

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

RETHA FLOYD,
2015 Douglas Street, NE
Washington, DC 20018
Plaintiff,
v.

Civ. No. _____

NATIONSTAR MORTGAGE LLC OF
DELAWARE, D/B/A CHAMPION
MORTGAGE COMPANY,
350 Highland Drive
Lewisville, Texas 75067

and

COMPU-LINK CORPORATION,
D/B/A CELINK
3900 Capitol City Blvd,
Lansing, MI 48906
Defendants.

Plaintiff Retha Floyd hereby submits this complaint against Defendants Nationstar Mortgage dba Champion Mortgage (“Champion”) and Celinik as follows:

CLASS ACTION COMPLAINT

1. Plaintiff Retha Floyd is a 96-year-old homeowner in the District of Columbia who has a Home Equity Conversion (“HECM”) loan with Nationstar Mortgage LLC, d/b/a Champion Mortgage Company (“Champion”). Ms. Floyd has allegedly fallen behind on payment of the real property taxes on her home of 50 years. Seizing upon this alleged delinquency, Defendants Champion and Compu-Link Corporation, d/b/a Celinik have conspired to order and charge Ms. Floyd for unnecessary and unreasonable property inspections. Plaintiff brings these class action claims to recover damages and other relief available at law and in equity on behalf of herself and other vulnerable senior homeowners who have purportedly gone into default on Home Equity

Conversion (“HECM”) loans and been charged for unnecessary and unreasonable property inspections.

2. Plaintiff seeks monetary damages, restitution, and declaratory and injunctive relief from Defendants on behalf of herself and the thousands of other similarly situated borrowers who have been victimized by Defendants’ scheme.

3. This class action challenges Defendants’ conspiracy to engage in a policy of ordering and/or conducting property inspections that are imposed arbitrarily, excessive in frequency and price, unnecessary, unreasonable, and otherwise unlawful.

4. Defendants, with their subsidiaries, affiliated companies, intercompany divisions, and vendors, formed an unlawful enterprise and worked together to game the system by ordering inspections and imposing these inspection fees regardless of need.

5. Defendants target homeowners who have purportedly defaulted on some obligation under their reverse mortgages for the assessment of repeated and unnecessary, unreasonable “drive-by” property inspections lasting a few seconds. In doing so, Defendants generate fee income on these unnecessary default-related services.

6. This case concerns fraudulent practices committed by Defendants designed to maximize fees assessed on borrowers’ accounts when they are already struggling with a default. Consistent with these practices, Defendants use automated software to order and/or conduct repeated, unreasonable, and unnecessary “property inspections” with the effect of maximizing fee income and cheating borrowers who can least afford it.

7. More specifically, when HECM borrowers go into “default” for any reason, such as non-payment of property taxes, Defendants assess fees on borrowers’ accounts for “drive-by” property inspections. Such inspections are purportedly designed to protect the lender’s interest in the property. However, by the very terms of the reverse mortgage notes and Department of

Housing and Urban Development (“HUD”) regulations, Champion is not permitted to assess borrowers’ accounts for default-related service fees that are *unnecessary* or *unreasonable*.

Nevertheless, that is precisely what Champion does, with the knowing and active involvement of Celink.

8. Based on counsel’s investigation, Champion sometimes orders and assesses fees for property inspections *more than once in a day, or several times in one week*, for no legitimate reason.

JURISDICTION AND VENUE

9. This Court has original jurisdiction over this class action pursuant to 28 U.S.C. § 1332(d). Plaintiff and members of the class have suffered aggregate damages exceeding \$5,000,000, exclusive of interest and costs, and members of the class of plaintiffs are citizens of a state different from any defendant.

10. Venue is proper in this District under 28 U.S.C. § 1391(a)(1), because Defendants regularly conduct business in this District and significant events giving rise to this case took place in this District.

PARTIES

11. Plaintiff Retha Floyd is an individual and resident of the District of Columbia.

12. Nationstar Mortgage LLC is one of the largest mortgage servicers in the United States, with a servicing portfolio in excess of \$400 billion and more than 2.4 million customers. Nationstar has its principal place of business in Lewisville, TX. Champion Mortgage is a division of Nationstar Mortgage LLC and specializes in servicing reverse mortgage products. Champion claims to “meet the reverse mortgage needs of our customers.”

13. Compu-Link Corporation, d/b/a Celinek, is the largest independent servicer of reverse mortgages in the United States, and its clients include regional to nationwide lenders,

banks, and insurance companies. Celink developed and uses a proprietary Java-based reverse mortgage servicing platform, ReverseServ™, for servicing FHA HECM loans, as well as proprietary reverse mortgage products. Its principal place of business is in Washington state.

FACTUAL BACKGROUND

A. REVERSE MORTGAGE CONTRACTS

14. A reverse mortgage or home equity conversion mortgage (HECM) is a special type of home loan for older homeowners (62 years or older) that requires no monthly mortgage payments. However, borrowers are still responsible for property taxes and homeowner's insurance. Failure to pay these items can result in the loan being considered in default.

15. The mortgage contract between a lender and a borrower generally consists of two documents: the promissory note (“Note”) and the mortgage or deed of trust (“Security Instrument”). These contracts, which bind the lender as well as the borrower, contain terms regarding what the lender may do in the event of a purported default.

