MARY ANN SMITH
Deputy Commissioner
SEAN ROONEY
Assistant Chief Counsel
ALEX M. CALERO (CA STATE BAR NO. 238389)
Corporations Counsel
CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT
1350 Front Street, Room 2034
San Diego, California 92101
Telephone: (619) 525-4044
Facsimile: (619) 525-4045

Attorneys for the Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE COMMISSIONER OF BUSINESS OVERSIGHT, Complainant, vs. OCWEN LOAN SERVICING, LLC, Respondent.	File No.: 413-0544 OAH No. 2014100930 **CONSENT ORDER**

This Consent Order is entered into between the Commissioner of Business Oversight, ("Commissioner"), and Ocwen Loan Servicing, LLC ("Ocwen") (hereinafter collectively referred to as "the Parties").

RECITALS

WHEREAS, Ocwen is a limited liability company formed and existing under the laws of the State of Delaware and authorized to conduct business in the State of California.

WHEREAS, Ocwen is a residential mortgage lender and loan servicer licensed by the Commissioner pursuant to the California Residential Mortgage Lending Act ("CRMLA") (Fin. Code, § 50000 et seq.). Ocwen has its principal place of business located at 1661 Worthington Road, Suite 100, West Palm Beach, Florida, 33409. In California, Ocwen has a branch office located at 2255

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North Ontario Street, Suite 400, Burbank, California, 91504.

WHEREAS, the Department of Business Oversight ("Department"), through the Commissioner, has jurisdiction over the licensing and regulation of entities engaged in the business of lending and/or servicing pursuant to the CRMLA.

WHEREAS, Ocwen reported that in California, during 2013, it serviced more than $90 billion in mortgage loans, for more than 350,000 borrowers and foreclosed on more than 2500 borrowers.

WHEREAS, pursuant to Financial Code section 50302, the Commissioner is required to examine the records, documents and affairs of each licensee under the CRMLA to ensure compliance with the law. Financial Code section 50314 requires a licensee to keep records and documents that will properly enable the Commissioner to determine whether the licensee is in compliance with the law.

WHEREAS, on or about January 8, 2013, the Commissioner commenced a routine regulatory examination of Ocwen through her examination staff, to ensure Ocwen's compliance with the CRMLA and the California Homeowner Bill of Rights, a package of amendments to the California Civil Code that became law on January 1, 2013.

WHEREAS, as part of the regulatory examination, the Department made reasonable requests to Ocwen, including through a lawfully issued administrative subpoena duces tecum, for the production of information and documents for borrower loan files. On October 15, 2013, the Department made a request to Ocwen for documents and information for ten loan files. A second request was made on July 31, 2014 for 1200 loan files ("1200 loan sample"). A third request was made on August 5, 2014 for 120 loan files ("120 loan sample").

WHEREAS, on June 16, 2014 the Department issued an Order to Discontinue Violations as a result of Ocwen's failure to produce requested information and documents. Ocwen did not request a hearing to challenge the Order to Discontinue Violations and the Order to Discontinue Violations is now final.

WHEREAS, on October 3, 2014, the Department issued an Order of Forfeiture, requiring Ocwen to forfeit $1,000.00, which is the maximum allowed under the law, as a result of Ocwen's failure to meet a deadline for production of requested information and documents.

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WHEREAS, on November 26, 2014, the Department issued a second Order of Forfeiture, requiring Ocwen to forfeit an additional $1,000.00, which is the maximum allowed under the law, as a result of Ocwen's failure to meet a subsequent deadline for production of requested information and documents for the 120 and 1200 loan samples.

WHEREAS, due to Ocwen's repeated failure to timely and fully comply with the Commissioner's requests for information and documentation, the Department initiated an action, on October 3, 2014, to suspend Ocwen's license, entitled the *Commissioner of Business Oversight v. Ocwen Loan Servicing, LLC*, OAH No. 2014100930 ("Accusation").

WHEREAS, on or about October 3, 2014, Ocwen was served with the Accusation. Ocwen timely filed a Notice of Defense with the Commissioner regarding the Accusation.

WHEREAS, after Ocwen's filing of the Notice of Defense, Ocwen's failure to timely and fully comply with the Commissioner's requests for information and documents for the 120 and 1200 loan samples continues.

WHEREAS, despite a California administrative law judge ordering Ocwen, on November 14, 2014, to produce all information and documents by December 1, 2014, Ocwen failed to produce all outstanding items for the 120 and 1200 loan samples.

WHEREAS, on January 2, 2015, the Department issued a third Order of Forfeiture, requiring Ocwen to forfeit $1,000.00 more, which is the maximum allowed under the law, as a result of Ocwen's failure to again meet a deadline for production of requested information and documents for the 120 loan sample.

