

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

IN THE MATTER OF:	)	
	)	
Ocwen Loan Servicing, LLC	)	FINDINGS OF FACT
1661 Worthington Road, Suite 100	)	
West Palm Beach, Florida	)	CONCLUSIONS OF LAW
	)	
Ocwen Mortgage Servicing, Inc.	)	AND
William D. Roebuck Industrial Park	)	
Building 1, Estate Negro Bay St.	)	CONSENT ORDER
Croix, US Virgin Islands	)	
	)	
NMLS Nos. 1852 and 1089752	)	

**STATEMENT OF THE CASE**

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 through 45-754 (Reissue 2010, Cum. Supp. 2016) (the “Act”). The Department has investigated the actions of Ocwen Loan Servicing, LLC, 1661 Worthington Road, Suite 100, West Palm Beach, Florida (“Ocwen Loan”), NMLS No. 1852, and Ocwen Mortgage Servicing, Inc., William D. Roebuck Industrial Park, Building 1, Estate Negro Bay, St. Croix, US Virgin Islands (“Ocwen Mortgage”), NMLS No. 1089752. Ocwen Loan, at all relevant times herein, was a wholly owned subsidiary of Ocwen Mortgage, which is a wholly owned subsidiary of Ocwen Financial Corporation (collectively referred to herein as “Ocwen Companies”). Ocwen Loan and Ocwen Mortgage hold mortgage banker licenses under the Act, which expire December 31, 2017, unless renewed in accordance with Neb. Rev. Stat. § 45-706 (Cum. Supp. 2016).

On April 20, 2017, the Department issued Findings of Fact, Conclusions of Law, and Order to Cease and Desist (“Cease and Desist Order”) to Ocwen Loan and Ocwen Mortgage (collectively, “Ocwen Respondents”), ordering the Ocwen Respondents to cease and desist from violations of the Act and to cease acquiring new mortgaging servicing rights and acquiring or originating new mortgages for Nebraska real property, until the occurrence of certain stated events. The Cease and Desist Order required the Ocwen Respondents to submit to the Department ongoing status reports on residential mortgage loans secured by dwellings in Nebraska currently being serviced by the entities, to notify the Department of the transfer of the servicing rights of any loan included in a status report, and to maintain the statutorily required surety bond. A copy of the Cease and Desist Order is attached as Exhibit A and incorporated herein by reference.

The Ocwen Respondents timely requested a hearing on the Cease and Desist Order, which was scheduled to commence October 10, 2017, before Hearing Officer Jim R. Titus. On September 19, 2017, upon the joint request of the parties in anticipation of settlement, Hearing Officer Titus issued an Order to Hold in Abeyance.

The Multi-State Mortgage Committee (“MMC”) is a committee of state mortgage regulators, including the Department, who have agreed to address their enforcement concerns with the Ocwen Companies in a collective and coordinated manner. The Cease and Desist Order was based in part on findings related to a Multi-State Examination of the Ocwen Companies conducted to determine their compliance with applicable federal and state laws and regulations, financial condition, and control and supervision of the licensed mortgage servicing operations. The Multi-State Examination of the Ocwen Companies covered the period of January 1, 2013 to February 28, 2015, and the Examination Report was issued in December 2015. The Multi-State Examination findings led the Department and other state regulators to participate in discussions with

representatives of the Ocwen Companies concerning their loan servicing ability and financial condition. State regulators and the Ocwen Companies entered into a Memorandum of Understanding (“MOU”) on December 7, 2016. The Department and the Ocwen Respondents disagree as to the Ocwen Respondents’ compliance with the MOU. The Director of the Department concluded, and the Ocwen Respondents disagree, that the Ocwen Respondents violated the Act and issued the Cease and Desist Order.

In addition to Nebraska, thirty-one states took action against one or more of the Ocwen Companies on or about April 20, 2017. The Ocwen Companies requested settlement negotiations with the individual states, including Nebraska, and have also been discussing a global settlement with these states through a representative committee of state regulators. As of the date of this Order, a global settlement has not been reached, although consensus has been reached on some terms that states may incorporate into individual settlement agreements or accept as part of a possible multi-state settlement agreement. Under language currently agreed to for a possible multi-state settlement agreement, the states that agree to the consensus settlement terms are referred to as “the signatory states.” On September 28, 2017, Ocwen entered into agreements with ten of the signatory states to resolve the regulatory actions brought by those states. Following September 28, 2017, Ocwen entered into agreements with additional states, and Ocwen intends to enter into agreements with the remaining states after the date of this Consent Order.

Under the Act’s statutory framework, the Director of the Department has the legal and equitable authority to fashion significant remedies. Being duly advised and informed in the matter, the Director has determined that these matters are ripe for resolution and that it is in the best interest of the public for Ocwen Loan, Ocwen Mortgage, and the Department to resolve the matters set

forth in the Cease and Desist Order through a Consent Order containing provisions unique to Nebraska and provisions that address nationwide concerns about the Ocwen Companies.

### **STIPULATIONS**

In connection with this Consent Agreement, the Ocwen Respondents and the Director of the Department stipulate to the following:

1. The Department has jurisdiction as to all matters herein.
2. This Consent Order shall resolve all matters raised by the Department's April 20, 2017 Cease and Desist Order regarding Ocwen Loan Servicing, LLC, 1661 Worthington Road, Suite 100, West Palm Beach, Florida, NMLS No. 1852, and Ocwen Mortgage Servicing, Inc., William D. Roebuck Industrial Park, Building 1, Estate Negro Bay, St. Croix, US Virgin Islands, NMLS No. 1089752. Should Ocwen fail to comply with this Consent Order, the facts from this matter may be considered in a future administrative action by the Department.
3. This Consent Order shall be in lieu of all other proceedings available to the Department, except as specifically referenced in this Consent Order.

### **REPRESENTATIONS**

Ocwen Loan and Ocwen Mortgage further represent as follows:

1. Each entity is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. As it relates to the Cease and Desist Order, the right to such a hearing, and any related appeal, is irrevocably waived.
2. Each entity is acting free from any duress or coercion of any kind or nature.

3. Each entity is executing this Consent Order to avoid further proceedings. The Ocwen Respondents, by entering into this Consent Order, do not admit to the allegations of the Cease and Desist Order other than those facts deemed necessary to evidence the authority of the Department.