16. Here, the applicable Security Instrument between the parties states:
Inspection. Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times ...If the Property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

17. The Security Instrument provides that any such amounts disbursed by the servicers shall become additional debt of the borrower secured by the Security Instrument and shall bear interest at the Note rate from the date of disbursement.

18. Nowhere does the contract permit such fees to be assessed on borrowers' accounts when the inspections are *unnecessary* or *unreasonable*.

B. DEFENDANTS' SYSTEMS GENERATE UNNECESSARY INSPECTIONS AND IMPROPER FEES FOR DEFAULT-RELATED SERVICES

19. By means of Celinek's proprietary reverse mortgage servicing platform, ReverseServ™, Defendants routinely and systematically assess borrowers' accounts for property inspections that are unreasonably frequent, then unlawfully charge borrowers for those unnecessary inspections.

20. Champion contracts with Celinek to provide reverse mortgage services, including ordering property inspections.

21. Celinek uses its proprietary reverse mortgage servicing platform, ReverseServ™ to service loans on which Champion is the servicer. Among other things, Celinek manages line of credit requests, files claims to HUD, and processes prepayments, foreclosures, due & payables, and T&I defaults, according to standards jointly set by Celinek and Champion. Celinek also orders property inspections when it believes a reverse mortgage loan is in default, also according to standards jointly set by Celinek and Champion.

22. The purported purpose for the property inspections is to ensure that where a loan is in default, the property is occupied and appropriately maintained, as required by HECM mortgage notes.

23. Both Defendants benefit financially from ordering unnecessary property inspections. Upon information and belief, Champion profits from property inspections because it charges more to borrowers for property inspections that it pays Celinek; Celinek profits because it charges more to Champion than it costs to perform a property inspection. In short, Defendants

are incentivized to order property inspections even where they are excessive in frequency and price, unnecessary, inappropriate, or otherwise unlawful.

24. Defendants' automated system arbitrarily orders and charges mortgagors for property inspections even when they are unnecessary and not authorized by the reverse mortgage contract.

25. Plaintiff is informed and believes, and on that basis, alleges that Defendants routinely and systematically assess fees for property inspections, regardless of whether the inspection is reasonable and necessary. Although such inspections purportedly are conducted to guard against property loss, Defendants' system is not designed to limit them to this purpose; rather, their system and practices are designed to ensure that these fees are charged to as many accounts and as many times as possible, even if the inspections are unnecessary.

26. Ms. Floyd, a 95-year-old homeowner, fell into default for a failure to pay just under \$2,000 in real property taxes and/or insurance. Since 2012, Defendants have ordered more than *thirty* inspections on her home, including two instances in which Defendants ordered three inspections in the very same month: in May 2015 and in February 2014.

27. Upon information and belief, Defendants continue to utilize a system which orders inspections with a frequency designed to increase their profits, regardless of whether they are reasonable or necessary.

28. Defendants' system of assessment of fees for these inspections on borrowers' accounts is improper as demonstrated by the frequency with which they are performed. If an inspection report shows that the property is occupied and in good condition—as should have been shown with Ms. Floyd's home, which was continuously occupied and in good condition at all times relevant hereto—it is unreasonable, unnecessary and inappropriate for Defendants to order additional inspections in quick succession.

29. For example, absent a specific finding of need by a local HUD office, the shortest period between inspections authorized by the HUD servicing guidelines referencing property inspections is 25 days:

Generally, reimbursement will be limited to *one inspection for each 30-day cycle. This inspection should not be earlier than 25 days from the last inspection or later than 35 days after the last inspection.* A distinction must be made between those items which are required and those which are merely recommended. Only where a local HUD Office has identified a need to inspect more frequently, and has made this a requirement, will a mortgagee be reimbursed for these additional inspections.

4330.1, Chapter 9

30. Defendants' automated system, which orders property inspections without regard to reasonableness or need is illegal because multiple property inspections in a single 30-day period are per se unreasonable in the absence of a special finding of need. Defendants improperly profit from these inspections at borrowers' expense.

31. Defendants' system improperly orders property inspections without accounting for: (a) whether the inspections may be legally charged to borrowers; (b) whether Defendants have reason to believe the property is abandoned; and (c) whether the frequency of the property inspections exceed the standards of reasonableness and appropriateness.

32. To maximize profits, Defendants assign the complex task of administering the millions of loans serviced by Champion and Celinek to a computer platform program called ReverServ™. The platform is designed to manage borrowers' accounts and assess fees, according to protocols and policies designed by Defendants.

33. Guidelines for managing a reverse mortgage are imported by Defendants into ReverseServ™. Loans serviced by Champion are then automatically managed by the platform according to those guidelines. For example, among other things, the guidelines instruct the platform when to impose default-related fees or order property inspections. Based on parameters inputted into the platform, Defendants' computer systems automatically implement decisions about how to manage borrowers' accounts based on internal software logic. Defendants order inspections and assess fees for default-related services on borrowers' accounts through these systems which do not adequately account for need for the inspections.

