amounts for the force-placed insurance that had been artificially inflated to include the kickbacks described above and then retain the amounts of those kickbacks for itself. The force-placed policies imposed on borrowers therefore cost less than what Caliber actually paid for them.

206. The Assurant Defendants paid and collected significant monies in kickbacks, commissions, reimbursements, and reinsurance tied directly to the cost of the force-placed insurance premium (as a percentage). Commissions or kickbacks were paid directly to Caliber or its affiliates in order to be able to exclusively provide force-placed insurance policies. The Assurant Defendants and their affiliates were mere conduits for the delivery of the kickbacks and improper charges to Caliber or its affiliates.

207. These payments directly benefitted Caliber and/or its affiliates and were taken to the detriment of the borrower. The kickbacks (in the form reimbursements, commissions, or reinsurance arrangements, as well as subsidized costs) were subsumed into the charges to borrowers for the force-placed insurance and ultimately paid by them. Therefore, Caliber had the incentive to charge and collect unreasonably inflated prices for the force-placed policies.

208. Further, Caliber was unjustly enriched through financial benefits in the form of increased interest income and other fees that resulted when the amounts for the force-placed

insurance policies were added to the Class members' mortgage loans.

209. As a result, the Rickert Plaintiffs and the Class members have conferred a benefit on Caliber.

210. Caliber had knowledge of this benefit and voluntarily accepted and retained the benefit conferred on it.

211. Caliber will be unjustly enriched if it is allowed to retain the aforementioned benefits, and each Class member is entitled to recover the amount by which Caliber was unjustly enriched at his or her expense.

WHEREFORE, the Rickert Plaintiffs, on behalf of themselves and all similarly situated Class members, demand an award against Caliber in the amounts by which it has been unjustly enriched at the Rickert Plaintiffs' and the Class Members' expense, and such other relief as this Court deems just and proper.

COUNT XIII

TORTIOUS INTERFERENCE WITH A BUSINESS RELATIONSHIP (by Plaintiff Hoddersen and the Jones Plaintiffs against the Assurant Defendants)

212. Plaintiff Hoddersen and the Jones Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

213. Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members have advantageous business and contractual relationships with Cenlar pursuant to the mortgage contracts. Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members have legal rights under these mortgage contracts. For example, Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members have a right not to be charged exorbitant charges in bad faith for forced-place insurance.

214. The Assurant Defendants have knowledge of the mortgage contracts and the advantageous business and contractual relationships between the Jones Plaintiffs and the Class members and Cenlar. The Assurant Defendants are not parties to the mortgage contracts, nor are they third-party beneficiaries of the mortgage contracts. Further, the Assurant Defendants do not have any beneficial or economic interest in the mortgage contracts.

215. The Assurant Defendants, in bad faith and with the intent to maximize all the Defendants' profits, intentionally and unjustifiably interfered with Plaintiff Hoddersen's, the Jones Plaintiffs', and the Class members' rights under the mortgage contracts, as described above, by, *inter alia*, entering into an exclusive relationship with Cenlar and its affiliates, whereby they provide kickbacks (in the form of unmerited expense reimbursements or commissions, or reinsurance premiums without the corresponding risk, as well as below cost mortgage servicing) to Cenlar in exchange for the exclusive right to force-place insurance on borrowers' properties.

216. Plaintiff Hoddersen, the Jones Plaintiffs, and the Class members have been damaged as a result of the Assurant Defendants' interference with their mortgage contracts by being charged unauthorized and illegitimate amounts for force-placed insurance in contravention of their rights under the mortgages.

WHEREFORE, Plaintiff Hoddersen and the Jones Plaintiffs, on behalf of themselves and all Class members similarly situated, seek a judgment in their favor against the Assurant Defendants for the actual damages suffered by them as a result of the Assurant Defendants' tortious interference, as well as punitive damages as appropriate. Plaintiff Hoddersen and the Jones Plaintiffs also seek all costs of litigating this action, including attorneys' fees.

COUNT XIV

TORTIOUS INTERFERENCE WITH A BUSINESS RELATIONSHIP
(by Plaintiff Smith against the Assurant Defendants)

217. Plaintiff Smith re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

218. Plaintiff Smith and the Class members have advantageous business and contractual relationships with SLS pursuant to the mortgage contracts. Plaintiff Smith and the Class members have legal rights under these mortgage contracts. For example, Plaintiff Smith and the Class members have a right not to be charged exorbitant charges in bad faith for forced-place insurance.

219. The Assurant Defendants have knowledge of the mortgage contracts and the advantageous business and contractual relationships between Plaintiff Smith and the Class members and Caliber. The Assurant Defendants are not parties to the mortgage contracts, nor are they third-party beneficiaries of the mortgage contracts. Further, the Assurant Defendants do not have any beneficial or economic interest in the mortgage contracts.

220. The Assurant Defendants, in bad faith and with the intent to maximize all the Defendants' profits, intentionally and unjustifiably interfered with Plaintiff Smith's and the Class members' rights under the mortgage contracts, as described above, by, *inter alia*, entering into an exclusive relationship with SLS and its affiliates, whereby they provide kickbacks (in the form of unmerited expense reimbursements or commissions, or reinsurance premiums without the corresponding risk, as well as below cost mortgage servicing) to SLS in exchange for the exclusive right to force-place insurance on borrowers' properties.

221. Plaintiff Smith and the Class members have been damaged as a result of the Assurant Defendants' interference with their mortgage contracts by being charged unauthorized and illegitimate amounts for force-placed insurance in contravention of their rights under the

mortgages.

WHEREFORE, Plaintiff Smith, on behalf of himself and all Class members similarly situated, seeks a judgment in his favor against the Assurant Defendants for the actual damages suffered by him as a result of the Assurant Defendants' tortious interference, as well as punitive damages, as appropriate. Plaintiff Smith also seeks all costs of litigating this action, including attorneys' fees.

COUNT XV

TORTIOUS INTERFERENCE WITH A BUSINESS RELATIONSHIP
(by Plaintiff Quarashi against the Assurant Defendants)

222. Plaintiff Quarashi re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

223. Plaintiff Quarashi and the Class members have advantageous business and contractual relationships with M&T pursuant to the mortgage contracts. Plaintiff Quarashi and the Class members have legal rights under these mortgage contracts. For example, Plaintiff Quarashi and the Class members have a right not to be charged exorbitant charges in bad faith for forced-place insurance.

224. The Assurant Defendants have knowledge of the mortgage contracts and the advantageous business and contractual relationships between Plaintiff Quarashi and the Class members and M&T. The Assurant Defendants are not parties to the mortgage contracts, nor are they third-party beneficiaries of the mortgage contracts. Further, the Assurant Defendants do not have any beneficial or economic interest in the mortgage contracts.

225. The Assurant Defendants, in bad faith and with the intent to maximize all the Defendants' profits, intentionally and unjustifiably interfered with Plaintiff Quarashi's and the Class members' rights under the mortgage contracts, as described above, by, *inter alia*, entering

into an exclusive relationship with M&T and its affiliates, whereby they provide kickbacks (in the form of unmerited expense reimbursements or commissions, or reinsurance premiums without the corresponding risk, as well as below cost mortgage servicing) to M&T in exchange for the exclusive right to force-place insurance on borrowers' properties.

226. Plaintiff Quarashi and the Class members have been damaged as a result of the Assurant Defendants' interference with their mortgage contracts by being charged unauthorized and illegitimate amounts for force-placed insurance in contravention of their rights under the mortgages.

WHEREFORE, Plaintiff Quarashi, on behalf of himself and all Class members similarly situated, seeks a judgment in his favor against the Assurant Defendants for the actual damages suffered by him as a result of the Assurant Defendants' tortious interference. Plaintiff Quarashi also seeks all costs of litigating this action, including attorneys' fees.

COUNT XVI

TORTIOUS INTERFERENCE WITH A BUSINESS RELATIONSHIP (by the Rickert Plaintiffs against the Assurant Defendants)

227. The Rickert Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

228. The Rickert Plaintiffs and the Class members have advantageous business and contractual relationships with Caliber pursuant to the mortgage contracts. The Rickert Plaintiffs and the Class members have legal rights under these mortgage contracts. For example, the Rickert Plaintiffs and the Class members have a right not to be charged exorbitant charges in bad faith for forced-place insurance.

229. The Assurant Defendants have knowledge of the mortgage contracts and the advantageous business and contractual relationships between the Rickert Plaintiffs and the Class

members and Caliber. The Assurant Defendants are not parties to the mortgage contracts, nor are they third-party beneficiaries of the mortgage contracts. Further, the Assurant Defendants do not have any beneficial or economic interest in the mortgage contracts.

