

American Banker, the nation's leading publication dealing with the banking industry, **reported** on mounting challenges to lenders' alleged self-dealing with force-placed hazard or homeowner's insurance. In addition to a number of lawsuits filed against banks and mortgage servicers across the country, regulatory authorities are now investigating whether banks are unfairly taking advantage of consumers.

The New York Department of Financial Services recently held a public hearing to investigate alleged abuses by lenders in the force-placed insurance arena. In connection with that investigation, several financial services providers agreed to a set of servicing "best practices" that seek to do away with self-dealing and limit the use of force-placed insurance. Additionally, the new Consumer Financial Protection Bureau ("CFPB") is investigating whether new restrictions are needed with respect to the practice. Last summer, the Department of Housing and Urban Development transferred its authority to enforce the Real Estate Settlement and Procedures Act to the CFPB along with much of its enforcement staff. Analysts following consumer issues noted that force-placed insurance is the type issue that would be ripe for CFPB investigation and regulation.