### **CONSENT ORDER**

NOW THEREFORE, without trial or adjudication of issue or fact or law, without this Consent Order constituting evidence against the Ocwen Respondents, and upon consent of the Ocwen Respondents, the Department finds that there is good and sufficient cause to enter this Consent Order, and that it is therefore ORDERED as follows:

#### **SECTION I. MORTGAGE SERVICING RIGHTS RESTRICTION**

1. Except as set forth in Paragraphs 2, 3, and 5, below, of this Section I, the Ocwen Respondents and their affiliates shall not acquire any residential mortgage servicing rights (MSRs) in Nebraska until April 30, 2018.

2. A. The Ocwen Respondents shall not board any new loans onto the REALServicing platform at any time. This restriction does not apply to loans that are (i) already serviced on the REALServicing platform, including those that are subsequently modified or those that are subsequently converted to an arrangement whereby either or both of the Ocwen Respondents acts as sub-servicer, or (ii) required to be repurchased by Homeward Residential, Inc. or one of the Ocwen Respondents.

B. The Ocwen Respondents specifically acknowledge and agree that refinanced loans are not deemed to be modified loans for purposes of Paragraph 2 of this Section I, and that neither the Ocwen Respondents nor any affiliate will board any Nebraska loans refinanced on or after April 20, 2017, onto the REALServicing platform at any time.

3. The Ocwen Respondents may originate through broker, retail, or wholesale, or acquire through correspondent lender relationships, new residential mortgage loans, including, but not limited to, traditional mortgage loans, and reverse mortgages so long as they will not be boarded, even temporarily, to the REALServicing platform. Any such loans must, instead, be sub-serviced by an unaffiliated, licensed and/or exempt entity, although the Ocwen Respondents may retain the associated MSRs. Until April 30, 2019, any growth through acquisition from correspondent relationships must be limited to no more than ten (10) percent per calendar year of the total number of loans held by the Ocwen Respondents at prior year end.

4. The Ocwen Respondents shall develop a detailed Plan of Action and Milestones (POAM) for the transfer of all residential mortgages currently administered on the REALServicing platform to other servicing platform(s) that will enable the Ocwen Respondents to comply with applicable mortgage servicing standards for its residential mortgage portfolios. The POAM shall include a timeline for accomplishing each milestone in the POAM in order to complete the transfer within a commercially reasonable time. The proposed POAM was submitted to the Director of the Department on September 30, 2017. The Ocwen Respondents shall provide to the Director of the Department reports on the progress of the POAM until the transfer of all residential mortgages has been completed. The first report was provided on September 30, 2017, and will be provided at the end of every calendar quarter thereafter.

5. A. In the event that Ocwen Loan or Ocwen Mortgage or both of them choose to merge with or acquire an unaffiliated company or its assets in order to effectuate a transfer of loans from the REALServicing platform, Ocwen Loan, Ocwen Mortgage, or both of the affected entities, must give the Department thirty (30) days prior notice to the signing of any final agreement and the opportunity to object within such time period. If the Department does not

object, the provisions of Paragraph 1 of this Section I shall not prohibit the transaction, including the related transfer of MSRs or mortgage loans between the companies, or limit the transfer of loans from the REALServicing platform onto the merged or acquired company's alternate servicing platform. In the event that an unaffiliated company merges with or acquires the assets of Ocwen Loan or Ocwen Mortgage or both of the entities' assets, none of the above paragraphs within this Section I shall prohibit said transaction, including the related transfer of MSRs or mortgage loans between the companies, or limit the transfer of loans from the REALServicing platform onto the merging or acquiring company's alternate servicing system.

B. The Ocwen Respondents specifically acknowledge and agree that nothing in Paragraph 5 of this Section I abrogates the duty of the Ocwen Respondents or the duty of a potential acquirer or merger partner to comply with Section 45-725 of the Act which sets out the procedures for a change of control of a licensee under the Act.

## SECTION II. ESCROW REVIEW PROCESS

1. The Ocwen Respondents will employ an independent third party auditor ("Auditor") to review all escrow transactions on the REALServicing platform, in a representative sample of escrowed loans serviced by Ocwen between January 1, 2013 and June 30, 2017, as set forth in Paragraph 4 of this Section II, below.

2. The Ocwen Respondents have generated a request for proposal ("RFP") setting forth information about the Auditor's engagement and defining the specific escrow transactions to be reviewed. The Department had the opportunity to review and object to the RFP, which is attached as Exhibit B and incorporated herein. Ocwen will select the Auditor and notify the Department of the proposed Auditor. Ocwen will engage the Auditor within ten (10) days of notification to the Department unless the Department objects to the Auditor. If the Department

objects, the parties will make a good faith effort to promptly resolve any objections, including potential engagement of a different entity as the Auditor.

3. The Auditor's testing methodology shall be consistent with the RFP and shall be set forth in a plan ("Audit Plan") agreed to by the Ocwen Respondents and the Auditor and not objected to by the Department. The Audit Plan will be submitted to the Department within sixty (60) days of the Auditor's engagement, unless otherwise agreed to by the parties, and the states must submit any objections within ten (10) days after submission. The Audit Plan must be completed by February 1, 2018, and the Auditor must begin testing by March 1, 2018. The Auditor may revise the Audit Plan to the extent revisions become necessary during its testing, provided it is consistent with the RFP and provided the Ocwen Respondents agree to the revision and the Department does not object to the revision.

4. The audit will consist of two sampling methodologies. One will be a Representative Review of loan files and the second will be a Stratified Review.

A. For the Representative Review, the Auditor will review a random statistically significant sample of escrowed loans. The population of escrowed loans is limited to those where the property is located in one of the signatory states, as defined above in Statement of the Case. The statistically significant sample size shall be at a 95% confidence level, 5% expected margin of error, and 2% precision level. The sample of loans will be allocated on a pro-rata basis amongst the signatory states based on the percentage share for each state, with every signatory state having at least five (5) loans reviewed. If any state has less than five (5) loans sampled as a result of the pro-rata allocation, additional loans shall be sampled to ensure that each state has at least five (5) loans reviewed, but without a commensurate increase for a signatory state not subject to the minimums described above.