34. Rather than being motivated by a specific concern that a lender's interest in a property is at risk, Defendants' system is programmed to order property inspections at intervals that maximize Defendants' profits—without regard to the results of initial inspections that reveal there is no problem whatsoever with the condition or occupancy of the property.

35. The loan documents uniformly do not permit such fees to be assessed on borrowers' accounts when they are unreasonable and unnecessary. However, based on the parameters implemented by Defendants through the automated loan management system, Defendants routinely violate this condition.

36. Plaintiff is informed and believes, and on that basis, alleges that the Enterprise has used Defendants' computerized automated reverse mortgage loan management system to unlawfully charge and continue to charge unnecessary fees for default-related services.

37. By assessing fees for inspections which are unnecessary, Defendants misrepresent to borrowers that they are authorized to charge such fees, and that such fees are necessary.

C. CHAMPION SENDS OUT MONTHLY STATEMENTS DESCRIBING THE FRAUDULENT INSPECTION FEES

38. Champion sends out monthly statements—and provides year end statements—that describe the inspection fees discussed herein as “property inspection fee.”

39. In doing so, Champion represents to consumers that each inspection fee is reasonable and necessary. But that is false. Indeed, having worked with Celinek to devise the policies and systems for the automated assessment of inspection fees, Champion knew full well that its inspection fees were neither reasonable nor necessary.

40. In addition, at that time reverse mortgage loans are due and payable, due to the borrower moving out, sale of the house, or death, Champion tallies up each inspection fee, represents at that time that each inspection fee is due for payment, and therefore represents that such fees are reasonable and necessary—when they are not.

D. BORROWERS SUFFER HARM AS A RESULT OF CHAMPION’S PRACTICES

41. Charges for property inspections can add hundreds or thousands of dollars to borrowers’ loans over time, compounded by interest on the charges.

42. The unnecessary and unreasonable property inspection fees add to borrowers’ indebtedness and/or reduce the equity a borrower has in the property.

43. For example, if the property is foreclosed upon, any equity borrowers have in their home is applied toward these unnecessary and unreasonable property inspection fees, causing out of pocket money losses.

44. Even if the property is not foreclosed upon, when a HECM matures for other reasons (such as death, or a borrower’s decision to move), Champion gets paid its costs—including inspection fees—off the top.

CLASS ACTION ALLEGATIONS

45. Plaintiff brings this action, on behalf of herself and all others similarly situated, as a class action under Rule 23 of the Federal Rules of Civil Procedure.

46. The classes Plaintiff seeks to represent (collectively, the “Classes”) are defined as follows:

All residents of the United States of America who had a HECM loan with Champion Mortgage and whose accounts were assessed fees for property inspections more than once in a 30-day period, continuing through the date of final disposition of this action (the nationwide “Class”).

All residents of the District of Columbia who had a HECM loan with Champion Mortgage and whose accounts were assessed fees for property inspections more than once in a 30-day period, continuing through the date of final disposition of this action (the “DC Sub-Class”).

47. Excluded from the Classes are Defendants’ officers, directors, affiliates, legal representatives, employees, successors, subsidiaries, and assigns. Also excluded from the Classes are any judges, justices, or judicial officers presiding over this matter and the members of their immediate families and judicial staff.

48. Plaintiff reserves the right to amend the Class definitions if discovery and further investigation reveals that the Classes should be expanded or otherwise modified.

49. Plaintiff reserves the right to establish sub-classes as appropriate.

50. This action is brought and properly may be maintained as a class action under the provisions of Federal Rules of Civil Procedure 23(a)(1)-(4) and 23(b)(1), (b)(2) or (b)(3), and satisfies the requirements thereof. As used herein, the term “Class Members” shall mean and refer to the members of the Class.

51. Numerosity: On information and belief, thousands of HECM mortgagors nationwide, and hundreds of HECM mortgagors in Washington, D.C., who have defaulted on an

ancillary obligation under the terms of their mortgage, have been charged fees for unnecessary and unreasonable inspections imposed as a result of the system Defendants have conspired to use to create and impose such charges. The proposed Classes are each so numerous that individual joinder of all members is impracticable.

52. Common Questions of Law and Fact Predominate: There are many questions of law and fact common to the Ms. Floyd and the class members, and those questions substantially predominate over any questions that may affect individual class members. Common questions of fact and law include whether Defendants:

- a) Order and assess fees for repeated frequent property inspections without regard to their reasonableness or necessity;
- b) Have conspired together to utilize a system of imposing fees for property inspections without regard to their reasonableness or necessity;
- c) Violated the Racketeer Influenced and Corrupt Organizations Act, their duty of good faith and fair dealing, and the D.C. Consumer Protection Act; and
- d) Unlawfully profit from the fees charged to borrowers for unnecessary and unreasonable property inspections.

53. Typicality: Ms. Floyd's claims are typical of the claims of the members of the Classes. Ms. Floyd and all members of the Classes have been similarly affected by Defendants' actions.

54. Adequacy of Representation: Ms. Floyd will fairly and adequately represent and protect the interests of the Classes. Ms. Floyd has retained counsel with substantial experience in prosecuting complex and class action litigation. Ms. Floyd and her counsel are committed to vigorously prosecuting this action on behalf of the Classes and have the financial resources to do so.