WHEREAS, Ocwen's repeated failure to timely produce all the information and documents requested by the Department has caused unnecessary delay of the Department's examination, which is ongoing.

NOW, THEREFORE, the Parties are willing to resolve the matters cited herein as follows:

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TERMS AND CONDITIONS

Resolution of Current Accusation

1. This Consent Order is entered into between the Commissioner and Ocwen to resolve the matters set forth in the Accusation, issued on October 3, 2014. The Consent Order is entered into for the purpose of judicial economy and expediency and to avoid the expense of a hearing and possible further litigation.

2. Ocwen acknowledges its right to an administrative hearing under the CRMLA in connection with the Accusation and hereby waives that right to a hearing, and to any reconsideration, appeal, or other rights which may be afforded pursuant to the CRMLA, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection with the matter.

Prohibition on Acquisition of Mortgage Servicing Rights

3. Upon the effective date of this Consent Order, Ocwen will cease acquiring any additional mortgage servicing rights, from any source, for loans secured by properties in California until the Department is satisfied that Ocwen can satisfactorily respond to the requests for information and documentation made in the course of a regulatory exam.

Engagement and Duties of a Third Party Auditor

4. The Department will select, in its discretion, an independent third party auditor ("Auditor"), who will report directly to the Department. Ocwen will pay all reasonable and necessary costs of the Auditor, as determined by the Commissioner.

5. The Auditor will:

a. Conduct a comprehensive review ("Servicing Practices Review") to assess how Ocwen's servicing policies and procedures affect its ability to comply with state and federal laws and regulations, including the CRMLA and California Homeowner Bill of Rights, oversee the implementation of corrective measures to address deficiencies and weaknesses identified by the Servicing Practices Review, and make monthly reports to the Department regarding recommendations for improvement of policies and procedures, the identification of deficiencies and implementation of improvements; and

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b. Conduct a compliance review ("Compliance Review") of loan files identified by the Commissioner to assess Ocwen's compliance with state and federal laws and regulations, including the CRMLA and California Homeowner Bill of Rights; and

c. Within ten (10) days after the end of each calendar quarter following the effective date of the Consent Order, submit to the Department a written progress report detailing the form and manner of all actions taken to secure compliance with the provisions of the Consent Order and the results thereof.

6. Within twenty (20) days of the Department's identification of the Auditor, Ocwen will submit to the Department for approval the proposed terms of the letter of engagement with the Auditor ("Letter of Engagement").

7. The term of the Auditor will initially be for a period of twenty-four (24) months from the date the Letter of Engagement is approved by the Department. The Auditor's term can be extended in the discretion of the Department. Any dispute as to the scope of the Auditor's authority will be resolved by the Department, in its discretion.

8. Ocwen agrees to fully cooperate with the Auditor, by, including but not limited to, providing the Auditor with access to all relevant records necessary to allow the Auditor to fulfill its responsibilities. Any confidential customer information provided to the Auditor by Ocwen will remain the property of Ocwen and will be treated confidentially, subject to the Auditor's reporting requirements and an enforcement action by the Department as outlined in this Consent Order.

Compliance Review

9. Ocwen agrees to produce all information and documents identified by the Department for the Compliance Review.

10. The Auditor's Compliance Review will be at the direction of the Department and will analyze, at a minimum, completeness of the information and documents produced and compliance with state and federal laws and regulations, including the CRMLA and California Homeowner Bill of Rights.

11. On a monthly basis, the Auditor will submit to the Department a written progress report detailing the status of the Auditor's Compliance Review ("Compliance Review Progress

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Report"). The Auditor will submit Compliance Review Progress Reports starting thirty (30) days after the Letter of Engagement is approved by the Department, and monthly thereafter until the review is complete.

12. Based on a completed Compliance Review, the Auditor will submit to the Parties a written report of the findings ("Compliance Review Findings Report").

13. Nothing in this Consent Order shall preclude the Commissioner from pursuing any examination, enforcement action or additional agreement with Ocwen relating to violations of state and federal laws and regulations, including the CRMLA and California Homeowner Bill of Rights, discovered during the Compliance Review or as otherwise might be found.

Servicing Practices Review

14. The Auditor's Servicing Practices Review will assess Ocwen's operations with respect to loans on 1-4 family unit residential property located in the State of California. The Servicing Practices Review will, at a minimum, assess the following:

a. The adequacy of Ocwen's staffing levels and staff training in business programs responsible for statutory disclosures to a borrower once a loan is delinquent, assignment of a long-term single point of contact to a borrower, review of foreclosure prevention alternative applications and loans in risk of delinquency, risk of default and loans in foreclosure.

b. The sufficiency and integration of Ocwen's internal systems for storing and maintaining updated information once a borrower's loan is acquired for servicing by Ocwen.

c. The effectiveness of communication between third party vendors and Ocwen once a borrower has been referred for foreclosure. This analysis should include access by third parties to Ocwen's systems and current borrower information, including pending applications for foreclosure prevention alternatives.

d. The completeness and sufficiency of policies and procedures governing Ocwen's loan servicing practices and that they enable compliance with the law.

e. The accuracy of borrower account information for all loans serviced by Ocwen.