B. For the Stratified Review, the Auditor will review a statistically significant sample of each of the identified strata at a 95% confidence level, 5% expected margin of error, and 2% precision level.

i. The identified strata are divided into two categories: 1) “Pro-Rata Allocation Only” and 2) “Pro-Rata Allocation Plus.”

ii. The Pro-Rata Allocation Only strata are:

- a. Home Owners Association (HOA) foreclosures;
- b. Second liens;
- c. Loans with biweekly payments; and
- d. Current loans with either positive or negative escrow

balances greater than \$10,000.00.

iii. The Pro-Rata Allocation Plus strata are:

- a. Adjustable Rate Mortgages (ARMs);
- b. Loans 60+ days past due;
- c. Home Affordable Modification Program (HAMP) modifications;
- d. Shared Appreciation modifications (SAM loans);
- e. Non-HAMP modifications;
- f. Bankruptcy;
- g. Loans with Private Mortgage Insurance (PMI) only;
- h. Loans with flood insurance;
- i. Condo master policy loans;
- j. Loans with negative escrow balances when transferred;

k. Loans with negative escrow balances for 3 or more consecutive months;

l. Loans with borrower complaints;

m. Loans with capitalized escrow; and

n. Loans with lender placed insurance.

iv. For the Pro-Rata Allocation Only strata, the Auditor will ensure the strata testing population is allocated on a pro-rata basis amongst the signatory states based on the percentage of the Ocwen Respondents' overall portfolio attributable to each state.

v. For the Pro-Rata Allocation Plus strata, the pro-rata allocation will be adjusted, as necessary, to ensure the Auditor reviews at least five (5) escrowed loans per strata for each signatory state.

vi. To the extent the Auditor increases the Pro-Rata Allocation Plus sample to meet the minimums described above, the overall population will also increase, without a commensurate increase in the Pro-Rata Allocation Plus for a signatory state not subject to the minimums described above.

5. In accordance with the testing methodology provisions of the RFP, the Auditor will identify instances where the Ocwen Respondents did not administer an escrow account for a sampled loan in compliance with laws governing escrow under the Real Estate Settlement Procedures Act, as implemented by Regulation X, the Truth in Lending Act, as implemented by Regulation Z, the Homeowners Protection Act, or any applicable Nebraska law, or portion thereof, related to escrow, including, Neb. Rev. Stat. §§ 45-101.05, 45-737, and 45-740 ("Error"). For each Error found, the Auditor will, to the extent the information is reasonably accessible, set forth:

A. The name of the borrower;

- B. The state where the property is located;
- C. The nature of the Error;
- D. The date of the Error;
- E. The date Ocwen Loan or Ocwen Mortgage first became aware of the Error;
- F. How the Error came to the attention of Ocwen Loan or Ocwen Mortgage

(internal process, third-party notification, consumer complaint, regulatory agency, etc.);

- G. An analysis of whether the Error caused financial harm, including
  - i. The basis for determination, and
  - ii. The amount of any harm;
- H. If the Error was remediated, and, if so, how and when it was remediated;

and

I. For any unidentified or unremediated Errors, the Auditor must provide information regarding why the Error was not identified and/or remediated. During the review, the Auditor will also determine if the Error caused any financial harm to the borrower.

6. If the Auditor identifies Errors previously remediated by the Ocwen Respondents, regardless of whether the Error resulted in financial harm as defined in the Audit Plan, the Auditor will confirm that the corrective actions were sufficient to: (i) remediate the Error, and remediate any other similarly impacted borrowers, and (ii) prevent the Error from recurring. The Ocwen Respondents will provide the Department with documentation of any corrective actions to address any previously remediated Errors for Nebraska loans. Should the Auditor determine the Ocwen Respondents did not fully remediate the Error(s) and/or that the Ocwen Respondents have not taken sufficient corrective action to prevent the Error(s) from recurring, then the Ocwen Respondents shall submit a corrective action plan, including remediation if applicable, within (60)

days of the Escrow Report, to the designated representative(s) of the signatory states for approval. If the Auditor identifies a non-remediated Error, the Ocwen Respondents shall submit a corrective action plan that will remediate the Error, within sixty (60) days of the Escrow Report, to the designated representative(s) of the signatory states for approval. The Ocwen Respondents shall remediate any other similarly impacted borrowers, including the provision of restitution to fully correct financial harm, and/or to prevent the Error from recurring, and shall do so within sixty (60) days of the approval of the corrective action plan. In the event the Ocwen Respondents implement remediation to address a non-remediated Error, the Auditor will review a statistically valid sample of borrowers potentially impacted by each root cause to confirm the remediation efforts were successfully completed. In all instances, the Auditor will confirm that the Ocwen Respondents' corrective action plans and remediation efforts are sufficient and no loan shall be boarded onto a new system pursuant to the POAM with a known, unremediated Error. In the event the signatory states do not designate a representative by November 1, 2017, the reports and plans referenced in this Paragraph 6 of this Section II shall be made to the Department.

7. The Auditor will generate a report setting forth the results of its audit ("Escrow Report"), pursuant to the time frames agreed upon in the Audit Plan. The Escrow Report will identify any information that, in the Auditor's opinion, is relevant to its report. At a minimum, the Escrow Report will include the information described in Paragraphs 4 through 6, inclusive, of this Section II. The final Escrow Report, and any drafts, shall be provided simultaneously to the Ocwen Respondents and the Department. The Ocwen Respondents shall have the right to submit written comments to the Auditor, which shall be appended to the final version of the Escrow Report.

### SECTION III. FINANCIAL CONDITION

1. Within thirty (30) business days of the effective date of this Consent Order, the Ocwen Companies will submit a written plan to the Department demonstrating how the Ocwen

Companies will remain a going concern for a period of one (1) year from the effective date of this Consent Order (“One-Year Financial Condition Plan”). The One-Year Financial Condition Plan, at a minimum, must take into account, in accordance with Generally Accepted Accounting Principles, all known and reasonably anticipated future liabilities including, but not limited to, costs of necessary audits and anticipated regulatory, law enforcement, or other litigation liabilities or costs exceeding one (1) million dollars arising from any final orders, judgments, or settlements and must also demonstrate how each of the Ocwen Respondents will comply with all applicable liquidity and capital requirements.

2. The Ocwen Companies previously submitted to the MMC a three (3) year financial condition plan (“Three-Year Financial Condition Plan”), which was updated by the Ocwen Companies on or before September 30, 2017. The Department received a copy of the updated report.