230. The Assurant Defendants, in bad faith and with the intent to maximize all the Defendants' profits, intentionally and unjustifiably interfered with the Rickert Plaintiffs' and the Class members' rights under the mortgage contracts, as described above, by, *inter alia*, entering into an exclusive relationship with Caliber and its affiliates, whereby they provide kickbacks (in the form of unmerited expense reimbursements or commissions, or reinsurance premiums without the corresponding risk, as well as below cost mortgage servicing) to Caliber in exchange for the exclusive right to force-place insurance on borrowers' properties.

231. The Rickert Plaintiffs and the Class members have been damaged as a result of the Assurant Defendants' interference with their mortgage contracts by being charged unauthorized and illegitimate amounts for force-placed insurance in contravention of their rights under the mortgages.

WHEREFORE, the Rickert Plaintiffs, on behalf of themselves and all Class members similarly situated, seek a judgment in his favor against the Assurant Defendants for the actual damages suffered by them as a result of the Assurant Defendants' tortious interference. The Rickert Plaintiffs also seek all costs of litigating this action, including attorneys' fees.

COUNT XVII

VIOLATION OF THE FLORIDA DECEPTIVE AND UNFAIR TRADE PRACTICES ACT
(Plaintiff Hoddersen and the Jones Plaintiffs on behalf of the Florida Subclass against Cenlar)

232. Plaintiff Hoddersen and the Jones Plaintiffs re-allege and incorporate paragraphs 1- 106 above as if fully set forth herein and further allege as follows.

233. FDUTPA, section 501.201, *et seq*., Florida Statutes, prohibits "unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce." § 501.204, Fla. Stat.

234. Plaintiff Hoddersen, the Jones Plaintiffs and all members of the Florida Subclass are "consumers" as that term is defined in section 501.203(7), Florida Statutes.

235. Cenlar has engaged in, and continues to engage in, unconscionable acts or practices and has engaged in unfair or deceptive acts in the conduct of its trade and/or commerce in the State of Florida.

236. The policies, acts, and practices alleged herein were intended to result and did result in the payment of inflated charges for force-placed insurance by Plaintiff and the Florida Subclass, which in turn were intended to generate unlawful or unfair compensation for Cenlar.

237. Specifically, Cenlar had an exclusive relationship with the Assurant Defendants, whereby it would pay unreasonable and inflated premiums for force-placed insurance policies, charge that amount to Plaintiff Hoddersen, the Jones Plaintiffs, and the Florida Subclass, and then receive compensation through kickbacks, discounted mortgage services, or captive reinsurance arrangements that resulted in an effective rebate for Cenlar that was never passed on to Plaintiff Hoddersen, the Jones Plaintiffs, and the Florida Class members.

238. Cenlar's conduct of charging inflated amounts for the force-placed coverage to Plaintiff Hoddersen, the Jones Plaintiffs, and members of the Florida Subclass violates FDUTPA and was conceived, devised, planned, implemented, approved, and executed within the State of Florida, which has an interest in prohibiting violations of FDUTPA.

239. Cenlar is not a bank or savings and loan association regulated by the Florida Office of Financial Regulation of the Financial Services Commission. Further, it is not a bank or

savings and loan association regulated by federal agencies.

240. Plaintiff Hoddersen, the Jones Plaintiffs and the Florida Subclass have sustained actual damages in the form of as a direct and proximate result of Cenlar's unfair and unconscionable practices. Section 501.211(2), Florida Statutes, provides these Plaintiffs and the Florida Subclass a private right of action against these Defendants and entitles them to recover their actual damages, plus attorneys' fees and costs.

241. Plaintiff Hoddersen, the Jones Plaintiffs, and the Florida Subclass have suffered and will continue to suffer irreparable harm if Cenlar continues to engage in such deceptive, unfair, and unreasonable practices.

WHEREFORE, Plaintiff Hoddersen and the Jones Plaintiffs, on behalf of themselves and the Florida Subclass, demand judgment against Cenlar for compensatory damages, pre- and post-judgment interest, attorneys' fees, injunctive and declaratory relief, costs incurred in bringing this action, and any other relief as this Court deems just and proper.

COUNT XVIII

VIOLATION OF THE NEW JERSEY CONSUMER FRAUD ACT
(Plaintiff Smith against SLS)

242. Plaintiff Smith re-alleges and incorporates paragraphs 1-106 above as if fully set forth herein and further alleges as follows.

243. The New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1, *et seq*., prohibits the "use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise and misrepresentation . . . in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby." N.J.S.A. 56:8-2.

244. SLS has engaged in, and continues to engage in, unconscionable commercial practices, deceptive acts, and misrepresentations in the conduct of its trade and/or commerce in the State of New Jersey. SLS has an exclusive relationship with its vendor and preferred insurance carrier, whereby it would pay for high-priced force-placed insurance, charge that amount to Plaintiff and the New Jersey Subclass, and then receive compensation through either kickback or captive reinsurance arrangements based on a percentage of the insurance policy's premium.

245. Defendants made numerous misrepresentations and deceptive statements in carrying out their scheme to defraud Plaintiff Smith and the New Jersey Subclass. ASIC, with the approval of SLS, sent form letters to Plaintiff Smith on SLS letterhead, stating that SLS would purchase or renew force-placed coverage if voluntary insurance was not secured by a certain date. SLS and the Assurant Defendants represented in the letters that the costs of the insurance would likely be much higher than the cost of coverage the borrower could obtain on their own "because the insurance we purchase is issued automatically without evaluating the risk of insuring your property."

246. In making this statement, SLS and the Assurant Defendants deceived and misrepresented to Plaintiff and the New Jersey Subclass that amounts these Defendants charged to Plaintiff Smith represented the "cost" of the policies and the sole reason for the extraordinarily high "costs" was the absence of an individualized evaluation of risks. In fact, such amounts were extraordinarily high because they also included kickbacks, reinsurance profits, and other wrongful benefits SLS had received from ASIC. Letters containing these misrepresentations, deceptive statements and false pretenses were sent to Plaintiff Smith on January 5, 2015, April 20, 2015, and June 20, 2016.

247. Further, the policy that "would be purchased" according to these letters, was actually already in place on the date of lapse according to the agreement between ASIC and SLS.

248. The NJCFA further provides that "[a]ny person who suffers an ascertainable loss of moneys or property, real or personal, as a result of the use or employment by another person any method, act, or practice declared unlawful under the [NJCFA] may bring an action or assert a counterclaim therefore in any court of competent jurisdiction. N.J.S.A. 56:8-19.

249. Plaintiff and the New Jersey Subclass are "person(s)" as that term is defined in N.J.S.A. 56:8-1(d).

250. Plaintiff and the New Jersey Subclass have suffered an ascertainable loss of moneys or property as a direct and proximate result of the SLS's unconscionable practices. SLS had an exclusive relationship with ASIC, whereby ASIC would charge SLS for high-priced, inflated amounts for force-placed insurance, the full cost of which ASIC knew would be charged to Plaintiff and the New Jersey Subclass. As compensation, ASIC would kick back a set percentage of the inflated premiums to SLS as a commission or enter into captive reinsurance agreements with SLS as a means to funnel financial benefits to it. Pursuant to the terms of the standard form mortgage agreements used by SLS, SLS would purchase the required hazard coverage and charge the Plaintiff and New Jersey Subclasses escrow accounts for the insurance coverage. Thus, as part of the scheme, SLS charged Plaintiff Smith and the New Jersey Subclass for ASIC's insurance improperly inflated by the kickbacks, reinsurance profits, and other wrongful benefits it conveyed to SLS.

251. Plaintiff and the New Jersey Subclass have a private right of action against SLS and it entitles them to recover, in addition to their actual damages, a threefold award of the damages sustained by any person in interest, as well as an award of reasonable attorneys' fees,

filing fees and reasonable costs of suit. N.J.S.A. 56:8-19.

252. Plaintiff and the New Jersey Subclass have suffered and will continue to suffer irreparable harm if these Defendants continue to engage in such deceptive, unfair, and unreasonable practices.

WHEREFORE, Plaintiff Smith, on behalf of himself and the New Jersey Subclass, demands judgment against SLS for compensatory damages, pre- and post-judgment interest, treble damages, attorneys' fees, injunctive and declaratory relief, costs incurred in bringing this action, and any other relief as this Court deems just and proper.

COUNT XIX

VIOLATION OF THE NEW JERSEY CONSUMER FRAUD ACT
(Plaintiff Smith against the Assurant Defendants)

253. Plaintiff Smith re-alleges and incorporates paragraphs 1-106 above as if fully set forth herein and further alleges as follows.

254. The New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1, *et seq*., prohibits the "use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation . . . in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby." N.J.S.A. 56:8-2.

255. ASIC has engaged in, and continue to engage in, unconscionable commercial practices, deceptive acts and misrepresentations in the conduct of its trade and/or commerce in the State of New Jersey. ASIC had a relationship with SLS, whereby it would charge highly priced premiums for force-placed insurance policies to SLS, with full knowledge that the full amount would be charged by SLS to Plaintiff Smith and the New Jersey Subclass. As

compensation, ASIC would kick back a set percentage of the premiums to SLS as a commission or enter into captive reinsurance agreements with SLS as a means to funnel financial benefits to them.

