

UNLESS THE ENTITY / PERSON AGAINST WHOM THIS ORDER IS ISSUED FILES A SIGNED, WRITTEN NOTICE OF APPEAL THAT IS RECEIVED BY THE DEPARTMENT OF SAVINGS AND MORTGAGE LENDING WITHIN THIRTY (30) DAYS AFTER THE DATE ON WHICH THIS ORDER IS ISSUED, THIS ORDER WILL BECOME FINAL AND NON-APPEALABLE.
THIS ORDER WILL BECOME FINAL ON: MAY 21 , 2017.

In the Matter of

OCWEN LOAN SERVICING, LLC,
Respondent

NMLS ID: 1852
File Number: 170612

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BEFORE CAROLINE C. JONES
SAVINGS AND MORTGAGE
LENDING COMMISSIONER
AUSTIN, TEXAS

ORDER TO CEASE AND DESIST

The Savings and Mortgage Lending Commissioner having determined that Ocwen Loan Servicing, LLC has engaged in, or is engaging in, or is about to engage in, acts or practices constituting violations of state and federal law and applicable regulations, hereby issues the following FINDINGS OF FACT and ORDER TO CEASE AND DESIST.

A. PARTIES AND JURISDICTION

1. Ocwen Financial Corporation (“OFC”) is a Florida corporation with headquarters in West Palm Beach, Florida. Ocwen Mortgage Servicing, Inc. (“OMS”) is a U.S. Virgin Islands corporation with headquarters in St. Croix, US Virgin Islands and an assigned NMLS identifier number of 1089752. Ocwen Loan Servicing, LLC (“OLS” also referred to herein as Respondent) is a Delaware limited liability company with headquarters located in West Palm Beach, Florida and an assigned NMLS identifier number of 1852. OLS’s / Respondent’s business address of record with the Texas Secretary of State’s Office is 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409 and its registered agent for service of process is Corporation Service Company, 211 E 7th Street, Suite 620, Austin, Texas 78701. A copy of this Order has been sent by first-class U.S. certified mail, return receipt requested and by U.S. regular mail to each of these addresses. OLS at all relevant times herein was a wholly-owned subsidiary of OMS, which was a wholly-owned subsidiary of OFC (collectively referred to herein as “Ocwen”).

2. Ocwen and certain of its subsidiaries, specifically but not limited to OLS / Respondent, are registered by the Department of Savings and Mortgage Lending as a residential mortgage loan servicer under chapter 158 of the Texas Finance Code and licensed as a residential mortgage loan company under chapter 156 of the Texas Finance Code.

3. The Department of Savings and Mortgage Lending has jurisdiction over the registration and regulation of persons and entities engaged in the business of residential mortgage loan servicing in Texas, pursuant to Texas Finance Code § 158.051 and the implementing rules at 7 Texas Administrative Code § 79.1 *et seq.* The Department of Savings and Mortgage Lending also has jurisdiction over the licensing and regulation of residential mortgage loan companies in Texas, pursuant to Texas Finance Code § 156.101 and the implementing rules at 7 Texas Administrative Code § 80.1 *et seq.*

4. The Multi-State Mortgage Committee (“MMC”) is a committee of state mortgage regulators who have agreed to address their enforcement concerns with Ocwen in a collective and coordinated manner. On February 28, 2015, the states of Florida, Maryland, Massachusetts, Mississippi, Montana, and Washington (collectively, the “Examining States”) conducted a Multi-State Examination of Ocwen in order to determine Ocwen’s compliance with applicable federal and state laws and regulations, financial condition, and control and supervision of the licensed or registered mortgage servicing operations. The Multi-State Examination of Ocwen covered the period of January 1, 2013 to February 28, 2015.

5. Pursuant to Texas Finance Code § 158.104 the Department is authorized to participate in multi-state examinations of residential mortgage loan servicers, transacting business in Texas to determine compliance with the provisions of chapter 158 of the Texas Finance Code, and any rule, or regulation issued thereunder, and with any law, rule, or regulation applicable to the conduct of the registered business.