55. Superiority of Class Action: Ms. Floyd and the members of the Class suffered, and will continue to suffer, harm as a result of Defendants' unlawful and wrongful conduct. A class action is superior to other available methods for the fair and efficient adjudication of the present controversy. Individual joinder of all members of the Classes is impractical. The amounts at issue would not be economical to litigate individually. Even if individual class members had the resources to pursue individual litigation, it would be unduly burdensome to the courts in which the individual litigation would proceed. Individual litigation magnifies the delay and expense to all parties in the court system of resolving the controversies caused by Defendants' common course of conduct. The class action device allows a single court to provide the benefits of unitary adjudication, judicial economy, and the fair and equitable handling of all class members' claims in a single forum. The conduct of this action as a class action conserves the resources of the parties and of the judicial system, and protects the rights of the class members.

FIRST CAUSE OF ACTION
Violations of the Racketeer Influenced and Corrupt Organizations Act
(18 U.S.C. § 1962(c))
(On Behalf of the Class)

56. Plaintiff incorporates by reference in this cause of action each and every allegation of the preceding paragraphs, with the same force and effect as though fully set forth herein.

57. Plaintiff brings this cause of action on behalf of herself and the members of the nationwide Class.

THE ENTERPRISE

58. Defendants are each persons within the meaning of Title 18 United States Code section 1961(3).

59. At all relevant times, in violation of Title 18 United States Code section 1962(c), Champion Mortgage and Celink, including their directors, employees, and agents, conducted the affairs of an association-in-fact enterprise (the “Champion Enterprise”), as that term is defined in Title 18 United States Code section 1961(4). The affairs of the Champion Enterprise affected interstate commerce through a pattern of racketeering activity.

60. The Champion Enterprise is an ongoing, continuing group or unit of persons and entities associated together for the common purpose of routinely, and repeatedly, ordering, conducting, and assessing borrowers’ accounts for unnecessary default-related services.

61. While the members of the Champion Enterprise participate in and are part of the enterprise, they also have an existence separate and distinct from the enterprise. The Champion Enterprise has a systematic linkage because there are contractual relationships, agreements, financial ties, and coordination of activities between Defendants.

62. Operating the Champion Enterprise according to policies and procedures developed and established by their executives, Champion and Celink control and direct the affairs of the Champion Enterprise.

63. These policies and procedures established by Champion and Celink executives include: programing Celink’s automated reverse mortgage management system to order default related services, including property inspections, and assess fees against borrowers, regardless of whether conducting such default-related services is reasonable or necessary under the circumstances; directing Celink to conduct property inspections without consideration for whether they are reasonable or necessary; and providing statements that fail to disclose that the fees are for drive-by inspections ordered by a computer program rather than a determination that they are reasonable or necessary.

64. The guidelines developed by Defendants' executives and programmed into Celink's loan management software system automatically trigger property inspections for reasons unrelated to property preservation or residency verification. The process occurs without any human intervention.

65. After a property inspection is ordered, borrowers are electronically assessed fees for the inspection by Celink's automated loan management system. These fees are then cryptically identified on borrowers' monthly account statements. Since the contract documents permit Champion to conduct only reasonable and necessary inspections, Defendants implicitly represent that the inspection fees are reasonable and necessary, which is false.

66. By developing and implementing a system and policies and procedures leading to the repeated and unlawful ordering and assessment of fees for unnecessary default-related services, Champion and Celink engaged in the conduct of the Champion Enterprise distinct from each's own affairs as mortgagee and reverse mortgage servicers and inconsistent with both the loan notes and the servicing guidelines under which they are obligated to operate.

THE PREDICATE ACTS

67. Defendants' systematic scheme to order and conceal assessments of unnecessary property inspection on the accounts of borrowers who have reverse mortgage loans administered by Champion, as described above, was facilitated by the use of the United States Mail and wire. Defendants' schemes constitute "racketeering activity" within the meaning of Title 18 United States Code section 1961(1), as acts of mail and wire fraud, under Title 18 United States Code sections 1341 and 1343. In violation of Title 18 United States Code sections 1341 and 1343, Defendants utilized the mail and wire in furtherance of their scheme to defraud borrowers whose reverse mortgages are serviced by Champion by obtaining money from borrowers using false or fraudulent pretenses.

68. Through the mail and wire, the Champion Enterprise provided mortgage invoices and loan statements, demanding that borrowers pay unnecessary fees for default-related services, such as property inspections, while fraudulently concealing that the inspections were conducted without regard to reasonableness or necessity. Defendants also accepted payments and engaged in other correspondence in furtherance of their scheme through the mail and wire.

69. The mortgage invoices and loan statements provided to borrowers fraudulently concealed the true nature of assessments made on borrowers' accounts. By implicitly representing that the inspection fees were reasonable and necessary, consistent with the reverse mortgage contracts and HUD guidelines, and omitting and fraudulently concealing the true nature of amounts purportedly owed in communications to borrowers, Defendants made false statements using the Internet, telephone, facsimile, United States mail, and other interstate commercial carriers.

70. Defendants' omissions and misrepresentations were material to Plaintiff and the members of the Class. Had Defendants disclosed the true automated and unnecessary nature of the fees for default related services, Plaintiff would have been aware and would have challenged Defendants' unlawful fee assessments.

