



### **JURISDICTION AND VENUE**

3. Pursuant to 28 U.S.C. § 1331, this Court has original subject matter jurisdiction over Plaintiffs' claims alleging violations of the Real Estate Settlement Procedures Act, 12 U.S.C. §§ 2601, *et seq.* ("RESPA").

4. Pursuant to 28 U.S.C. § 1367(a), this Court has supplemental subject matter jurisdiction over Plaintiffs' state law claims.

5. Pursuant to S.C. Code Ann. § 36-2-803(A), MetLife LLC, including MetLife and MetLife Bank, N.A. for whose acts MetLife LLC is responsible, is subject to personal jurisdiction in South Carolina because MetLife LLC is authorized to transact business and does transact business in this State, MetLife LLC has entered into, assumed, and serviced contracts that were to be performed in part in this State, and the acts alleged in this Complaint for which MetLife LLC is responsible resulted in injury to real property in this State.

6. Pursuant to 12 U.S.C. § 2614 and 28 U.S.C. § 1391(b), venue is proper in this District and the Columbia Division encompassing Richland County because the real property that is the subject of Plaintiffs' claims is located in Richland County.

### **FACTS SPECIFIC TO PLAINTIFFS' CLAIMS FOR RELIEF**

7. Plaintiffs Karen Webster and Travis Webster are the owners of a primary residence situated on real property located at 3627 Foxhall Road in Columbia, South Carolina ("Property").

8. The Plaintiffs' purchase of the Property on January 15, 2009, was accompanied by a "federally related mortgage loan" as that term is used in RESPA.

9. Because the Property is located in a designated flood zone, the Plaintiffs' federally related mortgage loan required Plaintiffs to acquire and maintain a flood insurance policy for the duration of the loan.

10. At the time they purchased the Property, Plaintiffs took out a flood insurance policy ("Flood Policy") with a national insurer ("Insurer") authorized to issue flood insurance.

11. Effective November 16, 2010, MetLife became the servicer of the Plaintiffs' federally related mortgage loan.

12. MetLife remained the servicer of the Plaintiffs' federally related mortgage loan through March 15, 2013.

13. Pursuant to the terms of the mortgage loan, MetLife established an escrow account ("Escrow Account") for the purpose of paying taxes, insurance, and other similar items ("Escrow Items"), which Escrow Items included the renewal premiums for the Flood Policy required by the terms of the Plaintiffs' mortgage loan.

14. On January 10, 2011, MetLife instructed Insurer that it was the mortgagee and that it was the premium payor for the Flood Policy, and MetLife provided Insurer with its address for purposes of sending premium notices and other relevant communications.

15. On February 2, 2011, the Insurer provided a revised declarations page for the Flood Policy reflecting the changes requested by MetLife.

16. After that point, the Insurer complied with MetLife's instructions by directing renewal premium notices to the address provided by MetLife.

17. On November 30, 2011, the Insurer sent MetLife a "Flood Insurance Renewal Premium Notice" for the policy period from January 14, 2012 to January 14, 2013.

18. At the time of this premium renewal notice, the Escrow Account contained sufficient funds to pay the renewal premium for the Policy, which was due January 14, 2104.

19. MetLife did not pay the premium in accordance with the premium notice.

20. On January 24, 2012, the Insurer sent MetLife a “Flood Insurance Renewal Final Notice” which again stated the premium due date of January 14, 2014, and further stated that the policy would lapse if the renewal premium was not received within 30 days of the January 14, 2014 expiration date for the Policy.

21. MetLife did not pay the renewal premium within the 30 day grace period set forth in the “Flood Insurance Renewal Final Notice.”

22. Due to MetLife’s failure to pay the renewal premium, the Insurer lapsed the Flood Policy with no further notice to Plaintiffs.

23. On January 11, 2013, MetLife sent correspondence to Plaintiffs requesting proof that Plaintiffs had flood insurance on the Property.

24. Plaintiffs contacted the Insurer, who informed Plaintiffs that the Flood Policy had lapsed in January 2012 and was no longer in force.

25. Because MetLife had not informed Plaintiffs that it had not paid the renewal premium for the Flood Policy, this phone call with the Insurer was the first time the Plaintiffs learned the Flood Policy had lapsed.

26. Plaintiffs promptly applied for and obtained a new flood insurance policy (“Replacement Policy”) from the Insurer with an effective date of February 28, 2013.

27. In the period between the January 2012 lapse of the Flood Policy and the February 2013 placement of the Replacement Policy, the Biggert-Waters Flood Insurance Reform Act of 2012 (“2012 Reform Act”) was signed into law on July 6, 2012.

28. Because of the changes to the National Flood Insurance Program contained in the 2012 Reform Act, the Replacement Policy was not a grandfathered policy exempt from premium increases called for in the 2012 Reform Act.

29. Also because of the 2012 Reform Act, the Replacement Policy, unlike the original Flood Policy, did not have federally subsidized premiums.

30. Had MetLife timely paid the renewal premiums by the due date of January 14, 2012, or within the 30 day grace period, Plaintiffs' original Flood Policy would have been grandfathered under the 2012 Reform Act, and premiums for the Flood Policy would have remained subsidized.

31. Because the non-grandfathered Replacement Policy was subject to the full risk rate under the 2012 Reform Act, Plaintiffs' annual renewal premiums for the Replacement Policy are 355% higher than the subsidized premiums for the original Flood Policy.