256. Defendants made numerous misrepresentations in carrying out their scheme to defraud Plaintiff Smith and the New Jersey Subclass. Assurant and ASIC, with the approval of SLS, sent form letters to Plaintiff Smith on SLS letterhead, stating that SLS would purchase or renew force-placed coverage if voluntary insurance was not secured by a certain date. Defendants represented in the letters that the costs of the insurance would likely be much higher than the cost of coverage the borrower could obtain on their own "because the insurance we purchase is issued automatically without evaluating the risk of insuring your property." In making this statement, Defendants misrepresented to Plaintiff Smith and the New Jersey Subclass that the amounts Defendants charged Plaintiff Smith represented the "cost" of the policies and the sole reason for the extraordinarily high "costs" was the absence of an individualized evaluation of risks. In fact, the amounts charged to borrowers were extraordinarily high because they also included kickbacks, reinsurance profits, and other wrongful benefits ASIC provided to SLS or its affiliates. Letters containing these misrepresentations, deceptive statements and false pretenses were sent to Plaintiff Smith on January 5, 2015, April 20, 2015, and June 20, 2016.

257. Further, the policy that "would be purchased" according to these letters, was actually already in place on the date of lapse according to the agreement between ASIC and SLS.

258. The NJCFA further provides that "[a]ny person who suffers an ascertainable loss of moneys or property, real or personal, as a result of the use or employment by another person any method, act, or practice declared unlawful under the [NJCFA] may bring an action or assert

a counterclaim therefore in any court of competent jurisdiction. N.J.S.A. 56:8-19.

259. Plaintiff Smith and the New Jersey Subclass are "person(s)" as that term is defined in N.J.S.A. 56:8-1(d).

260. Plaintiff Smith and the New Jersey Subclass have suffered an ascertainable loss of moneys or property as a direct and proximate result of the ASIC's unfair and unconscionable practices. The standard form mortgage agreements used by SLS includes a provision requiring the Plaintiff Smith and the New Jersey Subclass to maintain hazard insurance coverage and in the event the coverage lapses, permits the lender to obtain force-placed coverage and charge the cost of that coverage to the Plaintiff Smith. In SLS and the Assurant Defendants' letters to Plaintiff Smith and the New Jersey Subclass, Defendants state that SLS would purchase the required hazard coverage and "your escrow account will be charged for the premiums that we pay. **Please be advised that your monthly mortgage payments will be increased to include the costs of this policy."** (Emphasis in original). Thus, as part of the scheme by Defendants, Plaintiff Smith and the New Jersey Subclass were charged for ASIC's insurance inflated by the kickbacks, reinsurance profits, and other wrongful benefits it conveyed to SLS.

261. Plaintiff Smith and the New Jersey Subclass have a private right of action against ASIC and it entitles them to recover, in addition to their actual damages, a threefold award of the damages sustained by any person in interest, as well as an award of reasonable attorneys' fees, filing fees and reasonable costs of suit. N.J.S.A 56:8-19.

262. Plaintiff Smith and the New Jersey Subclass have suffered and will continue to suffer irreparable harm if these Defendants continue to engage in such deceptive, unfair, and unreasonable practices.

WHEREFORE, Plaintiff Smith, on behalf of himself and the New Jersey Subclass,

demands judgment against ASIC for compensatory damages, pre- and post-judgment interest, treble damages, attorneys' fees, injunctive and declaratory relief, costs incurred in bringing this action, and any other relief as this Court deems just and proper.

COUNT XX

VIOLATIONS OF THE TRUTH IN LENDING ACT, 15 U.S.C. § 1601, et seq. (Plaintiff Hoddersen and the Jones Plaintiffs against Cenlar)

263. Plaintiff Hoddersen and the Jones Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

264. Plaintiff Hoddersen, the Jones Plaintiffs', and the Class Members' mortgages are consumer credit plans secured by their principal dwellings, and are subject to the disclosure requirements of the Truth in Lending Act ("TILA"), 15 U.S.C.§ 1601, *et seq.*, and all related regulations, commentary, and interpretive guidance promulgated by the Federal Reserve Board.

265. Cenlar is a "creditor" as defined by TILA because it owned and/or serviced Plaintiff Hoddersen's mortgage and the Jones Plaintiffs' mortgages and changed the terms of the mortgages so as to create a new mortgage obligation, of which Cenlar was the creditor.

266. Pursuant to TILA, Cenlar was required to accurately and fully disclose the terms of the legal obligations between the parties. See 12 C.F.R. § 226.17(c).

267. Cenlar violated TILA, specifically 12 C.F.R. § 226.17(c), when it: (i) added force-placed insurance charges to Plaintiff Hoddersen's and the Jones Plaintiffs' mortgage obligations and failed to provide new disclosures; and (ii) failed at all times to disclose the amount and nature of the kickbacks, reinsurance, discount mortgage servicing, and other profiteering involving Cenlar and/or its affiliates as a result of the purchase of force-placed insurance.

268. When Cenlar changed the terms of Plaintiff Hoddersen and the Jones Plaintiffs' mortgages to allow previously unauthorized kickbacks and insurance amounts in excess of its

interests in the property, it changed the finance charge and the total amount of indebtedness, extended new and additional credit through force-placed insurance charges, and thus created a new debt obligation. Under TILA, Cenlar was then required to provide a new set of disclosures showing the amount of the insurance charges (i.e., finance charges) and all components thereof. On information and belief, Cenlar increased the principal amount under the Jones Plaintiffs' and Hoddersen Plaintiff mortgages when it force-placed the insurance, which was a new debt obligation for which new disclosures were required.

269. Cenlar adversely changed the terms of Plaintiff Hoddersen's and the Jones Plaintiffs' loans after origination in order to allow a kickback on the force-placed insurance charges. These kickbacks are not authorized in the mortgages in any clear and unambiguous way. Cenlar never disclosed to borrowers the amount of the "commissions," "expense reimbursements," or other unearned profits paid to them or their affiliate.

270. Cenlar also violated TILA by adversely changing the terms of Plaintiff Hoddersen's and the Jones Plaintiffs' loans after origination by requiring and threatening to force-place more insurance than necessary to protect its interest in the property securing the mortgages.

271. Acts constituting violations of TILA occurred within one year prior to the filing of the original Complaint in this action, or are subject to equitable tolling because Cenlar's kickbacks, reinsurance, and other unearned revenue-generating scheme was the subject of secret agreements among it and its affiliates and was concealed from borrowers.

272. Plaintiff Hoddersen and the Jones Plaintiffs and Class members have been injured and have suffered a monetary loss arising from Cenlar's violations of TILA.

273. As a result of Cenlar's TILA violations, Plaintiff Hoddersen, the Jones Plaintiffs,

and Class members are entitled to recover actual damages and a penalty of $500,000.00 or 1% of Cenlar's net worth, as provided by 15 U.S.C. § 1640(a)(1)-(2).

274. Plaintiff Hoddersen, the Jones Plaintiffs, and Class members are also entitled to recovery of attorneys' fees and costs to be paid by Cenlar, as provided by 15 U.S.C. § 1640(a)(3).

WHEREFORE, Plaintiff Hoddersen and the Jones Plaintiffs, on behalf of themselves and all Class members similarly situated, seeks a judgment in their favor against Cenlar awarding actual damages and a penalty of $500,000.00 or 1% of Cenlar's net worth, as provided by 15 U.S.C. §1640(a)(1)-(2), as well as of attorneys' fees and costs to be paid by Cenlar, as provided by 15 U.S.C. § 1640(a)(3).

COUNT XXI

VIOLATIONS OF THE TRUTH IN LENDING ACT, 15 U.S.C. § 1601, et seq.
(Plaintiff Smith against SLS)

275. Plaintiff Smith re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

276. Plaintiff Smith's and the Class Members' mortgages are consumer credit plans secured by their principal dwellings, and are subject to the disclosure requirements of the Truth in Lending Act ("TILA"), 15 U.S.C.§ 1601, *et seq.*, and all related regulations, commentary, and interpretive guidance promulgated by the Federal Reserve Board.

277. SLS is a "creditor" as defined by TILA because it owned and/or serviced Plaintiff Smith's mortgage and changed the terms of the mortgage so as to create a new mortgage obligation, of which SLS was the creditor.

278. Pursuant to TILA, SLS was required to accurately and fully disclose the terms of the legal obligations between the parties. See 12 C.F.R. § 226.17(c).

279. SLS violated TILA, specifically 12 C.F.R. § 226.17(c), when it: (i) added force-placed insurance charges to Plaintiff Smith's mortgage obligations and failed to provide new disclosures; and (ii) failed at all times to disclose the amount and nature of the kickbacks, reinsurance, discount mortgage servicing, and other profiteering involving SLS and/or its affiliates as a result of the purchase of force-placed insurance.

