



Jan. 8, 2025, 11 a.m. EST

## Background Information for \$20M Multistate Penalty with Bayview Companies

### 1) Which states participated in the enforcement action?

- Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana (two agencies), Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada (two agencies), New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, the District of Columbia, Puerto Rico.
- **Lead enforcement state agencies:** California Department of Financial Protection and Innovation, Maryland Office of Financial Regulation, North Carolina Office of the Commissioner of Banks, and Washington State Department of Financial Institutions.

### 2) How many consumers were impacted?

- 5.8 million

### 3) What are the terms of the enforcement action?

- Monetary penalty: \$20 million
  - Administrative penalty: \$19,629,400
  - Administrative costs: \$370,600
- Corrective plan requirements:
  - Bayview Companies will take corrective actions related to specific findings.
  - Bayview Companies agree to maintain cybersecurity programs that comply with federal standards and New York State Department of Financial Services regulations.
  - A qualified, independent third party will assess the current state of the companies' cybersecurity programs, including any changes made to the programs since the data breach, and will identify any improvements needed to comply with the federal and state standards.



- Bayview Companies will develop a plan to correct any identified deficiencies and provide progress reports to the states; after correction, the third party will reassess the programs and confirm compliance.
- Companies will provide periodic, cybersecurity-related reports to the states over the next three years.

#### **4) Why specifically was this enforcement action taken against the companies?**

In October 2021, an employee of the Bayview Companies unknowingly downloaded malicious software that ultimately compromised data for 5.8 million customers. The Bayview Companies resolved the breach in December and notified customers as required.

States took enforcement action on the settling mortgage companies during a targeted examination after the data breach for two primary reasons:

- The examination identified deficient IT and cybersecurity practices leading up to the breach.
- The Bayview Companies did not fully and completely comply with the state regulators initially during their targeted examination after the breach. For example, in the initial stages of the examination, the companies either withheld information requested by the examination team or provided redacted documents.

#### **5) How are the Bayview Companies related?**

- Coral Gables, Fla.-based Bayview Asset Management owns and operates Community Loan Servicing and Pingora Holdings; Lakeview Loan Servicing is owned by affiliated entities. Bayview controls the IT infrastructure used by Lakeview Loan Servicing, Pingora, and Community Loan Servicing.
- Pingora Holdings, which includes Pingora Asset Management and Pingora Loan Servicing, focuses on mortgage servicing rights and servicing of mostly Fannie Mae and Freddie Mac loans. They currently own residential servicing on about 130,000 loans totaling \$25 billion, and at the time of the breach, owned servicing on about 180,000 loans totaling \$37 billion.
- Lakeview Loan Servicing is one of the nation's largest owners of mortgage loan servicing rights, managing millions of customer accounts annually. Around the time of the breach, Lakeview Loan Servicing was the third largest holder of mortgage servicing rights on government loans backing Ginnie Mae mortgage-backed securities. Today, Lakeview owns \$720 billion of Fannie Mae, Freddie Mac, Ginnie Mae residential servicing by unpaid principal balance, the third largest overall volume in a total agency market size of \$8.8 trillion, or 8.2% of the total agency MSR market by UPB.



**6) What is the NMLS and licensing information for the companies?**

As of Dec. 12, 2024:

- Lakeview Loan Servicing, LLC (NMLS 391521): 74 active licenses in 50 state agencies
- Pingora Loan Servicing, LLC (NMLS 129911): 29 active licenses in 29 state agencies
- Community Loan Servicing, LLC (NMLS 2469): 89 active licenses in 56 state agencies
- Bayview Asset Management, LLC (NMLS 102563): No active licenses (previously licensed by the California Department of Financial Protection and Innovation only)

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**If you have additional questions, please contact CSBS Media Contact:** Susanna Barnett, (202) 407-7156, [sbarnett@csbs.org](mailto:sbarnett@csbs.org)

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