32. Because the Flood Policy was lapsed as of the July 6, 2012 effective date of the 2012 Reform Act, Plaintiffs have also been denied the ability to benefit from certain provisions of the Homeowner Flood Insurance Affordability Act of 2014 ("2014 Reform Act"), which would have permitted Plaintiffs to assign the original subsidized Flood Policy to a future purchaser of the Property.

33. Because Plaintiffs are not able to take advantage of these changes contained in the 2014 Reform Act, Plaintiffs' Property has lost value as compared to other properties with subsidized flood insurance policies.

### **CLAIMS FOR RELIEF**

#### **First Cause of Action—Violation of 12 U.S.C. 2605(g)**

34. The preceding allegations are incorporated as if fully restated.

35. With respect to escrow accounts such as the Plaintiffs' Escrow Account that are required by the terms of a federally related mortgage loan, 12 U.S.C. § 2605(g) provides that "the servicer shall make payments from the escrow account for such taxes, insurance premiums, and other charges in a timely manner as such payments become due."

36. MetLife's failure to pay the renewal premium for the Flood Policy violated 12 U.S.C. § 2605(g).

37. As a direct consequence of MetLife's violation of 12 U.S.C. § 2605(g), Plaintiffs' flood insurance premiums have increased dramatically, the Replacement Policy is not a grandfathered policy under the 2012 Reform Act, Plaintiffs cannot take full advantage of the provisions of the 2014 Reform Act, and their property value is decreased due to the inability to transfer their original subsidized Flood Policy to a future purchaser of the Property.

#### **Second Cause of Action—Breach of Contract**

38. The preceding allegations are incorporated as if fully restated.

39. The Plaintiffs' federally related mortgage loan was issued on a Fannie Mae/Freddie Mac Uniform Instrument containing "UNIFORM COVENANTS" addressing the Escrow Account and the payment of Escrow Items.

40. These uniform covenants state the parties' agreement that "Lender shall apply the [Escrow Account] Funds to pay the Escrow Items no later than the time specified under RESPA."

41. MetLife's failure to pay the renewal premiums for the Flood Policy was a breach of the express terms of the uniform covenants of the Plaintiffs' mortgage loan.

42. As a direct consequence of MetLife's breach of the uniform covenants, Plaintiffs' flood insurance premiums have increased dramatically, the Replacement Policy is not a

grandfathered policy under the 2012 Reform Act, Plaintiffs cannot take full advantage of the provisions of the 2014 Reform Act, and their property value is decreased due to the inability to transfer their original subsidized Flood Policy to a future purchaser of the Property.

### **CLASS ACTION ALLEGATIONS**

43. Upon information and belief, MetLife's failure to pay renewal flood insurance premiums when due was the result of MetLife's internal systems, policies, and procedures which resulted in the cancelation of numerous subsidized flood insurance policies required by federally related mortgage loans serviced by MetLife.

44. Pursuant to Rule 23, the Plaintiff Class whom Plaintiffs seek to represent is "All persons with federally related mortgage loans serviced by MetLife who had a subsidized flood insurance policy canceled due to the failure of MetLife to pay required premiums from escrow, and who had to obtain replacement coverage after July 6, 2012 with increased non-subsidized premiums resulting from the passage of the Biggert-Waters Flood Insurance Reform Act of 2012."

45. Upon information and belief the size of the class is so numerous that joinder of all members of the Plaintiff Class is impractical.

46. Plaintiffs do not have any interest antagonistic to or in conflict with the interests of the Plaintiff Class.

47. Plaintiffs' counsel is an experienced attorney who has handled complex litigation and multiple class actions in both state and federal court.

48. There are questions of law and fact common to the Plaintiffs and all members of the Plaintiff Class that predominate over any individual questions of law and/or fact, including whether MetLife violated the provisions of RESPA requiring timely payment of insurance

premiums from escrow, and whether MetLife breached the terms of the mortgage loans it serviced by failing to pay renewal premiums for flood insurance policies in a timely fashion.

49. The claims of Plaintiffs are typical of the claims of the proposed Plaintiff Class in that MetLife's failure to make timely payment as required by RESPA will be a uniform violation of RESPA, and are further typical because most, if not all, of the federally related loans will be Fannie Mae/Freddie Mac Uniform Instruments or other standard loan forms with contract provisions requiring MetLife to make timely payments for escrow items from the escrow account.

50. Class action treatment of the matters at issue in this case is superior to the alternatives, if any, for the fair and efficient adjudication of such issues because such treatment will permit a larger number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, and expense that would be involved in numerous individual actions.

51. Plaintiffs are aware of no difficulty in the management of this action that would preclude it from being maintained as a class action.

#### **PRAYER FOR RELIEF**

WHEREFORE, having complained of the Defendant MetLife LLC and other entities for which MetLife LLC is legally responsible, Plaintiffs request the following relief:

- a. An order: (i) certifying a Plaintiff Class pursuant to FED.R.CIV.P. 23; (ii) appointing Plaintiffs as representatives of the Plaintiff Class; and (iii) appointing Kevin K. Bell as counsel for the Plaintiff Class;
- b. Pursuant to the First Cause of Action: (i) an award of actual damages for Plaintiffs and each proposed class member in the amounts established at trial; (ii) an award



of additional damages of \$2,000 for each Plaintiff and each proposed class member, with such additional damages not to exceed the aggregate sum of \$1,000,000; (iii) an award of attorneys' fees incurred in connection with this action; and (iv) an award of taxable costs as may be allowed by this Court;

- c. Pursuant to the Second Cause of Action, an award of actual damages in the amounts established at trial, and the taxable costs of this action as may be allowed by this Court; and
- d. For such other relief as the Court may deem appropriate.

s/ Kevin K. Bell

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