71. Each of these acts constituted an act of mail fraud for purposes of Title 18 United States Code section 1341.

72. Additionally, using the Internet, telephone, and facsimile transmissions to fraudulently communicate false information about these fees to borrowers, to pursue and achieve their fraudulent scheme, Defendants engaged in repeated acts of wire fraud in violation of Title 18 United States Code section 1343.

73. In pursuing their fraudulent scheme, Defendants knowingly and fraudulently concealed or omitted material information from Plaintiff and members of the Classes.

Defendants' knowledge that their activities were fraudulent and unlawful is evidenced by, among other things, the fact that they did not disclose in their communications to borrowers that the inspections were made on an automated basis, without a determination that they were reasonable or necessary.

74. The predicate acts specified above constitute a "pattern of racketeering activity" within the meaning of Title 18 United States Code section 1961(5) in which Defendants have engaged under Title 18 United States Code section 1962(c).

75. All of the predicate acts of racketeering activity described herein are part of the nexus of the affairs and functions of the Champion Enterprise racketeering enterprise. The racketeering acts committed by the Champion Enterprise employed a similar method, were related, with a similar purpose, and they involved similar participants, with a similar impact on the members of the Classes. Because this case is brought on behalf of a class of similarly situated borrowers and there are numerous acts of mail and wire fraud that were used to carry out the scheme, it would be impracticable for Plaintiff to plead all of the details of the scheme with particularity. Plaintiff cannot plead the precise dates of all of Defendants' uses of the mail and wire for the class because this information cannot be alleged without access to Defendants' records.

76. The pattern of racketeering activity is currently ongoing and open-ended, and threatens to continue indefinitely unless this Court enjoins the racketeering activity.

77. Numerous schemes have been completed involving repeated unlawful conduct that by its nature, projects into the future with a threat of repetition.

78. As a direct and proximate result of these violations of Title 18 United States Code sections 1962(c) and (d), Plaintiff and members of the class have suffered substantial damages. Defendants are liable to Plaintiff and members of the Class for treble damages, together with all

costs of this action, plus reasonable attorney's fees, as provided under Title 18 United States Code section 1964(c).

SECOND CAUSE OF ACTION
Violations of the Racketeer Influenced and Corrupt Organizations Act
(18 U.S.C. § 1962(d))
(On Behalf of the Nationwide Class)

79. Plaintiff incorporates by reference in this cause of action each and every allegation of the preceding paragraphs, with the same force and effect as though fully set forth herein.

80. Plaintiff brings this cause of action on behalf of herself and the members of the Class.

81. As set forth above, in violation of Title 18 United States Code section 1962(d), Defendants Champion and Celinik conspired to violate the provisions of Title 18 United States Code section 1962(c).

82. As set forth above, Defendants, having directed and controlled the affairs of the Champion Enterprise, were aware of the nature and scope of the enterprise's unlawful scheme, and they agreed to participate in it.

83. As a direct and proximate result, Plaintiff and the members of the Class have been injured in their business or property by the predicate acts which make up Defendants' patterns of racketeering activity in that unnecessary fees for default-related services were assessed on their reverse mortgage accounts.

THIRD CAUSE OF ACTION
Violation of D.C. Consumer Protection Procedures Act
(On Behalf of the D.C. Subclass)

84. Plaintiff incorporates by reference in this cause of action each and every

allegation of the preceding paragraphs, with the same force and effect as though fully set forth herein.

85. Plaintiff Retha Floyd brings this cause of action on behalf of herself and the members of the D.C. Subclass.

86. Defendants engaged in fraudulent, unlawful, and unfair business practices described above.

87. Defendant's fraudulent, unlawful, and unfair business practices include but are not limited to misrepresentation of the true nature of the unnecessary and unreasonable inspection and thus violating the following provisions:

- a) DC Code §28-3904 (e) - misrepresent a material fact which has a tendency to mislead a consumer; and
- b) DC Code §28-3904 (f) – failing to state a material fact if such a failure tends to mislead.

88. Plaintiff and the members of the D.C. Subclass have been injured in fact and suffered a loss of money or property caused by said practices.

89. Ms. Floyd and the members of the D.C. Subclass are therefore entitled to equitable relief against Defendants, including but not limited to credits on their accounts for unnecessary and unreasonable property inspection fees.

FOURTH CAUSE OF ACTION
Breach of Contract, Including the Covenant of Good Faith and Fair Dealing
(On Behalf of the Nationwide Class)

90. Plaintiff incorporates all preceding paragraphs as if fully set forth herein.

91. Pursuant to Plaintiff's mortgage contracts, Defendants were obliged only to order inspections that were "reasonable and appropriate."

92. Defendant Champion acquired and/or retains certain contractual rights and obligations including compliance with the terms of Plaintiff's mortgage.

93. Under the terms of their mortgage, Plaintiff was not obligated to pay for inspections that were too frequent or otherwise unnecessary.

94. Nevertheless, Defendants charged Plaintiff for these excessively frequent and unnecessary property inspections.

95. Defendants breached the mortgage contracts of Plaintiff and members of the Classes by assessing unnecessary and unreasonable property inspections that Plaintiff was not required to pay for by the terms of their mortgage.