280. When SLS changed the terms of Plaintiff Smith's mortgage to allow previously unauthorized kickbacks and insurance amounts in excess of its interests in the property, it changed the finance charge and the total amount of indebtedness, extended new and additional credit through force-placed insurance charges, and thus created a new debt obligation. Under TILA, SLS was then required to provide a new set of disclosures showing the amount of the insurance charges (i.e. finance charges) and all components thereof. On information and belief, SLS increased the principal amount under Plaintiff Smith's mortgage when it force-placed the insurance, which was a new debt obligation for which new disclosures were required.

281. SLS adversely changed the terms of Plaintiff Smith's loan after origination in order to allow a kickback on the force-placed insurance charges. These kickbacks are not authorized in the mortgage in any clear and unambiguous way. SLS never disclosed to borrowers the amount of the "commissions," "expense reimbursements," or other unearned profits paid to them or their affiliate.

282. SLS also violated TILA by adversely changing the terms of Plaintiff Smith's loan after origination by requiring and threatening to force-place more insurance than necessary to protect its interest in the property securing the mortgages.

283. Acts constituting violations of TILA occurred within one year prior to the filing of the original Complaint in this action, or are subject to equitable tolling because SLS's

kickbacks, reinsurance, and other unearned revenue-generating scheme was the subject of secret agreements among it and its affiliates and was concealed from borrowers.

284. Plaintiff Smith and Class members have been injured and have suffered a monetary loss arising from SLS's violations of TILA.

285. As a result of SLS's TILA violations, Plaintiff Smith and Class members are entitled to recover actual damages and a penalty of $500,000.00 or 1% of SLS's net worth, as provided by 15 U.S.C. § 1640(a)(1)-(2).

286. Plaintiff Smith and Class members are also entitled to recovery of attorneys' fees and costs to be paid by SLS, as provided by 15 U.S.C. § 1640(a)(3).

WHEREFORE, Plaintiff Smith, on behalf of himself and all Class members similarly situated, seeks a judgment in their favor against SLS awarding actual damages and a penalty of $500,000.00 or 1% of SLS's net worth, as provided by 15 U.S.C. §1640(a)(1)-(2), as well as of attorneys' fees and costs to be paid by SLS, as provided by 15 U.S.C. § 1640(a)(3).

COUNT XXII

VIOLATIONS OF THE TRUTH IN LENDING ACT, 15 U.S.C. § 1601, et seq.
(Plaintiff Quarashi against M&T)

287. Plaintiff Quarashi re-alleges and incorporates paragraphs 1-106, above as if fully set forth herein and further alleges as follows.

288. Plaintiff Quarashi's and the Class Members' mortgages are consumer credit plans secured by their principal dwellings, and are subject to the disclosure requirements of the Truth in Lending Act ("TILA"), 15 U.S.C.§ 1601, *et seq.*, and all related regulations, commentary, and interpretive guidance promulgated by the Federal Reserve Board.

289. M&T is a "creditor" as defined by TILA because it owned and/or serviced Plaintiff Quarashi's mortgages and changed the terms of the mortgage so as to create a new

mortgage obligation, of which M&T was the creditor.

290. Pursuant to TILA, M&T was required to accurately and fully disclose the terms of the legal obligations between the parties. See 12 C.F.R. § 226.17(c).

291. M&T violated TILA, specifically 12 C.F.R. § 226.17(c), when it: (i) added force-placed insurance charges to Plaintiff Quarashi's mortgage obligations and failed to provide new disclosures; and (ii) failed at all times to disclose the amount and nature of the kickbacks, reinsurance, discount mortgage servicing, and other profiteering involving M&T and/or its affiliates as a result of the purchase of force-placed insurance.

292. When M&T changed the terms of Plaintiff Quarashi's mortgage to allow previously unauthorized kickbacks and insurance amounts in excess of its interests in the property, it changed the finance charge and the total amount of indebtedness, extended new and additional credit through force-placed insurance charges, and thus created a new debt obligation. Under TILA, M&T was then required to provide a new set of disclosures showing the amount of the insurance charges (i.e. finance charges) and all components thereof. On information and belief, M&T increased the principal amount under Plaintiff Quarashi's mortgage when it force-placed the insurance, which was a new debt obligation for which new disclosures were required.

293. M&T adversely changed the terms of Plaintiff Quarashi's loan after origination in order to allow a kickback on the force-placed insurance charges. These kickbacks are not authorized in the mortgage in any clear and unambiguous way. M&T never disclosed to borrowers the amount of the "commissions," "expense reimbursements," or other unearned profits paid to them or their affiliate.

294. M&T also violated TILA by adversely changing the terms of Plaintiff Quarashi's loan after origination by requiring and threatening to force-place more insurance than necessary

to protect its interest in the property securing the mortgages.

295. Acts constituting violations of TILA occurred within one year prior to the filing of the original Complaint in this action, or are subject to equitable tolling because M&T's kickbacks, reinsurance, and other unearned revenue-generating scheme was the subject of secret agreements among it and its affiliates and was concealed from borrowers.

296. Plaintiff Quarashi and Class members have been injured and have suffered a monetary loss arising from M&T's violations of TILA.

297. As a result of M&T's TILA violations, Plaintiff Quarashi and Class members are entitled to recover actual damages and a penalty of $500,000.00 or 1% of M&T's net worth, as provided by 15 U.S.C. § 1640(a)(1)-(2).

298. Plaintiff Quarashi and Class members are also entitled to recovery of attorneys' fees and costs to be paid by M&T, as provided by 15 U.S.C. § 1640(a)(3).

WHEREFORE, Plaintiff Quarashi, on behalf of himself and all Class members similarly situated, seeks a judgment in their favor against M&T awarding actual damages and a penalty of $500,000.00 or 1% of M&T's net worth, as provided by 15 U.S.C. §1640(a)(1)-(2), as well as of attorneys' fees and costs to be paid by M&T, as provided by 15 U.S.C. § 1640(a)(3).

COUNT XXIII

VIOLATIONS OF THE TRUTH IN LENDING ACT, 15 U.S.C. § 1601, et seq. (the Rickert Plaintiffs against Caliber)

299. The Rickert Plaintiffs re-allege and incorporate paragraphs 1-106, above as if fully set forth herein and further allege as follows.

300. The Rickert Plaintiffs' and the Class Members' mortgages are consumer credit plans secured by their principal dwellings, and are subject to the disclosure requirements of the Truth in Lending Act ("TILA"), 15 U.S.C.§ 1601, *et seq.*, and all related regulations,

commentary, and interpretive guidance promulgated by the Federal Reserve Board.

301. Caliber is a "creditor" as defined by TILA because it owned and/or serviced the Rickert Plaintiffs' mortgages and changed the terms of the mortgages so as to create a new mortgage obligation, of which Caliber was the creditor.

302. Pursuant to TILA, Caliber was required to accurately and fully disclose the terms of the legal obligations between the parties. See 12 C.F.R. § 226.17(c).

303. Caliber violated TILA, specifically 12 C.F.R. § 226.17(c), when it: (i) added force-placed insurance charges to the Rickert Plaintiffs' mortgage obligations and failed to provide new disclosures; and (ii) failed at all times to disclose the amount and nature of the kickbacks, reinsurance, discount mortgage servicing, and other profiteering involving Caliber and/or its affiliates as a result of the purchase of force-placed insurance.

304. When Caliber changed the terms of the Rickert Plaintiffs' mortgage to allow previously unauthorized kickbacks and insurance amounts in excess of its interests in the property, it changed the finance charge and the total amount of indebtedness, extended new and additional credit through force-placed insurance charges, and thus created a new debt obligation. Under TILA, Caliber was then required to provide a new set of disclosures showing the amount of the insurance charges (i.e. finance charges) and all components thereof. On information and belief, Caliber increased the principal amount under the Rickert Plaintiffs' mortgage when it force-placed the insurance, which was a new debt obligation for which new disclosures were required.

305. Caliber adversely changed the terms of the Rickert Plaintiffs' loan after origination in order to allow a kickback on the force-placed insurance charges. These kickbacks are not authorized in the mortgage in any clear and unambiguous way. Caliber never disclosed

to borrowers the amount of the "commissions," "expense reimbursements," or other unearned profits paid to them or their affiliate.

306. Caliber also violated TILA by adversely changing the terms of the Rickert Plaintiffs' loan after origination by requiring and threatening to force-place more insurance than necessary to protect its interest in the property securing the mortgages.

307. Acts constituting violations of TILA occurred within one year prior to the filing of the original Complaint in this action, or are subject to equitable tolling because Caliber's kickbacks, reinsurance, and other unearned revenue-generating scheme was the subject of secret agreements among it and its affiliates and was concealed from borrowers.