15. Based on the Servicing Practices Review, the Auditor will within ninety (90) days of

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the Department's written approval of the Letter of Engagement, submit to the Parties a report entitled the "Servicing Practices Report" which will report its findings, identify any needed corrective measures to address weaknesses and deficiencies and make recommendations to the Commissioner. The Auditor will oversee implementation of any recommendations approved by the Department based on the Servicing Practices Report.

16. Within sixty (60) days of Ocwen's receipt of the Servicing Practices Report, Ocwen will submit to the Department for approval a written plan ("Action Plan") designed to address and implement corrective measures, and address any deficiencies and any other issues identified in the Servicing Practices Report. Upon receipt of the Department's written approval of the Action Plan, Ocwen will begin to implement the necessary changes with the oversight of the Auditor.

17. On a monthly basis, the Auditor will submit written reports on the progress of Ocwen's compliance with the Servicing Practices Report and the Action Plan ("Servicing Practices Progress Report"). The Auditor will begin providing the monthly Servicing Practices Progress Reports to the Department and Ocwen thirty (30) days after the Department's approval of Ocwen's Action Plan.

18. During the period in which the Consent Order remains in effect, any approved Action Plan and the Letter of Engagement will not be amended or rescinded without the prior written approval of the Department, other than amendments necessary to comply with applicable laws and regulations.

Penalties and Costs

19. For its repeated failure to timely produce the information and documents requested by the Department, Ocwen hereby agrees to pay the following:

a. The Department's examination costs, as required pursuant to Financial Code sections 50302, subdivision (d), and 50314, subdivision (c).

b. A penalty in the amount of $2,500,000.00 to be paid within ten (10) days of the effective date of this Consent Order and made payable to the California Department of Business Oversight and sent to Alex M. Calero, Senior Corporations Counsel, 1350 Front Street, Room 2034, San Diego, CA 92101.

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Notices

20. All communications regarding this Consent Order will be sent to:

Alex M. Calero
Senior Corporations Counsel
California Department of Business Oversight
1350 Front Street, Room 2034
San Diego, CA 92101

General Counsel
Ocwen Financial Corporation
1661 Worthington Road
West Palm Beach, FL 33416

Miscellaneous Provisions

21. The Commissioner will withdraw the Accusation within 3 business days of her approval of the Letter of Engagement for the Auditor. The Department reserves its right to take any enforcement action necessary should the Department determine Ocwen violated the terms of the Consent Order. Any enforcement action taken for violations of this Consent Order may contain the allegations included in the Accusation.

22. Ocwen hereby agrees to comply with the Consent Order and any amendment thereto. It is further understood that the Consent Order is binding on the Department and Ocwen, as well as their successors and assigns that are within the supervision of the Department, but it specifically does not bind any federal or other state agencies or any law enforcement authorities.

23. No provision of the Consent Order is subject to review in any court or tribunal outside the Department.

24. Each provision of the Consent Order will remain effective and enforceable for an initial period of twenty-four (24) months from the date hereof unless stayed, modified, terminated or suspended by the Department.

25. The waiver of any provision of this Consent Order shall not operate to waive any other provision set forth herein, and any waiver, amendment or change to the terms of this Consent Order must be in writing signed by the Parties.

26. The Parties represent and warrant that each party has received independent advice

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from its attorney(s) and/or other representatives prior to entering into this Consent Order, and in executing this Consent Order relied solely on the statements set forth herein and the advice of its own counsel and/or representative.

27. Ocwen enters into the Consent Order voluntarily and without coercion and acknowledges that no promise, threats or assurances have been made by the Department or any officer, or agent thereof, about this Consent Order.

28. The Consent Order may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document. A fax signature shall be deemed the same as an original signature.

29. Each signatory hereto represents and warrants that he/she possesses the necessary capacity and authority to execute this Consent Order and bind the Parties.

30. The Consent Order shall become effective when executed by the Commissioner or her designee and will thereby be deemed a final order.

Dated: January 23, 2015

JAN LYNN OWEN
Commissioner of Business Oversight

BY: _____
Jan Lynn Owen, Commissioner

OCWEN LOAN SERVICING, LLC

BY: _____
Ronald M. Faris, Authorized Signer

APPROVED AS TO FORM:

_____
Alex M. Calero
Counsel for the Department

_____
Regina J. McClendon, Locke Lord LLP
Counsel for Ocwen Loan Servicing, LLC

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