96. The mortgage contracts of Plaintiff and the Classes contained an implied covenant of good faith and fair dealing, pursuant to which Defendants were bound to exercise the discretion afforded them under the mortgage contract in good faith and to deal fairly with Plaintiff and the Classes in that regard.

97. Defendants were not allowed to evade the spirit of the mortgage contract by exercising discretion afforded them under the mortgage to order property inspections and charge borrowers in an abusive manner.

98. Any discretionary authority granted to Defendants under the terms of the mortgage contracts was subject to Champion's implied duty of good faith and fair dealing.

99. Accordingly, to the extent that the mortgage contracts of Plaintiff and the members of the Classes permitted Champion to order property inspections and charge the cost of those inspections to the borrowers, Champion was obligated not to exercise that discretion in bad faith for their own financial gain at borrowers' expense.

100. Champion breached its duty of good faith and fair dealing in at least the following respects, among others:

- a) Using an automated system that did not adequately consider the need for an inspection;
- b) Ordering property inspections more frequently than required;
- c) Imposing charges for property inspections on Plaintiff and/or members of the Classes that are not permitted by applicable law or regulation; and
- d) Imposing charges for property inspections on Plaintiff and/or members of the Classes that are not permitted by the contract.

101. By arbitrarily and systematically ordering property inspections that go beyond what is required to protect the Lender and by doing so in a manner that harms borrowers, Champion has breached the implied covenant of good faith and fair dealing.

102. As the direct, proximate and legal result of these breaches of the implied covenant of good faith and fair dealing, Plaintiff and members of the DC Subclass have suffered damages and are entitled to the relief sought herein for such breaches.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

- A. An order certifying the Class and Subclass and appointing Plaintiff and her counsel to represent the Classes;
- B. Monetary relief and/or equitable relief in an amount to be determined at trial;
- C. Statutory damages, including double and/or treble damages;
- D. Punitive or Exemplary damages;
- E. Interest;
- F. Attorneys' fees and costs of suit, including costs of notice, administration, and expert witness fees; and

G. Such other legal or equitable relief, including injunctive and/or declaratory relief, as the Court may deem appropriate.

JURY DEMAND

Plaintiff demands trial by jury of all issues so triable.

Dated: May 3, 2016

Respectfully submitted,

/s/ Jeffrey Kalief
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*To be admitted pro hac vice.

CIVIL COVER SHEET

JS-44 (Rev. 3/16 DC)

<p>I. (a) PLAINTIFFS Retha Floyd</p> <p>(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF <u>11001</u> (EXCEPT IN U.S. PLAINTIFF CASES)</p> <p>(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER) Jeffrey Kaliel, Tycko & Zavareei LLP 1828 L Street, N.W. Washington, D.C. 20036 (202) 973-0900</p>	<p>DEFENDANTS Nationstar Mortgage LLC of Delaware, D/B/A Champion Mortgage Company, and Compu-Link Corporation, D/B/A Celink</p> <p>COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT _____ (IN U.S. PLAINTIFF CASES ONLY) <small>NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED</small></p> <p>ATTORNEYS (IF KNOWN)</p>																								
<p>II. BASIS OF JURISDICTION (PLACE AN X IN ONE BOX ONLY)</p> <p><input type="radio"/> 1 U.S. Government Plaintiff</p> <p><input type="radio"/> 2 U.S. Government Defendant</p> <p><input checked="" type="radio"/> 3 Federal Question (U.S. Government Not a Party)</p> <p><input type="radio"/> 4 Diversity (Indicate Citizenship of Parties in item III)</p>	<p>III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT) FOR DIVERSITY CASES ONLY!</p> <table style="width:100%; border: none;"> <tr> <td style="width:33%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DFT</td> <td style="width:33%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DFT</td> </tr> <tr> <td>Citizen of this State</td> <td style="text-align: center;"><input type="radio"/> 1</td> <td style="text-align: center;"><input type="radio"/> 1</td> <td>Incorporated or Principal Place of Business in This State</td> <td style="text-align: center;"><input type="radio"/> 4</td> <td style="text-align: center;"><input type="radio"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td style="text-align: center;"><input type="radio"/> 2</td> <td style="text-align: center;"><input type="radio"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td style="text-align: center;"><input type="radio"/> 5</td> <td style="text-align: center;"><input type="radio"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td style="text-align: center;"><input type="radio"/> 3</td> <td style="text-align: center;"><input type="radio"/> 3</td> <td>Foreign Nation</td> <td style="text-align: center;"><input type="radio"/> 6</td> <td style="text-align: center;"><input type="radio"/> 6</td> </tr> </table>		PTF	DFT		PTF	DFT	Citizen of this State	<input type="radio"/> 1	<input type="radio"/> 1	Incorporated or Principal Place of Business in This State	<input type="radio"/> 4	<input type="radio"/> 4	Citizen of Another State	<input type="radio"/> 2	<input type="radio"/> 2	Incorporated and Principal Place of Business in Another State	<input type="radio"/> 5	<input type="radio"/> 5	Citizen or Subject of a Foreign Country	<input type="radio"/> 3	<input type="radio"/> 3	Foreign Nation	<input type="radio"/> 6	<input type="radio"/> 6
	PTF	DFT		PTF	DFT																				
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Citizen or Subject of a Foreign Country	<input type="radio"/> 3	<input type="radio"/> 3	Foreign Nation	<input type="radio"/> 6	<input type="radio"/> 6																				