308. The Rickert Plaintiffs and Class members have been injured and have suffered a monetary loss arising from Caliber's violations of TILA.

309. As a result of Caliber's TILA violations, the Rickert Plaintiffs and Class members are entitled to recover actual damages and a penalty of $500,000.00 or 1% of Caliber's net worth, as provided by 15 U.S.C. § 1640(a)(1)-(2).

310. The Rickert Plaintiffs and Class members are also entitled to recovery of attorneys' fees and costs to be paid by Caliber, as provided by 15 U.S.C. § 1640(a)(3).

WHEREFORE, the Rickert Plaintiffs, on behalf of themselves and all Class members similarly situated, seek a judgment in their favor against Caliber awarding actual damages and a penalty of $500,000.00 or 1% of Caliber's net worth, as provided by 15 U.S.C. §1640(a)(1)-(2), as well as of attorneys' fees and costs to be paid by Caliber, as provided by 15 U.S.C. § 1640(a)(3).

COUNT XXIV

Violation of RICO, 18 U.S.C. § 1962(c)
(the Jones Plaintiffs against Cenlar and the Assurant Defendants)

311. The Jones Plaintiffs incorporate paragraphs 1-106 herein as if fully set forth herein and further allege as follows.

312. At all relevant times, Cenlar and the Assurant Defendants were employed by and associated with an illegal enterprise, and conducted and participated in that enterprise's affairs, through a pattern of racketeering activity consisting of numerous and repeated uses of the interstate mails and wire communications to execute a scheme to defraud, all in violation of RICO, 18 U.S.C. § 1962(c).

313. The RICO enterprise, which engaged in and the activities of which affected interstate and foreign commerce, was comprised of an association in fact of entities and individuals that included Cenlar, its affiliates, and Assurant and its affiliates.

314. The members of the RICO enterprise had a common purpose: to increase and maximize their revenues by forcing the Jones Plaintiffs and Class members to pay inflated amounts for force-placed insurance through a scheme that inflated such amounts to cover kickbacks and expenses associated with servicing Cenlar's entire loan portfolio, and concealing from the Jones Plaintiffs and Class members the true nature of those charges. Cenlar and the Assurant Defendants shared the bounty of their enterprise by sharing the illegal profits generated by the joint scheme.

315. The RICO enterprise functioned over a period of years as a continuing unit and had a maintained an ascertainable structure separate and distinct from the pattern of racketeering activity.

316. Cenlar and the Assurant Defendants conducted and participated in the affairs of this RICO enterprise through a pattern of racketeering activity that projects into the future, lasted

more than one year, and that consisted of numerous and repeated violations of federal mail and wire fraud statutes, which prohibit the use of any interstate or foreign wire or mail facility for the purpose of executing a scheme to defraud, in violation of 18 U.S.C. §§ 1341 and 1343.

317. The Assurant Defendants directed and controlled the enterprise as follows:

a. The Assurant Defendants specifically developed and implemented guidelines and standards for the timing and content of the cycle of deceptive letters sent to borrowers about force-placed insurance, to which Cenlar agreed;

b. The Assurant Defendants drafted the language of the fraudulent letters and correspondence to borrowers that was specifically designed to deceive borrowers into believing that they were coming from Cenlar. The letters fraudulently misrepresented the true nature of the "cost" of the insurance forced on their properties, and these letters were approved by Cenlar;

c. The Assurant Defendants ran the day-to-day operations of the force-placed scheme by, *inter alia*, tracking Cenlar's portfolio, mailing a cycle of form letters to borrowers notifying them that insurance coverage would be forced, and misrepresenting to borrowers both that they would be charged only the costs of coverage and that a Cenlar affiliate would be paid as compensation for work performed;

d. The Assurant Defendants paid kickbacks to Cenlar and its affiliates to maintain Defendants' exclusive relationship and keep their force-placed scheme moving forward;

318. Cenlar directed and controlled the enterprise as follows:

a. Cenlar outsourced loan-servicing functions to the Assurant Defendants, including authorizing them to send the three-letter cycle of notice letters to borrowers informing them that coverage was being forced on their properties;

b. Cenlar charged borrowers amounts for coverage above and beyond its true cost of coverage, without disclosing to borrowers that it had received a rebate on the "premium" indicated in their notice letters;

c. Cenlar deducted amounts from borrowers' escrow accounts for forced coverage, knowing that the amounts deducted exceeded its cost of coverage;

d. Cenlar charged borrowers interest on the amounts already charged for forced

coverage, knowing that the amounts deducted exceeded its cost of coverage.

319. Both Cenlar and the Assurant Defendants directed and controlled the enterprise as follows:

a. by directing, controlling, and creating an enterprise and arrangement by which the Cenlar would receive unearned kickbacks;

b. by directing, controlling, and creating an enterprise and arrangement by which Cenlar would receive illegitimate revenues (ultimately charged to borrowers) in the form of direct payments, debt forgiveness, expense reimbursements, or "commissions," that were merely bribes to keep the exclusive relationship in place and not disclosing same to borrowers;

c. by directing, controlling, and creating an enterprise and program by which Cenlar never charged the borrowers its actual or effective cost of the force-placed insurance policies;

d. by directing, controlling, and creating an enterprise and program whereby the Assurant Defendants took money directly from borrowers escrow accounts and took amounts which are not the actual or effective "cost" for lender placed insurance but instead, including illegal bribes and kickbacks;

e. by developing and implementing guidelines and criteria to determine when force-placed insurance is placed an a borrower's home, in what amount, for what coverages and for what period of time—all of which resulted in inferior and more expensive insurance that covered time periods where no claims were made or resulted in "double coverage;" and

f. by developing and implementing an automated system to send the cycle of deceptive letters to borrowers, to determine the type, time period and amount of substandard and unnecessary coverage, and to remove or charge borrowers' escrow accounts automatically for improper and inflated charges.

320. In order to further its control and direction of the enterprise, the Assurant Defendants paid bribes and kickbacks to Cenlar disguised as commissions, direct payments, reinsurance premiums, expense reimbursements, and below-cost mortgage servicing functions.

321. As part of and in furtherance of the scheme to defraud, Cenlar and the Assurant Defendants made numerous material omissions and misrepresentations to the Jones Plaintiffs and

Class members with the intent to defraud and deceive them.

322. For example, ASIC, with the approval of Cenlar, sent form letters to the Jones Plaintiffs on Cenlar letterhead through the U.S. mail, stating that Cenlar would purchase or renew force-placed coverage if voluntary insurance was not secured by a certain date. Cenlar and the Assurant Defendants represented in the letters that Cenlar would purchase the required coverage and charge the borrower "the cost of the insurance." In making these statements, Cenlar and the Assurant Defendants knowingly and intentionally falsely stated that the amounts for force-placed insurance that the Jones Plaintiffs were charged represented the actual cost of coverage, when in fact such amounts also included kickbacks and other costs paid as bribes to Cenlar, and The Jones Plaintiffs were charged significantly more than Cenlar had paid for coverage.

323. Cenlar and the Assurant Defendants had a duty to correct this mistaken impression. These misrepresentations and omissions were material, as they helped Cenlar and the Assurant Defendants advance their scheme to charge the Jones Plaintiffs more than Cenlar's cost of coverage for force-placed insurance and were designed to lull the Jones Plaintiffs and the Class into believing that the charges were legitimate. The Jones Plaintiffs (and other homeowners) would not have paid, or would have contested these specific charges had Cenlar and the Assurant Defendants disclosed that the illegal bribes and kickbacks were included and that these forced-charges did not represent simply the cost of the required insurance coverage. One such letter was sent to the Jones Plaintiffs on February 4, 2016 through U.S. mail.

324. ASIC and its affiliates, with the approval of Cenlar and on Cenlar letterhead, also sent the Jones Plaintiffs force-placed insurance notices through the U.S. mail informing them that force-placed insurance would cost more "because the insurance we purchase is issued

automatically without evaluating the risk of insuring your property," when in fact, the inflated amounts charged to the Jones Plaintiffs and the class were due to kickbacks provided to Cenlar and included in the amounts charged the Jones Plaintiffs and the Class members. Cenlar and the Assurant Defendants had a duty to correct this mistaken impression.

325. This misrepresentation was material, as it gave Cenlar and the Assurant Defendants a colorable reason to charge the Jones Plaintiffs unauthorized amounts for insurance and would have influenced the Jones Plaintiffs' decisions whether to pay the charges or contest them. For example, had the Jones Plaintiffs known that Cenlar was effectively paying much less than what it charged to the Jones Plaintiffs; the Jones Plaintiffs would not have paid or would have contested the charges for force-placed insurance. One such letter was sent to the Jones Plaintiffs on February 4, 2016 through U.S. mail.

326. For the purpose of executing the scheme to defraud, Cenlar and the Assurant Defendants sent, mailed, and transmitted, or caused to be sent, mailed, or transmitted, in interstate or foreign commerce numerous materials, including but not limited to the notices and letters described above informing the Jones Plaintiffs and Class members that they could charge the Jones Plaintiffs and Class members unauthorized amounts for force-placed insurance.

327. This scheme to defraud proximately injured the Jones Plaintiffs and the Class members because it prevented them from making an informed decision regarding whether to dispute or pay the force-placed charges, or whether to allow new coverage to be placed on their property. Had they known that the charges included kickbacks and other improper charges and that Cenlar was actually paying less than what it charged the Jones Plaintiffs and the Class members, they would not have paid them or would have contested them. Cenlar and the Assurant Defendants also transferred sums among themselves, including but not limited to

kickbacks, in furtherance of their scheme to defraud the Jones Plaintiffs and Class members, in violation of the wire fraud statutes.

328. By reason and as a result of Cenlar and the Assurant Defendants' conduct and participation in the racketeering activity alleged herein, Cenlar and the Assurant Defendants have caused the Jones Plaintiffs and Class members to suffer damages in the form of unreasonably high force-placed insurance premiums.

WHEREFORE, the Jones Plaintiffs and Class members seek compensatory and treble damages, and attorneys' fees and costs, pursuant to 18 U.S.C. § 1964(c).

COUNT XXV
Violation of RICO, 18 U.S.C. § 1962(d)
(the Jones Plaintiffs against Cenlar and the Assurant Defendants)

329. The Jones Plaintiffs incorporate paragraphs 1-106 and 312-328 as if fully set forth herein and further allege as follows.

330. At all relevant times, Cenlar and the Assurant Defendants were associated with the enterprise and agreed and conspired to violate 18 U.S.C. § 1962(d). Cenlar and the Assurant Defendants agreed to conduct and participate, directly and indirectly, in the conduct and affairs of the enterprise through a pattern of racketeering activity, in violation of 18 U.S.C. § 1962(d).

331. Cenlar and the Assurant Defendants illegally agreed to violate RICO, 18 U.S.C. § 1962(d), by, *inter alia*:

a. Agreeing that the Assurant Defendants and their affiliates would be Cenlar's exclusive force-placed insurance providers and would provide Cenlar and effective rebate on the cost of the insurance, through the aforementioned kickbacks, that would not be passed on to the borrowers and thereby extracting unauthorized amounts from Cenlar's customers;

b. Agreeing that the Assurant Defendants would monitor Cenlar's mortgage portfolios for lapses in voluntary insurance and would, with the approval of Cenlar, send misleading notices to borrowers. These misleading notices would

inform the borrowers that if new coverage were not procured, coverage would be forced, the borrower would be charged "the cost of the insurance" and earned "commissions" payments would be paid to a Cenlar affiliate;

c. Entering into illusory commission or other agreements in order to disguise the true nature of the amounts charged to borrower under the guise of force-placed insurance; and

d. Agreeing to commit two or more predicate acts as described above in Count XXIV.

332. Upon information and belief, Cenlar affiliates pass profits from this scheme to Cenlar through credits in their general ledge accounts.

333. Cenlar and the Assurant Defendants committed and caused to be committed a series of overt acts in furtherance of the conspiracy and to affect the objects thereof, including but not limited to the acts set forth above.

334. As a result of Cenlar and the Assurant Defendants' violations of 18 U.S.C. § 1962(d), the Jones Plaintiffs and Class members suffered damages in the form of unreasonably high force-placed insurance premiums.

WHEREFORE, the Jones Plaintiffs and Class members seek compensatory and treble damages, and attorneys' fees and costs, pursuant to 18 U.S.C. § 1964(c).

COUNT XXVI

Violation of RICO, 18 U.S.C. § 1962(c)
(Plaintiff Smith against SLS and the Assurant Defendants)

335. Plaintiff Smith incorporates paragraphs 1-106, herein as if fully set forth herein and further alleges as follows.

336. At all relevant times, SLS and the Assurant Defendants were employed by and associated with an illegal enterprise, and conducted and participated in that enterprise's affairs, through a pattern of racketeering activity consisting of numerous and repeated uses of the

interstate mails and wire communications to execute a scheme to defraud, all in violation of RICO, 18 U.S.C. § 1962(c).

337. The RICO enterprise, which engaged in and the activities of which affected interstate and foreign commerce, was comprised of an association in fact of entities and individuals that included SLS, its affiliates, and the Assurant Defendants and their affiliates.

338. The members of the RICO enterprise had a common purpose: to increase and maximize their revenues by forcing Plaintiff Smith and Class members to pay inflated amounts for force-placed insurance through a scheme that allowed Defendants to charge borrowers more than SLS's cost of coverage using kickbacks and expenses associated with servicing SLS's entire loan portfolio to conceal from Plaintiff Smith and Class members the true nature of the charges. SLS and the Assurant Defendants shared the bounty of their enterprise by sharing the illegal profits generated by the joint scheme.

339. The RICO enterprise functioned over a period of years as a continuing unit and had a maintained an ascertainable structure separate and distinct from the pattern of racketeering activity.

340. SLS and the Assurant Defendants conducted and participated in the affairs of this RICO enterprise through a pattern of racketeering activity that projects into the future, lasted more than one year, and that consisted of numerous and repeated violations of federal mail and wire fraud statutes, which prohibit the use of any interstate or foreign wire or mail facility for the purpose of executing a scheme to defraud, in violation of 18 U.S.C. §§ 1341 and 1343.

341. SLS and the Assurant Defendants directed and controlled the enterprise as follows:

a. The Assurant Defendants specifically developed and implemented guidelines and

standards for the timing and content of the cycle of deceptive letters sent to borrowers about force-placed insurance, to which the SLS agreed;

b. The Assurant Defendants drafted the language of the fraudulent letters and correspondence to borrowers that was specifically designed to deceive borrowers into believing that they were coming from the SLS. The letters fraudulently misrepresented the true nature of the "cost" of the insurance forced on their properties, and these letters were approved by the SLS;

c. The Assurant Defendants ran the day-to-day operations of the force-placed scheme by, *inter alia*, tracking SLS's portfolio, mailing a cycle of form letters to borrowers notifying them that insurance coverage would be forced, and misrepresenting to borrowers both that they would be charged only the costs of coverage and that a SLS affiliate would be paid as compensation for work performed;

d. The Assurant Defendants paid kickbacks to SLS and its affiliates to maintain Defendants' exclusive relationship and keep their force-placed scheme moving forward;

e. by directing, controlling, and creating an enterprise and arrangement by which the SLS would receive unearned kickbacks;

f. by directing, controlling, and creating an enterprise and arrangement by which SLS would receive illegitimate revenues (ultimately charged to borrowers) in the form of direct payments, debt forgiveness, expense reimbursements, or "commissions," that were merely bribes to keep the exclusive relationship in place and not disclosing same to borrowers;

g. by directing, controlling, and creating an enterprise and program by which SLS never charged the borrowers its actual or effective cost of the force-placed insurance policies;

h. by directing, controlling, and creating an enterprise and program where the Assurant Defendants took money directly from borrowers escrow accounts and took amounts which are not the actual or effective "cost" for lender placed insurance but instead, including illegal bribes and kickbacks;

i. by designing and directing an exclusive arrangement by which Defendants manipulated the force-placed insurance market in order to artificially inflate the amounts they charge to borrowers for force-placed insurance. The charges were inflated to provide the SLS and their affiliates with kickbacks disguised as "commissions" or expense reimbursements, or to cover the cost of discounted mortgage servicing, and/or to provide the SLS with other forms of kickbacks. ASIC and its affiliates benefit by securing business from the SLS—it provides kickbacks to them at the expense of the borrowers who are charged the inflated charges;

j. by developing and implementing guidelines and criteria to determine when force-placed insurance is placed an a borrower's home, in what amount, for what coverages and for what period of time—all of which resulted in inferior and more expensive insurance that covered time periods where no claims were made or resulted in "double coverage;" and

k. by developing and implementing an automated system to send the cycle of deceptive letters to borrowers, to determine the type, time period and amount of

substandard and unnecessary coverage, and to remove or charge borrowers' escrow accounts automatically for improper and inflated charges.

342. In order to further their control and direction of the enterprise, the Assurant Defendants paid bribes and kickbacks to SLS in the form of unearned commissions, direct payments, reinsurance premiums, expense reimbursements, and below-cost mortgage servicing functions.

343. As part of and in furtherance of the scheme to defraud, Defendants made numerous material omissions and misrepresentations to Plaintiff Smith and Class members with the intent to defraud and deceive them.