B. FINDINGS OF FACT

6. During the examination, the Examining States identified several violations of state and federal law, including, but not limited to, mismanagement of borrower / consumer escrow accounts, which resulted in failure to timely pay escrow items, the failure to correctly maintain escrow account minimum balances and the failure to correctly estimate escrow disbursement amounts, as well as ongoing unlicensed or unregistered activity in certain states. Additionally, it was determined that Ocwen's financial condition was significantly deteriorating, which impacts Ocwen's and Respondent's ability to remain in business.

7. The MMC examination found that Ocwen has been unable to accurately manage many of the borrower / consumer escrow accounts in its portfolio. Consumer escrow accounts are accounts that contain consumer funds held for the payment of taxes and insurance. The MMC examination further found that Ocwen failed to make timely disbursements to pay for taxes and insurance from escrow accounts on numerous loans. The MMC examination also found that Ocwen routinely sent consumers inaccurate, confusing and/or misleading escrow statements. Between January 1, 2015 to March 31, 2017, the Department of Savings and Mortgage Lending received 192 consumer complaints regarding the Respondent OLS. Many of these consumer complaints were directly related to the escrow accounts maintained by the Respondent. Respondent was also issued a prior Order to Cease and Desist from the Department of Savings and Mortgage Lending on February 18, 2015, ordering it to cease and desist from violating chapter 158 of the Texas Finance Code, applicable rules and the Real Estate Settlement Procedures Act of 1974 (RESPA) (12 U.S.C. § 2601 *et seq.*), and applicable rules and regulations adopted under same.

8. In 2015, Ocwen failed to provide key financial documents and reconciliations of its financial statements to regulators.

9. Based on the findings of the examination and subsequent communications with OFC, the state regulators and Ocwen entered into a Memorandum of Understanding (MOU) on December 7, 2016.

10. The MOU required Ocwen to retain an independent auditing firm to perform a comprehensive audit and reconciliation of all consumer escrow accounts, with a report to be furnished by the Auditor to Ocwen and the MMC within five business days thereafter. The audit plan was to be submitted to, and approved by, the MMC no later than January 13, 2017.

11. Ocwen's response to the state regulators on January 13, 2017, was that the reconciliation of escrow accounts, which is paramount in ensuring the appropriate management of consumer funds, would cost \$1.5 billion and be well beyond Ocwen's financial capacity. Ocwen has suggested instead that a sample of 457 escrow accounts be audited out of 2.5 million active first lien escrow accounts that Ocwen has serviced since January 2013. This proposal would leave a vast number of consumers with unaudited and/or inaccurate escrow accounts.

12. The company is currently facing numerous substantiated consumer complaints regarding escrow accounts that have been mismanaged, resulting in significant harm to consumers, and requesting reimbursement of monies wrongfully withheld or misapplied. The Department of Savings and Mortgage Lending also has pending consumer complaints specifically regarding Respondent / OLS.

13. The MOU required Ocwen to provide, among other things, a viable going forward business plan that encompassed an analysis of its financial condition going forward. The purpose of the plan was to analyze Ocwen's future financial condition incorporating and encompassing all known or reasonably certain liabilities.

14. Ocwen's going forward plan submitted in response to the MOU did not provide a complete assessment of its financial condition because it excluded significant liabilities. If the going forward plan accurately accounted for known or anticipated regulatory penalties and other operational costs, including,

but not limited to, the expenses of moving to a new servicing platform and complete reconciliation of consumer escrow accounts with restitution to impacted borrowers, it would indicate the company would not continue as a going concern.