IV. CASE ASSIGNMENT AND NATURE OF SUIT

(Place an X in one category, A-N, that best represents your Cause of Action and one in a corresponding Nature of Suit)

<p><input type="radio"/> A. Antitrust</p> <p><input type="checkbox"/> 410 Antitrust</p>	<p><input type="radio"/> B. Personal Injury/Malpractice</p> <p><input type="checkbox"/> 310 Airplane</p> <p><input type="checkbox"/> 315 Airplane Product Liability</p> <p><input type="checkbox"/> 320 Assault, Libel & Slander</p> <p><input type="checkbox"/> 330 Federal Employers Liability</p> <p><input type="checkbox"/> 340 Marine</p> <p><input type="checkbox"/> 345 Marine Product Liability</p> <p><input type="checkbox"/> 350 Motor Vehicle</p> <p><input type="checkbox"/> 355 Motor Vehicle Product Liability</p> <p><input type="checkbox"/> 360 Other Personal Injury</p> <p><input type="checkbox"/> 362 Medical Malpractice</p> <p><input type="checkbox"/> 365 Product Liability</p> <p><input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability</p> <p><input type="checkbox"/> 368 Asbestos Product Liability</p>	<p><input type="radio"/> C. Administrative Agency Review</p> <p><input type="checkbox"/> 151 Medicare Act</p> <p><u>Social Security</u></p> <p><input type="checkbox"/> 861 HIA (1395m)</p> <p><input type="checkbox"/> 862 Black Lung (923)</p> <p><input type="checkbox"/> 863 DIWC/DIWW (405(g))</p> <p><input type="checkbox"/> 864 SSID Title XVI</p> <p><input type="checkbox"/> 865 RSI (405(g))</p> <p><u>Other Statutes</u></p> <p><input type="checkbox"/> 891 Agricultural Acts</p> <p><input type="checkbox"/> 893 Environmental Matters</p> <p><input type="checkbox"/> 890 Other Statutory Actions (If Administrative Agency is Involved)</p>	<p><input type="radio"/> D. Temporary Restraining Order/Preliminary Injunction</p> <p>Any nature of suit from any category may be selected for this category of case assignment.</p> <p>*(If Antitrust, then A governs)*</p>
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E. General Civil (Other) OR **F. Pro Se General Civil**

<p><u>Real Property</u></p> <p><input type="checkbox"/> 210 Land Condemnation</p> <p><input type="checkbox"/> 220 Foreclosure</p> <p><input type="checkbox"/> 230 Rent, Lease & Ejectment</p> <p><input type="checkbox"/> 240 Torts to Land</p> <p><input type="checkbox"/> 245 Tort Product Liability</p> <p><input type="checkbox"/> 290 All Other Real Property</p> <p><u>Personal Property</u></p> <p><input type="checkbox"/> 370 Other Fraud</p> <p><input type="checkbox"/> 371 Truth in Lending</p> <p><input type="checkbox"/> 380 Other Personal Property Damage</p> <p><input type="checkbox"/> 385 Property Damage Product Liability</p>	<p><u>Bankruptcy</u></p> <p><input type="checkbox"/> 422 Appeal 27 USC 158</p> <p><input type="checkbox"/> 423 Withdrawal 28 USC 157</p> <p><u>Prisoner Petitions</u></p> <p><input type="checkbox"/> 535 Death Penalty</p> <p><input type="checkbox"/> 540 Mandamus & Other</p> <p><input type="checkbox"/> 550 Civil Rights</p> <p><input type="checkbox"/> 555 Prison Conditions</p> <p><input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement</p> <p><u>Property Rights</u></p> <p><input type="checkbox"/> 820 Copyrights</p> <p><input type="checkbox"/> 830 Patent</p> <p><input type="checkbox"/> 840 Trademark</p> <p><u>Federal Tax Suits</u></p> <p><input type="checkbox"/> 870 Taxes (US plaintiff or defendant)</p> <p><input type="checkbox"/> 871 IRS-Third Party 26 USC 7609</p>	<p><u>Forfeiture/Penalty</u></p> <p><input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881</p> <p><input type="checkbox"/> 690 Other</p> <p><u>Other Statutes</u></p> <p><input type="checkbox"/> 375 False Claims Act</p> <p><input type="checkbox"/> 376 Qui Tam (31 USC 3729(a))</p> <p><input type="checkbox"/> 400 State Reapportionment</p> <p><input type="checkbox"/> 430 Banks & Banking Rates/etc.</p> <p><input type="checkbox"/> 460 Deportation</p> <p><input type="checkbox"/> 462 Naturalization Application</p> <p><input type="checkbox"/> 465 Other Immigration Actions</p>	<p><input type="checkbox"/> 470 Racketeer Influenced & Corrupt Organization</p> <p><input type="checkbox"/> 480 Consumer Credit</p> <p><input type="checkbox"/> 490 Cable/Satellite TV</p> <p><input type="checkbox"/> 850 Securities/Commodities/Exchange</p> <p><input type="checkbox"/> 896 Arbitration</p> <p><input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision</p> <p><input type="checkbox"/> 950 Constitutionality of State Statutes</p> <p><input checked="" type="checkbox"/> 890 Other Statutory Actions (if not administrative agency review or Privacy Act)</p>
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<input type="radio"/> G. Habeas Corpus/ 2255 <input type="checkbox"/> 530 Habeas Corpus – General <input type="checkbox"/> 510 Motion/Vacate Sentence <input type="checkbox"/> 463 Habeas Corpus – Alien Detainee	<input type="radio"/> H. Employment Discrimination <input type="checkbox"/> 442 Civil Rights – Employment (criteria: race, gender/sex, national origin, discrimination, disability, age, religion, retaliation) *(If pro se, select this deck)*	<input type="radio"/> I. FOIA/Privacy Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 890 Other Statutory Actions (if Privacy Act) *(If pro se, select this deck)*	<input type="radio"/> J. Student Loan <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (excluding veterans)
<input type="radio"/> K. Labor/ERISA (non-employment) <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 740 Labor Railway Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="radio"/> L. Other Civil Rights (non-employment) <input type="checkbox"/> 441 Voting (if not Voting Rights Act) <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 445 Americans w/Disabilities – Employment <input type="checkbox"/> 446 Americans w/Disabilities – Other <input type="checkbox"/> 448 Education	<input type="radio"/> M. Contract <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 153 Recovery of Overpayment of Veteran’s Benefits <input type="checkbox"/> 160 Stockholder’s Suits <input type="checkbox"/> 190 Other Contracts <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<input type="radio"/> N. Three-Judge Court <input type="checkbox"/> 441 Civil Rights – Voting (if Voting Rights Act)