344. For example, the Assurant Defendants, with the approval of the SLS, sent form letters to Plaintiff Smith on SLS letterhead through the U.S. mail, stating that SLS would purchase force-placed coverage if voluntary insurance was not secured by a certain date. These Defendants represented in the letters that SLS would purchase the required coverage and charge the borrower the "cost of the policy." In making these statements, Defendants knowingly and intentionally falsely stated that the amounts for force-placed insurance that Plaintiff Smith was charged represented the actual cost of the insurance premiums, when in fact such amounts also included kickbacks and other costs paid as bribes to the SLS, and Plaintiff Smith was charged significantly more than SLS had paid for coverage.

345. SLS and the Assurant Defendants had a duty to correct this mistaken impression. These misrepresentations and omissions were material, as they helped these Defendants advance their scheme to charge Plaintiff Smith unreasonably high amounts for force-placed insurance and were designed to lull Plaintiff Smith and the Class into believing that the charges were legitimate. Plaintiff Smith (and other homeowners) would not have paid, or would have

contested these specific charges had SLS and the Assurant Defendants disclosed that the illegal bribes and kickbacks were included and that these forced-charges did not represent simply the cost of the required insurance coverage. For example, Plaintiff Smith received such letters dated January 5, 2015, April 20, 2015, and June 20, 2016 through the U.S. mail. Plaintiff Smith believes that he received additional similar letters.

346. The Assurant Defendants and their affiliates, with the approval of the SLS and on SLS letterhead, also sent Plaintiff Smith force-placed insurance notices through the U.S. mail informing them that force-placed insurance would cost more "because the insurance we purchase is issued automatically without evaluating the risk of insuring your property," when in fact, the inflated amounts charged to Plaintiff Smith and the class were due to kickbacks and other impermissible costs provided to SLS and included in the amounts charged Plaintiff Smith and the Class members. SLS and the Assurant Defendants had a duty to correct this mistaken impression.

347. This misrepresentation was material, as it gave SLS and the Assurant Defendants a colorable reason to charge Plaintiff Smith unreasonably inflated amounts for insurance and would have influenced Plaintiff Smith's decisions whether to pay the charges or contest them. For example, had Plaintiff Smith known that SLS was effectively paying much less than what it charged to Plaintiff Smith; Plaintiff Smith would not have paid or would have contested the charges for force-placed insurance. Plaintiff Smith received such letters dated January 5, 2015, April 20, 2015, and June 20, 2016 through the U.S. mail.

348. For the purpose of executing the scheme to defraud, SLS and the Assurant Defendants sent, mailed, and transmitted, or caused to be sent, mailed, or transmitted, in interstate or foreign commerce numerous materials, including but not limited to the notices and

letters described above informing Plaintiff Smith and Class members that they could charge Plaintiff Smith and Class members unreasonably high amounts for force-placed insurance.

349. This scheme to defraud proximately injured Plaintiff Smith and the Class members because it prevented them from making an informed decision regarding whether to dispute or pay the force-placed charges, or whether to allow new coverage to be placed on their property. Had they known that the charges had been artificially inflated to include kickbacks and other improper charges, they would not have paid them or would have contested them. SLS and the Assurant Defendants also transferred sums among themselves, including but not limited to kickbacks, in furtherance of their scheme to defraud Plaintiff Smith and Class members, in violation of the wire fraud statutes.

350. By reason and as a result of SLS and the Assurant Defendants' conduct and participation in the racketeering activity alleged herein, these Defendants have caused damages to Plaintiff Smith and Class members in the form of unreasonably high force-placed insurance premiums.

WHEREFORE, Plaintiff Smith and Class members seek compensatory and treble damages, and attorneys' fees and costs, pursuant to 18 U.S.C. § 1964(c).

COUNT XXVII

Violation of RICO, 18 U.S.C. § 1962(d)
(Plaintiff Smith against SLS and the Assurant Defendants)

351. Plaintiff incorporates paragraphs 1-106 and 336-350, as if fully set forth herein and further alleges as follows.

352. At all relevant times, SLS and the Assurant Defendants were associated with the enterprise and agreed and conspired to violate 18 U.S.C. § 1962(d). These Defendants agreed to conduct and participate, directly and indirectly, in the conduct and affairs of the enterprise

through a pattern of racketeering activity, in violation of 18 U.S.C. § 1962(d).

353. SLS and the Assurant Defendants illegally agreed to violate RICO, 18 U.S.C. § 1962(d), by, inter *alia*:

a. Agreeing that the Assurant Defendants and their affiliates would be SLS's exclusive force-placed insurance providers and would extract unreasonably inflated amounts from SLS's customers. Defendants also agreed that the Assurant Defendants would pay kickbacks to SLS or its affiliates;

b. Agreeing that the Assurant Defendants would monitor SLS's mortgage portfolios for lapses in voluntary insurance and would, with the approval of SLS, send misleading notices to borrowers. These misleading notices would inform the borrowers that if new coverage were not procured, coverage would be forced, the borrower would be charged "the cost of the insurance" and earned "commissions" payments would be paid to a SLS affiliate;

c. Entering into illusory commission or other agreements in order to disguise the true nature of the amounts charged to borrower under the guise of force-placed insurance; and

d. Agreeing to commit two or more predicate acts as described above in Count XXVI.

354. Upon information and belief, SLS affiliates pass profits from this scheme to SLS through credits in their general ledge accounts.

355. SLS and the Assurant Defendants committed and caused to be committed a series of overt acts in furtherance of the conspiracy and to affect the objects thereof, including but not limited to the acts set forth above.

356. As a result of these Defendants' violations of 18 U.S.C. § 1962(d), Plaintiff Smith and Class members suffered damages in the form of unreasonably high force-placed insurance premiums.

WHEREFORE, Plaintiff Smith and Class members seek compensatory and treble damages, and attorneys' fees and costs, pursuant to 18 U.S.C. § 1964(c).

COUNT XXVI

Violation of RICO, 18 U.S.C. § 1962(c)
(the Rickert Plaintiffs against Caliber and the Assurant Defendants)

357. The Rickert Plaintiffs incorporate paragraphs 1-106, herein as if fully set forth herein and further allege as follows.

358. At all relevant times, Caliber and the Assurant Defendants were employed by and associated with an illegal enterprise, and conducted and participated in that enterprise's affairs, through a pattern of racketeering activity consisting of numerous and repeated uses of the interstate mails and wire communications to execute a scheme to defraud, all in violation of RICO, 18 U.S.C. § 1962(c).

359. The RICO enterprise, which engaged in and the activities of which affected interstate and foreign commerce, was comprised of an association in fact of entities and individuals that included Caliber, its affiliates, and the Assurant Defendants and their affiliates.

360. The members of the RICO enterprise had a common purpose: to increase and maximize their revenues by forcing the Rickert Plaintiffs and Class members to pay inflated amounts for force-placed insurance through a scheme that allowed Defendants to charge borrowers more than Caliber's cost of coverage using kickbacks and expenses associated with servicing Caliber's entire loan portfolio to conceal from the Rickert Plaintiffs and Class members

the true nature of the charges. Caliber and the Assurant Defendants shared the bounty of their enterprise by sharing the illegal profits generated by the joint scheme.

361. The RICO enterprise functioned over a period of years as a continuing unit and had a maintained an ascertainable structure separate and distinct from the pattern of racketeering activity.

362. Caliber and the Assurant Defendants conducted and participated in the affairs of this RICO enterprise through a pattern of racketeering activity that projects into the future, lasted more than one year, and that consisted of numerous and repeated violations of federal mail and wire fraud statutes, which prohibit the use of any interstate or foreign wire or mail facility for the purpose of executing a scheme to defraud, in violation of 18 U.S.C. §§ 1341 and 1343.

363. Caliber and the Assurant Defendants directed and controlled the enterprise as follows:

a. The Assurant Defendants specifically developed and implemented guidelines and standards for the timing and content of the cycle of deceptive letters sent to borrowers about force-placed insurance, to which the Caliber agreed;

b. The Assurant Defendants drafted the language of the fraudulent letters and correspondence to borrowers that was specifically designed to deceive borrowers into believing that they were coming from the Caliber. The letters fraudulently misrepresented the true nature of the "cost" of the insurance forced on their properties, and these letters were approved by the Caliber;

c. The Assurant Defendants ran the day-to-day operations of the force-placed scheme by, *inter alia*, tracking Caliber's portfolio, mailing a cycle of form letters to borrowers notifying them that insurance coverage would be forced, and

misrepresenting to borrowers both that they would be charged only the costs of coverage and that a Caliber affiliate would be paid as compensation for work performed;

d. The Assurant Defendants paid kickbacks to Caliber and its affiliates to maintain Defendants' exclusive relationship and keep their force-placed scheme moving forward;

e. by directing, controlling, and creating an enterprise and arrangement by which the Caliber would receive unearned kickbacks;

f. by directing, controlling, and creating an enterprise and arrangement by which Caliber would receive illegitimate revenues (ultimately charged to borrowers) in the form of direct payments, debt forgiveness, expense reimbursements, or "commissions," that were merely bribes to keep the exclusive relationship in place and not disclosing same to borrowers;

g. by directing, controlling, and creating an enterprise and program by which Caliber never charged the borrowers its actual or effective cost of the force-placed insurance policies;

h. by directing, controlling, and creating an enterprise and program where the Assurant Defendants took money directly from borrowers escrow accounts and took amounts which are not the actual or effective "cost" for lender placed insurance but instead, including illegal bribes and kickbacks;

i. by designing and directing an exclusive arrangement by which Defendants manipulated the force-placed insurance market in order to artificially inflate the amounts they charge to borrowers for force-placed insurance. The charges were

inflated to provide the Caliber and their affiliates with kickbacks disguised as "commissions" or expense reimbursements, or to cover the cost of discounted mortgage servicing, and/or to provide the Caliber with other forms of kickbacks. ASIC and its affiliates benefit by securing business from the Caliber—it provides kickbacks to them at the expense of the borrowers who are charged the inflated charges;

j. by developing and implementing guidelines and criteria to determine when force-placed insurance is placed an a borrower's home, in what amount, for what coverages and for what period of time—all of which resulted in inferior and more expensive insurance that covered time periods where no claims were made or resulted in "double coverage;" and

k. by developing and implementing an automated system to send the cycle of deceptive letters to borrowers, to determine the type, time period and amount of substandard and unnecessary coverage, and to remove or charge borrowers' escrow accounts automatically for improper and inflated charges.

364. In order to further their control and direction of the enterprise, the Assurant Defendants paid bribes and kickbacks to Caliber in the form of unearned commissions, direct payments, reinsurance premiums, expense reimbursements, and below-cost mortgage servicing functions.

365. As part of and in furtherance of the scheme to defraud, Defendants made numerous material omissions and misrepresentations to the Rickert Plaintiffs and Class members with the intent to defraud and deceive them.

366. For example, the Assurant Defendants and their affiliates, with the approval of the

Caliber and on Caliber letterhead, sent the Rickert Plaintiffs force-placed insurance notices through the U.S. mail informing them that the cost of force-placed insurance would be higher than that of voluntary coverage "because the insurance we purchase is issued automatically without evaluating the risk of insuring your property." In fact, however, the inflated amounts charged to the Rickert Plaintiffs and the class were due to kickbacks and other impermissible costs provided to Caliber and included in the amounts charged the Rickert Plaintiffs and the Class members. Caliber and the Assurant Defendants had a duty to correct this mistaken impression.

367. This misrepresentation was material, as it gave Caliber and the Assurant Defendants a colorable reason to charge the Rickert Plaintiffs unreasonably inflated amounts for insurance and would have influenced the Rickert Plaintiffs' decisions whether to pay the charges or contest them. For example, had the Rickert Plaintiffs known that Caliber was effectively paying much less than what it charged to the Rickert Plaintiffs; the Rickert Plaintiffs would not have paid or would have contested the charges for force-placed insurance. The Rickert Plaintiffs received and reviewed one such letter dated June 9, 2016 through the U.S. mail.

368. For the purpose of executing the scheme to defraud, Caliber and the Assurant Defendants sent, mailed, and transmitted, or caused to be sent, mailed, or transmitted, in interstate or foreign commerce numerous materials, including but not limited to the notices and letters described above informing the Rickert Plaintiffs and Class members that they could charge the Rickert Plaintiffs and Class members unreasonably high amounts for force-placed insurance.

369. This scheme to defraud proximately injured the Rickert Plaintiffs and the Class members because it prevented them from making an informed decision regarding whether to

dispute or pay the force-placed charges, or whether to allow new coverage to be placed on their property. Had they known that the charges had been artificially inflated to include kickbacks and other improper charges, they would not have paid them or would have contested them. Caliber and the Assurant Defendants also transferred sums among themselves, including but not limited to kickbacks, in furtherance of their scheme to defraud the Rickert Plaintiffs and Class members, in violation of the wire fraud statutes.

370. By reason and as a result of Caliber and the Assurant Defendants' conduct and participation in the racketeering activity alleged herein, these Defendants have caused damages to the Rickert Plaintiffs and Class members in the form of unreasonably high force-placed insurance premiums.

WHEREFORE, the Rickert Plaintiffs and Class members seek compensatory and treble damages, and attorneys' fees and costs, pursuant to 18 U.S.C. § 1964(c).

COUNT XXVII

Violation of RICO, 18 U.S.C. § 1962(d)
(the Rickert Plaintiffs against Caliber and the Assurant Defendants)

371. The Rickert Plaintiffs incorporate paragraphs 1-106 and 358-370, as if fully set forth herein and further allege as follows.

372. At all relevant times, Caliber and the Assurant Defendants were associated with the enterprise and agreed and conspired to violate 18 U.S.C. § 1962(d). These Defendants agreed to conduct and participate, directly and indirectly, in the conduct and affairs of the enterprise through a pattern of racketeering activity, in violation of 18 U.S.C. § 1962(d).

373. Caliber and the Assurant Defendants illegally agreed to violate RICO, 18 U.S.C. § 1962(d), by, inter *alia*:

a. Agreeing that the Assurant Defendants and their affiliates would be Caliber's

exclusive force-placed insurance providers and would extract unreasonably inflated amounts from Caliber's customers. Defendants also agreed that the Assurant Defendants would pay kickbacks to Caliber or its affiliates;

b. Agreeing that the Assurant Defendants would monitor Caliber's mortgage portfolios for lapses in voluntary insurance and would, with the approval of Caliber, send misleading notices to borrowers. These misleading notices would inform the borrowers that if new coverage were not procured, coverage would be forced, the borrower would be charged "the cost of the insurance" and earned "commissions" payments would be paid to a Caliber affiliate;

c. Entering into illusory commission or other agreements in order to disguise the true nature of the amounts charged to borrower under the guise of force-placed insurance; and

d. Agreeing to commit two or more predicate acts as described above in Count XXVI.

374. Upon information and belief, Caliber affiliates pass profits from this scheme to Caliber through credits in their general ledge accounts.

375. Caliber and the Assurant Defendants committed and caused to be committed a series of overt acts in furtherance of the conspiracy and to affect the objects thereof, including but not limited to the acts set forth above.

376. As a result of these Defendants' violations of 18 U.S.C. § 1962(d), the Rickert Plaintiffs and Class members suffered damages in the form of unreasonably high force-placed insurance premiums.

WHEREFORE, the Rickert Plaintiffs and Class members seek compensatory and treble

damages, and attorneys' fees and costs, pursuant to 18 U.S.C. § 1964(c).

PRAYER FOR RELIEF

Plaintiffs Smith, Hoddersen, Quarashi, the Joneses, and the Rickerts, on behalf of themselves and all similarly situated individuals, demand judgment against Defendants as follows:

(1) Declaring this action to be a proper class action maintainable pursuant to Rule 23(a) and Rule 23(b)(1) and (2), or Rule 23(b)(3) of the Federal Rules of Civil Procedure and declaring Plaintiffs and their counsel to be representatives of the Class;

(2) Enjoining Defendants from continuing the acts and practices described above;

(3) Awarding damages sustained by Plaintiffs and the Class members as a result of Caliber's, SLS's, Cenlar's, and M&T's breaches of the subject mortgage contracts and the implied covenant of good faith and fair dealing, together with pre-judgment interest;

(4) Finding that the Lender and Servicer Defendants have been unjustly enriched and requiring these Defendants to refund all unjust benefits to Plaintiffs and the Class, together with pre-judgment interest;

(5) Awarding Plaintiffs and the Class costs and disbursements and reasonable allowances for the fees of Plaintiffs' and the Class's counsel and experts, and reimbursement of expenses;

(6) Awarding actual damages and a penalty of $500,000 or 1% of each of the Lender and Servicer Defendants' net worth as provided by 15 U.S.C. § 1640 (a)(1)-(2), and attorneys' fees and costs as provided by 15 U.S.C. § 1640 (a)(3)

(7) Awarding actual and, where appropriate, punitive damages sustained by Plaintiffs and the Class as a result of the Assurant Defendants' tortious interference;

(8) Awarding Plaintiff Smith and the New Jersey Subclass compensatory and treble damages, injunctive relief, declaratory relief, attorneys' fees, and costs under NJCFA;

(9) Awarding the Jones Plaintiffs, Plaintiff Hoddersen, and the Florida Subclass damages, injunctive relief, declaratory relief, attorneys' fees, and costs under FDUTPA;

(10) Awarding compensatory and treble damages, and attorneys' fees and costs under the federal RICO statute; and

(11) Awarding such other and further relief the Court deems just and equitable.

DEMAND FOR JURY TRIAL

Plaintiffs and the Class members demand a jury trial for any and all Counts for which a trial by jury is permitted by law.

Respectfully submitted this 14th day of December, 2016.

By: /s/ Michael M. DiCicco

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