C. CONCLUSION OF LAW

15. Based upon the information contained in Paragraphs 1 through 14, the Commissioner has determined that:

a. Ocwen and OLS the Respondent have engaged in, are engaging in, or are about to engage in, acts or practices which warrant the belief that such entities are not operating honestly, fairly, soundly, and efficiently in the public interest, and /or in violation of standards governing the licensing and conduct of a residential mortgage loan servicer including, but not limited to, the provisions of chapter 158 of the Texas Finance Code and 7 Texas Administrative Code, chapter 79.

b. The public interest will be irreparably harmed by delay in issuing a cease and desist order to OLS.

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that:

OLS the Respondent shall immediately cease acquiring new residential mortgage servicing rights secured by residential real estate located in the State of Texas, and acquiring or originating new residential mortgages serviced by the Respondent, until the Respondent and Ocwen can show they are a going concern by providing a financial analysis that encompasses all of their liabilities they currently maintain, as well as liabilities they have knowledge they will incur in the course of their business;

Respondent shall immediately cease from acquiring new mortgage servicing rights secured by residential real estate located in the State of Texas, and acquiring or originating new residential mortgages serviced by Respondent, until Respondent and Ocwen can provide a third party audit of Respondent's

escrow accounts showing that consumer funds are appropriately collected, properly calculated, and disbursed accurately and timely; and

This Order is effective immediately upon signing and shall remain in effect unless set aside, limited, or suspended by the Commissioner or upon order after review under Texas law.

This Order shall not be construed as approving any act, practice, or conduct not specifically set forth herein which was, is, or may be in violation of relevant state or federal laws and regulations.

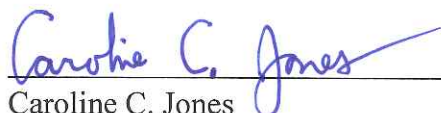
RIGHTS TO A HEARING AND FINALITY OF THIS ORDER

Pursuant to Tex. Fin. Code § 158.103(b), if a registrant against whom this Order is made requests a hearing, the Commissioner shall set and give notice of a hearing before a hearing officer. The hearing shall be governed by Texas Government Code chapter 2001. If a hearing is not requested, not later than the 30th day after the date on which this Order is issued, this Order will be considered final and non-appealable.

The issuance of this Order does not waive the right or authority of the Commissioner to take any additional measures with respect to the actions described herein or any other actions of the Respondent or Ocwen, known or unknown to the Department.

The Department will post a copy of any final order or decision in this matter to the NMLS under regulatory actions which will be viewable by regulators and the public.

ISSUED this 20th day of April, 2017 at Austin, Travis County, Texas.



Caroline C. Jones
Savings and Mortgage Lending Commissioner
Department of Savings and Mortgage Lending

CERTIFICATE OF SERVICE

The undersigned certifies that on this 20th day of April, 2017, a true and correct copy of this instrument was served upon the Respondent as indicated below.

Ocwen Loan Servicing, LLC
c/o Corporation Service Company
211 E. 7th Street, Suite 620
Austin, Texas 78701

*via certified mail: 91-7199-9991-7030-6407-6232
& regular mail*

Ocwen Loan Servicing, LLC
c/o Timothy M. Hayes, Secretary
1616 Worthington Road, Suite 100
West Palm Beach, Florida 33409

*via certified mail: 91-7199-9991-7030-6407-6225
& regular mail*

Ocwen Loan Servicing, LLC
c/o Timothy M. Hayes, Secretary
402 Strand Street, Frederiksted
St Croix, VI 00840

*via certified mail: 91-7199-9991-7030-6477-5692
& regular mail*

Ocwen Loan Servicing, LLC
c/o Timothy M. Hayes, Secretary / General Counsel

via email to timothy.hayes@ocwen.com

Phyllis R. Caldwell, Board Chair
and Robert A. Salcetti, Vice Chair
Ocwen Financial Corporation
c/o Timothy M. Hayes, General Counsel

via email to timothy.hayes@ocwen.com

Ocwen Financial Corporation
c/o Ronald M. Faris, President

via email to ronald.faris@ocwen.com



Cora Peck, Legal Assistant
Department of Savings and Mortgage Lending