V. ORIGIN
 1 Original Proceeding
 2 Removed from State Court
 3 Remanded from Appellate Court
 4 Reinstated or Reopened
 5 Transferred from another district (specify)
 6 Multi-district Litigation
 7 Appeal to District Judge from Mag. Judge

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE.)
 RICO, DCPPA and breach of contract

VII. REQUESTED IN COMPLAINT	CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 <input type="checkbox"/>	DEMAND \$ _____	JURY DEMAND: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
VIII. RELATED CASE(S) IF ANY	(See instruction)	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	If yes, please complete related case form

DATE: <u>May 3, 2016</u>	SIGNATURE OF ATTORNEY OF RECORD:
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INSTRUCTIONS FOR COMPLETING CIVIL COVER SHEET JS-44
 Authority for Civil Cover Sheet

The JS-44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and services of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. Listed below are tips for completing the civil cover sheet. These tips coincide with the Roman Numerals on the cover sheet.

- I. COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF/DEFENDANT (b) County of residence: Use 11001 to indicate plaintiff if resident of Washington, DC, 88888 if plaintiff is resident of United States but not Washington, DC, and 99999 if plaintiff is outside the United States.
- III. CITIZENSHIP OF PRINCIPAL PARTIES: This section is completed only if diversity of citizenship was selected as the Basis of Jurisdiction under Section II.
- IV. CASE ASSIGNMENT AND NATURE OF SUIT: The assignment of a judge to your case will depend on the category you select that best represents the primary cause of action found in your complaint. You may select only one category. You must also select one corresponding nature of suit found under the category of the case.
- VI. CAUSE OF ACTION: Cite the U.S. Civil Statute under which you are filing and write a brief statement of the primary cause.
- VIII. RELATED CASE(S), IF ANY: If you indicated that there is a related case, you must complete a related case form, which may be obtained from the Clerk’s Office.

Because of the need for accurate and complete information, you should ensure the accuracy of the information provided prior to signing the form.

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

District of Columbia

RETHA FLOYD

Plaintiff(s)

v.

NATIONSTAR MORTGAGE LLC OF DELAWARE, D/B/A CHAMPION MORTGAGE COMPANY, and COMPU-LINK CORPORATION, D/B/A CELINK

Defendant(s)

Civil Action No.

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) NATIONSTAR MORTGAGE LLC OF DELAWARE dba CHAMPION MORTGAGE CO. 350 Highland Drive Lewisville, Texas 75067

Registered Agent: CSC-Lawyers Incorporating 7 St. Paul Street, Suite 1660

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Jeffrey Kaliei Tycko & Zavareei LLP 1828 L Street, N.W. Suite 1000 Washington, D.C. 20036

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: 05/03/2016

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

I returned the summons unexecuted because _____; or

Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

District of Columbia

RETHA FLOYD

Plaintiff(s)

v.

NATIONSTAR MORTGAGE LLC OF DELAWARE, D/B/A CHAMPION MORTGAGE COMPANY, and COMPU-LINK CORPORATION, D/B/A CELINK

Defendant(s)

Civil Action No.

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) COMPU-LINK CORPORATION dba CELINK c/o Stephanie Hazel, Registered Agent 3900 Capital City Blvd. Lansing, MI 48906

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Jeffrey Kalieł Tycko & Zavareei LLP 1828 L Street, N.W. Suite 1000 Washington, D.C. 20036

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: 05/03/2016

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

I returned the summons unexecuted because _____; or

Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc: