



PRESS RELEASE

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FOR IMMEDIATE RELEASE

December 19, 2013

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Attorney General John Suthers Addresses Ocwen Mortgage Servicing Wrongs through \$2.1 Billion Servicing Misconduct Settlement

DENVER—Nearly 3,850 foreclosed borrowers in Colorado will soon receive notice that they may be eligible to receive payments as part of a \$2.1 billion state-federal settlement with [Ocwen Financial Corporation](#) and its subsidiary, [Ocwen Loan Servicing](#). The settlement regarding servicing misconduct was announced by [The Colorado Attorney General's Office](#), 48 additional states and the District of Columbia, as well as the [Consumer Financial Protection Bureau \(CFPB\)](#). Under the settlement, Ocwen also agreed to principal reductions on existing mortgages, tough mortgage servicing standards and fundamental servicing reforms. The company also agreed to be held accountable for its past practices and to stop future fraud and abuse.

“What we found in the Ocwen case is similar to many of the problems attorneys general saw in our other mortgage servicer enforcement cases against the largest mortgage loan servicers in the country,” explained Attorney General John Suthers. “This is part of our ongoing civil enforcement effort to ensure mortgage servicers, including Ocwen, treat borrowers fairly and to hold companies accountable if they do not,” Suthers said.

According to a complaint filed in the U.S. District Court for the District of Columbia, Ocwen’s misconduct resulted in premature and unauthorized foreclosures, violations of homeowners’ rights and protections, and the use of false and deceptive documents and affidavits, including “robo-signing.” The settlement also addresses misconduct by Homeward Residential Inc. and Litton Home Servicing LP which Ocwen acquired. Ocwen specializes in servicing high-risk mortgage loans.

The settlement with the nation’s fourth largest mortgage servicer is the result of a massive civil law enforcement investigation and initiative that includes state attorneys general, state mortgage regulators and the CFPB. Under the settlement, Ocwen agreed to \$2 billion in first-lien principal reduction, and \$125 million for cash payments to borrowers on nearly 185,000 foreclosed loans.

The payment amount, which is contingent on the number of consumers who submit valid claims, is projected to exceed \$1,000.

Joseph A. Smith, Jr., Monitor of the National Mortgage Settlement, will oversee the Ocwen agreement's implementation and compliance through the [Office of Mortgage Settlement Oversight](#).

The [National Mortgage Settlement](#), a three-year agreement reached in 2012 with the attorneys general of 49 states and the District of Columbia, the federal government, and five mortgage servicers (Ally/GMAC, Bank of America, Citi, JPMorgan Chase and Wells Fargo), has so far provided more than \$51 billion in relief to distressed homeowners and created significant new servicing standards. In Colorado over 7,500 homeowners have been helped by the settlement and received \$425 million in overall loan relief.

The Ocwen settlement does not grant immunity from criminal offenses and would not affect criminal prosecutions. The agreement does not prevent homeowners or investors from pursuing individual, institutional or class action civil cases. The agreement also preserves the authority of state attorneys general and federal agencies to investigate and pursue other aspects of the mortgage crisis, including securities cases.

Ocwen Agreement Highlights

- Ocwen commits to \$2 billion in first-lien principal reduction.
- Ocwen pays \$125 million cash to borrowers associated with 183,984 foreclosed loans.
- Homeowners receive comprehensive new protections from new mortgage loan servicing and foreclosure standards.
- An independent monitor will oversee implementation of the settlement to ensure compliance.
- The government can pursue civil claims outside of the agreement, and any criminal case; borrowers and investors can pursue individual, institutional or class action cases regardless of the agreement.
- Ocwen pays \$2.3 million for settlement administration costs.

The final agreement, through a consent judgment, will be filed in U.S. District Court in Washington, D.C. If approved by a judge, it will have the authority of a court order.

Because of the complexity of the mortgage market and this agreement, which will span a three-year period, in some cases Ocwen will contact borrowers directly regarding principal reductions. However, borrowers should contact Ocwen to obtain more information about principal reductions and whether they qualify under terms of this settlement. A settlement administrator will contact qualified borrowers associated with foreclosed loans regarding cash payments. More information will be made available as the settlement programs are implemented.

The best resource available to consumers facing foreclosure is [the Colorado Foreclosure Hotline](#), which may be reached at 1-877-601-HOPE (4673). Homeowners who contact the Colorado Foreclosure Hotline to receive assistance stand a much better chance of saving their home than those who go it alone. The hotline is an immediate resource that distressed borrowers may call to receive counseling from nonprofit, HUD-approved housing counselors. The counselors can also negotiate modifications for borrowers.

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