3. The Ocwen Companies will provide additional updates to the Department every six (6) months going forward for a period of three (3) years unless the Director of the Department releases the entities from this requirement earlier. Such release, if any, shall be in writing from the Director. The Ocwen Companies shall notify the Department if and when any event occurs that could materially impact the financial condition of either or both entities, including, but not limited to, any actual or anticipated liabilities or costs exceeding five (5) million dollars; or if either entity drops below or projects to drop below any applicable liquidity or capital requirement, within ten (10) business days of the occurrence of any such event(s). The Ocwen Companies will submit the following reports with the One-Year Financial Condition Plan, and will continue to submit these reports for a period of three (3) years and one (1) month from the effective date of this Consent Order:

A. Monthly financial statements that track actual earnings compared to forecasted earnings during the same time period, to be submitted to the Department for each month on or before the last day of the following month;

B. A monthly liquidity report that demonstrates daily liquidity tracking with forecasts on liquidity positions over thirty (30), sixty (60), and ninety (90) days, to be submitted to the Department on or before the fifteenth (15th) day of each month;

C. A monthly report documenting compliance with internal policies and procedures governing limits on exposure to market risk, including, but not limited to, interest rate risk, to be submitted to the Department for each month on or before the last day of the following month; and

D. A quarterly going concern analysis, which shall include covenant and capital reporting that tracks any and all financial or regulatory covenants the Ocwen Companies are obligated to comply with and whether the Ocwen Companies remains in compliance with those covenants, to be submitted to the Department forty-five (45) days after the end of each calendar quarter, with the exception of the last quarterly report for each calendar year, which shall be submitted ninety (90) days after the end of such quarter.

4. The Director of the Department is the designated Nebraska point of contact to whom the Ocwen Companies will submit the documents described in this Section III. The Director will acknowledge receipt of the documents within fifteen (15) calendar days of the Ocwen Companies' submission. The Department will identify any alleged deficiencies in the reports within sixty (60) calendar days of the Ocwen Companies' submission. The parties will make a good faith effort to promptly resolve any alleged deficiencies.

5. The Ocwen Companies will submit the documents described in the Financial Condition section of this Agreement for Ocwen Financial Corporation.

SECTION IV. COMPLAINTS PROCESSING

1. No later than sixty (60) days after the effective date of this Consent Order, the Ocwen Respondents shall submit to the Department, for review and determination of non-objection, a comprehensive consumer complaint resolution plan (“Complaint Plan”) designed to ensure that the company will properly document, timely investigate and remediate consumer complaints as defined in 12 CFR 1024.35. The Complaint Plan shall include, at a minimum:

A. Robust, Board of Directors’ approved policies and procedures to ensure all consumer complaints are documented and timely investigated; any errors found as a result of a complaint are remediated; and errors found that may impact other accounts are escalated for further investigation and/or remediation;

B. A formal internal review process to ensure all complaints are processed in accordance with the policies and procedures adopted under this Complaint Plan;

C. Training on revised complaint procedures for all necessary employees no later than one hundred eighty (180) days from the effective date of this Consent Order;

D. A program establishing annual, mandatory complaint resolution training for employees who may receive any form of complaint from a consumer or are otherwise involved in the complaint resolution process; and

E. Detailed steps for addressing each action required by the Complaint Plan.

2. Within thirty (30) days from the effective date of this Consent Order, the Ocwen Respondents will appoint one complaint resolution employee who will be a single contact for the Department in all complaint resolution situations, and will notify the Director of the Department of the appointment and the complaint resolution employee’s direct contact information. If the

appointed contact discontinues employment with the Ocwen Respondents or is assigned other company duties, the Ocwen Respondents shall, within three (3) business days, notify the Director of such occurrence, and, within ten (10) days of the discontinuance, appoint a new single contact for the Department and notify the Director of the successor appointment and the appointee's direct contact information.

3. Paragraph 2 of this Section IV will remain in effect for a period of three (3) years from the effective date of this Consent Order.

4. The Ocwen Respondents specifically acknowledge and agree that nothing in this Section IV abrogates their duty to comply with Section 45-741(5) of the Act which requires licensees under the Act to respond to notices of investigation or inquiry requests for information from the Department within twenty-one calendar days from the licensee's receipt of the notice or request.

#### SECTION V. RESIDENTIAL MORTGAGE LOAN REPORT

1. The Ocwen Respondents shall provide to the Department a list of all residential mortgage loans currently serviced by the Ocwen Respondents that are secured by a dwelling located in Nebraska. Such list shall include the following information:

- A. The name, address, telephone number, and state of residence of the borrower(s);
- B. The loan number;
- C. The owner of the loan;
- D. The account balance; and,
- E. The location of any escrow funds.

2. The report required in Paragraph 1, above, of this Section V is a continuation of the residential mortgage loan report required by the Cease and Desist Order. The Ocwen Respondents



have timely submitted the required reports to the Department every tenth business day, with the most recent report submitted October 26, 2017.

3. The first report under Paragraph 1, above, of this Section V shall be due to the Department the first Thursday of the month immediately following the effective date of this Consent Order. Thereafter, this report will be submitted to the Department no later than 4:00 p.m., CDT or CST, as applicable, on the first Thursday of each successive month through, and including, May 2018.

#### SECTION VI. COMPLIANCE DESIGNATION

1. The Ocwen Respondents shall jointly designate a senior staff member with management authority, which may or may not include a senior member of the Ocwen Respondents' legal or compliance department, as the point of contact to the Director of the Department for compliance under the terms of this Consent Order, and shall do so within ten (10) days of the effective date of this Consent Order. If the senior staff member terminates employment with the Ocwen Respondents or is assigned other company duties, the Ocwen Respondents shall immediately notify the Director of such occurrence, and shall have ten (10) days to appoint an interim replacement. Subsequent thereto, the Ocwen Respondents shall notify the Director of the name and qualifications of the successor point of contact.

2. This Section VI will remain in effect until Ocwen has fulfilled all of its obligations set forth in the Consent Order, and the Director of the Department has acknowledged in writing that said obligations have been fulfilled.

#### SECTION VII. PAYMENT OF COSTS

1. The Cease and Desist Order provides that the party requesting a hearing on the Cease and Desist Order bears the cost of the hearing. As set forth in the Statement of the Case, above, the Ocwen Respondents filed a request for hearing. The Ocwen Respondents also filed a

Request for Application of the Nebraska Rules of Evidence (“Request”) on July 14, 2017, and agreed to be liable for the payment of costs incurred as a result of the Request and upon any appeal or review thereof.

2. A. The Department has paid the fees and costs of the Hearing Officers in this matter as those have been billed. To date, the Department has paid \$930.00 to former Hearing Officer William Connolly and \$1,071.56 to Hearing Officer Titus. The Ocwen Respondents shall reimburse the Department for the total of these costs, Two Thousand One Dollars and Fifty-Six Cents (\$2,001.56), within ten (10) days after the effective date of this Consent Order.

B. The Ocwen Respondents shall reimburse the Department for any and all additional fees and costs that are billed to the Department by Hearing Officer Titus following the termination of the Cease and Desist Order and cancellation of the hearing as provided in Paragraph 1 of Section VIII, below. This reimbursement shall be paid to the Department within thirty (30) days after the Ocwen Respondents are notified by the Department of the final amount due under this Paragraph 2 of this Section VII.

3. Within ten (10) days after the effective date of this Consent Order, the Ocwen Respondents shall pay the Department’s costs in the amount of Twenty-four Thousand Dollars (\$24,000.00).

4. The total amount of the costs and payments set forth in Paragraphs 2A and 3, above, of this Section VII, Twenty-Six Thousand One Dollars and Fifty-Six Cents (\$26,001.56), shall be paid to the Department by one check or money order or through ACH transmission. The Department will notify the Ocwen Respondents of its receipt of the funds within one (1) business day of receipt.

5. The Ocwen Companies will pay all costs associated with the employment of the Auditor and the preparation of the Escrow Report. Bids on the RFP were returned to the Ocwen Respondents on or before September 30, 2017. The lowest qualifying bid was approximately \$4.4 million.

6. The Ocwen Respondents specifically acknowledge that the Department may incur additional costs as a result of monitoring the Ocwen Respondents' compliance with the terms of this Consent Order, and agree to pay all such reasonable itemized costs as the Department may assess to the Ocwen Respondents. Should the Ocwen Respondents object to any such assessment, the Department agrees to provide the Ocwen Respondents with an opportunity to meet and confer at the offices of the Department.

#### SECTION VIII. SPECIAL AGREEMENTS AND PROVISOS

1. Within ten (10) business days after the Ocwen Respondents comply with Paragraph 1 of Section VI and Paragraph 4 of Section VII, above, the Department shall by Order terminate the Findings of Fact, Conclusions of Law, and Order to Cease and Desist issued to the Ocwen Respondents on April 20, 2017, and cancel the hearing scheduled on the matter.

2. Provided the Ocwen Respondents comply with the terms of this Consent Order, the Department agrees that it will not seek additional penalties related to the allegations contained in the Cease and Desist Order, or the findings of the escrow review process described in Section II and Exhibit B.

3. In the event the Ocwen Respondents, either jointly or severally, fail to comply with any of the provisions of this Consent Order:

A. The Department may commence such action regarding the Ocwen Respondents as it deems necessary and appropriate in the public interest after providing the Ocwen Respondents with an opportunity to meet and confer at the offices of the Department to discuss

and resolve any allegations that the Ocwen Respondents have not complied with this Consent Order.

B. The Ocwen Respondents specifically acknowledge that the action referenced in Paragraph 3A of this Section VIII may consist of one or more of the following: cease and desist order, emergency order, fine, special assessment, payment to the Department of Banking and Finance Settlement Cash Fund as permitted by Neb. Rev. Stat. § 81-302 (Reissue 2014), or contribution(s) to Nebraska-based and located non-profit organizations which provide credit counseling or mortgage and foreclosure counseling services to Nebraskans at reduced or no costs.

4. If, at any time, the Department determines the Ocwen Respondents, either jointly or severally, have committed any other violations of the Act, the Department may take any action available to it under the Act after providing the Ocwen Respondents with an opportunity to meet and confer at the offices of the Department to discuss and resolve any allegations that the Ocwen Respondents have committed any other violations of the Act.

5. The mortgage banker licenses of the Ocwen Respondents expire on December 31, 2017. Renewal of each license may be requested by submitting a renewal request to the Department via the NMLS on or before December 31, 2017. The Department may conduct any investigation it deems necessary concerning each licensee prior to approving the renewal requests which shall only be granted should the Department determine that each entity meets the statutory requirements for such renewal of its license at that time. Execution of this Consent Order shall not be a factor in the Department's consideration of the renewal requests. Failure of the Ocwen Respondents, either jointly or severally, to comply with any of the provisions of this Consent Order will be a factor in the Department's consideration of the renewal requests.

6. The terms and conditions set forth in this Consent Order pertain to, and only encompass, the Cease and Desist Order and shall not be viewed as a substitute for any requirements or terms agreed upon between the Ocwen Respondents and any representatives of state or federal financial regulatory agencies and/or attorney general's offices in resolution of any other current matters.

7. This Consent Order pertains to, and only encompasses, the Multi-State Mortgage Committee examination and the Report of Examination issued in December 2015. This Consent Order does not relate to the National Mortgage Settlement or any metric items under the National Mortgage Settlement. Any matters regarding the National Mortgage Settlement and its use of metrics will be dealt with in separate proceedings or actions.

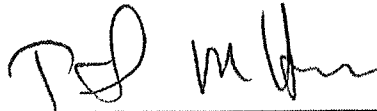
8. The Ocwen Respondents may provide any documents, reports, notices, or information required under this Consent Order to the Department through secure electronic mail at [dob.mortgage@nebraska.gov](mailto:dob.mortgage@nebraska.gov). The Department may provide any documents, notices, or information required under this Consent Order to the Ocwen Respondents through secure electronic mail at or by setting a license item on the NMLS accounts of the Ocwen Respondents.

9. The effective date of this Consent Order will be the date of the Director's signature.

**Remainder of Page Intentionally Left Blank**

DATED this 2<sup>nd</sup> day of November, 2017.

**OCWEN LOAN SERVICING, LLC**  
**NMLS No. 1852**

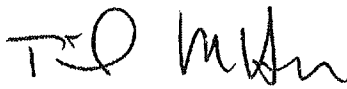
By:   
\_\_\_\_\_  
Timothy M. Hayes, Executive Vice President

1661 Worthington Road  
West Palm Beach, Florida

---

DATED this 2<sup>nd</sup> day of November, 2017.

**OCWEN MORTGAGE SERVICING, INC.**  
**NMLS No. 1089752**

By:   
\_\_\_\_\_  
Timothy M. Hayes, Executive Vice President

William D. Roebuck Industrial Park  
Building 1, Estate Negro Bay  
St. Croix, US Virgin Islands

---

DATED this 3 day of November, 2017.



**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE**

By: Mark Quandahl  
Mark Quandahl, Director

1526 K Street, Suite 300  
Lincoln, Nebraska 68508 22  
(402) 471-2171



# **Exhibit A**

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

IN THE MATTER OF:	)	
	)	FINDINGS OF FACT
Ocwen Loan Servicing, LLC	)	
1661 Worthington Road, Suite 100	)	CONCLUSIONS OF LAW
West Palm Beach, Florida	)	
	)	AND
Ocwen Mortgage Servicing, Inc.	)	
William D. Roebuck Industrial Park	)	ORDER TO CEASE AND DESIST
Building 1, Estate Negro Bay	)	
St. Croix, US Virgin Islands	)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 through 45-754 (Reissue 2010, Cum. Supp. 2016) (the “Act”). The Department has investigated the actions of Ocwen Loan Servicing, LLC, 1661 Worthington Road, Suite 100, West Palm Beach, Florida (“Ocwen Loan”), NMLS No. 1852, and Ocwen Mortgage Servicing, Inc., William D. Roebuck Industrial Park, Building 1, Estate Negro Bay, St. Croix, US Virgin Islands (“Ocwen Mortgage”), NMLS No. 1089752. Ocwen Loan Servicing, LLC, at all relevant times herein was a wholly owned subsidiary of Ocwen Mortgage Servicing, Inc., which is a wholly owned subsidiary of Ocwen Financial Corporation (collectively referred to herein as “Ocwen”). Based upon such investigation, the Department finds as follows:

**FINDINGS OF FACT**

1. On January 2, 2008, the Department joined the Nationwide Mortgage Licensing System and Registry (“NMLS”), a multi-state electronic licensing system. The NMLS uses uniform

licensing forms, including the Form MU1, which is completed by applicants for a mortgage banker license. In addition, the NMLS assigns each entity a unique identifier.

2. 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. The Department is a member of the MMC pursuant to Neb. Rev. Stat. § 45-741(8) (Cum. Supp. 2016).

3. According to Ocwen Loan’s Form MU1, updated on April 5, 2017, Ocwen Loan conducts first mortgage servicing, master servicing, mortgage loan modifications, subordinate lien mortgage servicing, third party first mortgage servicing, and third party subordinate lien mortgage servicing activities for Nebraska residential property. Ocwen Loan was assigned the unique identifier No. 1852.

4. According to Ocwen Mortgage’s Form MU1, updated on April 10, 2017, Ocwen Mortgage conducts first mortgage servicing, master servicing, mortgage loan modifications, and subordinate lien lending activities for Nebraska residential property. Ocwen Mortgage was assigned the unique identifier No. 1089752.

5. On March 1, 2008, the Department issued a mortgage banker license to Ocwen Loan. Ocwen Loan renewed its mortgage banker license pursuant to Neb. Rev. Stat. § 45-706 (Cum. Supp. 2016) for calendar years 2009 through 2017.

6. On May 1, 2014, the Department issued a mortgage banker license to Ocwen Mortgage. Ocwen Mortgage renewed its mortgage banker license pursuant to Neb. Rev. Stat. § 45-706 (Cum. Supp. 2016) for calendar years 2015 through 2017.

7. On February 28, 2015, the states of Florida, Maryland, Massachusetts, Mississippi, Montana, and Washington (“Examining States”) conducted a Multi-State Examination of Ocwen

in order to determine Ocwen's compliance with applicable federal and state laws and regulations, its financial condition, and its control and supervision of the licensed mortgage servicing operations. The Multi-State Examination of Ocwen covered the period of January 1, 2013 to February 28, 2015.

8. Following the Multi-State Examination of Ocwen, the Department was notified by the examining states of identified compliance violations of law, a deteriorating financial condition, and systemic operational limitations under present management, all of which resulted in substantial harm to consumers and presents grave risk to the overall viability of Ocwen as a going concern.

9. In December 2015, the MMC issued to Ocwen a written Report of Examination. In January 2016, Ocwen submitted a written response to the Report of Examination. Subsequently, the MMC has engaged in the collection of additional information from Ocwen.

10. The Multi-State Examination found Ocwen's overall condition to be deficient due to Ocwen's failure to identify, measure, monitor, and control risk associated with rapid growth.

11. The Multi-State Examination found Ocwen's overall financial condition to be deficient. Some of this deficiency was due to:

- a. An earnings loss of 919 million dollars since 2014.
- b. A capital reduction of 1.15 billion dollars since the beginning of 2014. Ocwen has been impeded from raising new capital due to its stock value dropping from fifty-five dollars and ninety-seven cents, on October 25, 2013, to a range of one dollar and fifty cents to seven dollars per share in 2016.
- c. A less than satisfactory liquidity position due to uncertainty surrounding its ability to maintain and refinance borrowing facilities at competitive rates in light of the deteriorating conditions.

- d. Ocwen's 2014 budget did not account for increasing levels of uncollectable servicing advances which resulted in an increase of 77 million dollars over 2013's reserve for bad debt.
- e. Ocwen's failure to adopt limits on exposure to interest rate risk.
- f. Ocwen's selling mortgage servicing rights to loans totaling approximately 88 billion dollars in 2015 which significantly reduced income and contributed to ongoing losses that have eroded capital.

12. The Multi-State Examination found deficiencies in Ocwen's system of records, known as REALServicing, and letter dating deficiencies where there are large scale delays occurring between the time of an event that triggers the need for a letter versus the time the letters were actually mailed by third party vendors. An external review of letter dating deficiencies concluded Ocwen was aware of the deficiencies from at least 2012; the problems were prevalent in all correspondence platforms; and Ocwen's systems and processes did not evolve with growth and regulatory responsibilities.

13. The Multi-State Examination found that Ocwen has engaged in a pattern and practice of unsafe and unsound loan servicing by manipulating the lender-placed force-placed insurance market. Ocwen has artificially inflated premiums and then passed these amounts onto consumers by using exclusive arrangements with market participants that allowed Ocwen to collect unearned commissions and other benefits that artificially inflated premium rates.

14. The Department has had complaints submitted by consumers regarding Ocwen, which include, but are not limited to, mortgage servicing and escrow account matters. The Multi-State Examination found that Ocwen has been unable to accurately reconcile many of the consumer escrow accounts in its portfolio. The Multi-State Examination further found that Ocwen failed to

make timely disbursements to pay for taxes and insurance from escrow accounts on numerous loans. The Multi-State Examination also found that Ocwen routinely sent consumers inaccurate, confusing and/or misleading escrow statements.

15. The Multi-State Examination also found issues and possible violations concerning loan transfers and boarding, default servicing, negative effects of related party transactions, consumer custodial accounts, board oversight, management, and failure to cooperate with examination activities.

16. Upon learning of the Multi-State Examination findings, the Department and other state regulators began participating in discussions with representatives of Ocwen concerning its loan servicing ability and financial condition. State regulators and Ocwen entered into a Memorandum of Understanding (“MOU”) on December 7, 2016.

17. 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.

18. 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 dollars and would be well beyond Ocwen’s financial capacity. Ocwen suggested instead that a sample of four hundred fifty-seven escrow accounts be reconciled 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, including Nebraskans, with unreconciled escrow accounts.

19. 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.

20. 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.

21. For the year ending 2016, Ocwen serviced approximately four thousand eighty-four Nebraska residential loans.

22. The Findings of Fact show Ocwen has failed to demonstrate the ability to continue servicing and originating mortgage loans, and has failed to demonstrate the ability to protect consumers whose loans are serviced by Ocwen.

23. The Department's investigation into this matter is ongoing.

### **CONCLUSIONS OF LAW**

1. Neb. Rev. Stat. § 45-702(15) (Cum. Supp. 2016) defines the term "mortgage banker" as any person (a) other than (i) a person exempt under Section 45-703, (ii) an individual who is a loan processor or underwriter, or (iii) an individual who is licensed in this state as a mortgage loan originator and (b) who, for compensation or gain or in the expectation of compensation or gain, directly or indirectly makes, originates, services, negotiates, acquires, sells, arranges for, or offers to make, originate, service, negotiate, acquire, sell, or arrange for a residential mortgage loan.

2. Neb. Rev. Stat. § 45-702(26) (Cum. Supp. 2016) defines the term “residential mortgage loan” as any loan or extension of credit, including a refinancing of a contract of sale or an assumption or refinancing of a prior loan or extension of credit, which is primarily for personal, family, or household use and is secured by a mortgage, trust deed, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling.

3. Neb. Rev. Stat. § 45-702(29) (Cum. Supp. 2016) defines the term “service” as accepting payments or maintenance of escrow accounts in the regular course of business in connection with a residential mortgage loan.

4. Neb. Rev. Stat. § 45-737(1) (Cum. Supp. 2016) provides that a licensee shall disburse required funds paid by the borrower and held in escrow for the payment of insurance payments no later than the date upon which the premium is due under the insurance policy.

5. Neb. Rev. Stat. § 45-737(2) (Cum. Supp. 2016) provides that a licensee shall disburse funds paid by the borrower and held in escrow for the payment of real estate taxes prior to the time such real estate taxes become delinquent.

6. Neb. Rev. Stat. § 45-706(1) (Cum. Supp. 2016) provides that the business of a mortgage banker shall be operated honestly, soundly, and efficiently in the public interest consistent with the purposes of the Act.

7. Neb. Rev. Stat. § 45-744 (Reissue 2010) provides that the Department may order any person to cease and desist whenever the Department determines that the person has violated any provision of the Act.

8. Neb. Rev. Stat. § 45-752 (Reissue 2010) provides that the Act shall be construed liberally to effectuate its purposes.



9. The facts listed in the above Findings of Fact constitute a sufficient basis for the Department to have determined that Ocwen Loan and Ocwen Mortgage have violated the Act by not operating honestly, soundly, and efficiently in the public interest in connection with its continued servicing of residential mortgage loans.

10. The facts listed in the above Findings of Fact fall within the purview of Neb. Rev. Stat. § 45-750(1) (Reissue 2010), which provides that the Department shall be responsible for the administration and enforcement of the Act.

11. This Order to Cease and Desist is necessary and appropriate in the public interest for the protection of Nebraska residents and is consistent with the purposes fairly intended by the policy and provisions of the Act.

## **ORDER**

### **IT IS THEREFORE ORDERED THAT:**

1. Ocwen Loan Servicing, LLC, 1661 Worthington Road, Suite 100, West Palm Beach, Florida, and Ocwen Mortgage Servicing, Inc., William D. Roebuck Industrial Park, Building 1, Estate Negro Bay, St. Croix, US Virgin Islands, shall cease and desist from violations of the Residential Mortgage Licensing Act, including, but not limited to, the violations resulting from failure to operate honestly, soundly, and efficiently in the public interest.

2. Ocwen shall immediately cease acquiring new mortgage servicing rights, and acquiring or originating new mortgages for Nebraska real property, until such time as Ocwen can show to the satisfaction of the Department that it is a going concern by providing a financial analysis that encompasses all of the liabilities Ocwen currently maintains, as well as liabilities it has knowledge it will incur in the course of its business.

3. Ocwen shall immediately cease acquiring new mortgage servicing rights, and acquiring or originating new mortgages for Nebraska real property, until Ocwen can provide the state regulators with a reconciliation of its escrow accounts showing that consumer funds are appropriately collected, properly calculated, and disbursed accurately and timely.

4. Ocwen shall provide to the Department a list of all residential mortgage loans currently serviced by Ocwen and secured by a dwelling located in Nebraska. Such list shall include the following information:

- a. The name, address, telephone number, and state of residence of the borrower(s);
- b. The loan number;
- c. The owner of the loan;
- d. The account balance; and,
- e. The location of any escrow funds.

5. Ocwen shall provide the information required in Order Item No. 4, above, to the Department no later than 4:00 p.m., CDT, on April 27, 2017, unless the Department agrees to an extension of such deadline.

6. Commencing May 11, 2017, and on every 10<sup>th</sup> business day thereafter, by 4:00 p.m., CDT, of such day, Ocwen shall provide an updated status report of the list of residential mortgage loans currently serviced by Ocwen to the Department. The status report shall include the categories of information required under subparagraphs 4(a) through 4(e). The reporting requirement shall continue until suspended by the Director.

7. Within seventy-two hours of the transfer of servicing rights of any loan included in the list provided by Ocwen, a written notice to the Department shall be provided by Ocwen containing

the borrower name, address, loan number, and the entity to whom the servicing rights have been transferred. This reporting requirement is not substitution for any consumer notification.

8. Ocwen may provide to the Department any report required by this Order through secure electronic mail at [dob.mortgage@nebraska.gov](mailto:dob.mortgage@nebraska.gov). The Department may, in conjunction with other state regulators, designate a single contact person who shall then distribute the information to the Department and to other state regulators.


9. Nothing in this Order shall abrogate Ocwen's responsibility to maintain a surety bond as required by Neb. Rev. Stat. § 45-724 (Reissue 2010) nor preclude the Department from taking any action it deems necessary and appropriate in the public interest, including issuing a notice of cancellation of Ocwen's licenses pursuant to Neb. Rev. Stat. § 45-742(4)(c) (Cum. Supp. 2016), should Ocwen fail to maintain its surety bond.

10. In the event Ocwen fails to comply with any of the provisions of this Order, the Department may commence such action regarding Ocwen as it deems necessary and appropriate in the public interest.

11. Ocwen Loan Servicing, LLC, 1661 Worthington Road, Suite 100, West Palm Beach, Florida, and Ocwen Mortgage Servicing, Inc., William D. Roebuck Industrial Park, Building 1, Estate Negro Bay, St. Croix, US Virgin Islands, separately or jointly, may file a written request for hearing within fifteen business days after the date of this Order. A hearing will be scheduled within thirty business days after the date of receipt of such a request unless the parties consent to a later date or the hearing officer sets a later date for good cause. The party requesting the hearing shall bear the cost of such hearing. If no hearing is requested and none is ordered by the Director, this Order shall remain in effect until it is modified or vacated.

DATED this 20<sup>th</sup> day of April, 2017.

**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE**

By:   
\_\_\_\_\_  
Mark Quandahl, Director

1526 K Street, Suite 300  
Lincoln, Nebraska 68508  
(402) 471-2171

# **Exhibit B**

Ocwen Financial Corporation

CONFIDENTIAL REQUEST FOR PROPOSAL

**Escrow Practices Risk Assessment**

September 12, 2017

# Table of Contents

<b>1</b>	<b>RFP General Guidelines .....</b>	<b>3</b>
1.1	<i>Invitation – Notice of Intent .....</i>	3
1.2	<i>Single Point of Contact .....</i>	3
1.3	<i>Schedule of RFP Activities.....</i>	3
1.4	<i>Acknowledgement .....</i>	3
1.5	<i>Due Diligence Package (DDP) Questionnaire .....</i>	4
1.6	<i>Questions/Clarifications.....</i>	4
1.7	<i>Proposal Submission .....</i>	4
<b>2</b>	<b>Project Details.....</b>	<b>4</b>
2.1	<i>Overview .....</i>	5
2.2	<i>Scope of Engagement .....</i>	15
<b>3</b>	<b>Vendor Selection.....</b>	<b>16</b>
3.1	<i>Selection Criteria .....</i>	16
3.2	<i>Administrative or Judicial Proceedings .....</i>	16
3.3	<i>Business Capabilities .....</i>	17
3.4	<i>Fees .....</i>	17
3.5	<i>References.....</i>	17
3.6	<i>Standard Agreement.....</i>	17
<b>4</b>	<b>RFP Terms and Conditions.....</b>	<b>18</b>
4.1	<i>Right to Select .....</i>	18
4.2	<i>General terms.....</i>	18
<b>5</b>	<b>Company profile.....</b>	<b>18</b>

# 1 RFP General Guidelines

## 1.1 Invitation – Notice of Intent

Ocwen Financial Corporation and its affiliates (collectively, "Ocwen") invite selected bidders (each a "Bidder" and collectively, the "Bidders"), to submit competitive proposals in accordance with the requirements of this Request for Proposal ("RFP") for fulfillment of the project described in Section 2 hereof.

## 1.2 Single Point of Contact

Bidders shall submit all communication with Ocwen related to or in connection with this RFP via e-mail to the following single point of contact ("SPOC"):

Attention: Redacted  
E-mail: Redacted  
Phone: Redacted

Ocwen reserves the right to disqualify Bidders who fail to comply with the procedure detailed in this Section 1.2 at Ocwen's sole discretion and without notice. All correspondence should have the words "Ocwen- RFP" along with the RFP number in the subject line. Any verbal or written statements regarding this RFP by any person other than the SPOC are unauthorized and Bidders should not rely on such communication.

## 1.3 Schedule of RFP Activities

The following table presents the planned schedule for major activities associated with this RFP including, without limitation, distribution, acknowledgement, questions and proposal submission. Ocwen reserves the right to change the timetable, including the associated dates and times at Ocwen's sole discretion.

Milestone	Date	Time
Distribution of RFP	09/12/17	
Acknowledgement	09/13/17	12:00 P.M. ET
Due date for questions	09/14/17	6:00 P.M. ET
Estimated date of response	09/15/17	
Due date for proposals	09/30/17	5:00 P.M. ET

## 1.4 Acknowledgement

Bidders are expected to acknowledge receipt of this RFP by populating the below table and emailing the Bidder's response to the SPOC by September 13th, 2017 by 12:00 est. Please also acknowledge that upon winning the bid, the contract needs to be executed within 10 business days of acceptance.



Date	
Bidder's name (complete legal entity)	
Website	
Business contact name	
Phone number	
E-mail address	
Fax number	
Do you intend to submit a proposal? (Y/N)	
Reasons for declining to submit a proposal	

## 1.5 Questions/Clarifications

Ocwen will accept questions from Bidders seeking clarification of this RFP's content until **September 14th, 2017 at 6:00 p.m. ET**. Bidders may only submit questions regarding the RFP to the SPOC in writing. Bidders shall not contact any other Ocwen employee regarding this RFP. All inquiries to the SPOC shall include:

- RFP name and number
- Bidder's name
- A clear and concise question
- References to specific points within this RFP

## 1.6 Proposal Submission

- Ocwen will accept proposals in response to this RFP until **September 30th, 2017 at 5:00 p.m. ET** (the "Submission Deadline"). Ocwen will not grant extensions to this date and time.
- Bidders shall submit complete proposals in writing to the SPOC via e-mail in Microsoft Word and Microsoft Excel formats, where applicable.
- Bidders shall provide comprehensive and focused proposal that provide the information requested in the RFP. Bidders may provide information of general interest, i.e., marketing brochures, annexed to the response document.
- Bidders shall conspicuously identify any proposals or portions thereof that deviate or fail to address the requirements specified in this RFP.
- Bidders shall submit proposals containing clear organization of pages, sections and attachments. All proposals must remain valid for a minimum of one hundred eighty (180) days from the Submission Deadline.
- Bidders shall submit proposals in English.
- Ocwen reserves the right to reject proposals that Ocwen deems incomplete or non-responsive to the requirements of this RFP without notice to Bidders.

## 2 Project Details

## 2.1 Overview

Ocwen issues this RFP with the purpose of engaging an auditor that will provide independent escrow account review services to Ocwen, as defined in this Section 2.

### Methodology and Scope

#### a. Population and Statistical Sampling Methodology

Each population of loans will consist of (1) escrowed mortgage loans (2) serviced on the REALServicing Platform (3) at some point from January 1, 2013 through June 30, 2017 (4) where the secured property is located in one of the signatory states ("General Population Criteria"). The auditor will calculate the size of a statistically significant sample using a 5% expected margin of error, and 2% precision level.

#### i. Representative Review

The auditor will test one statistically significant sample of loans that meet the General Population Criteria. The sample of loans will be allocated on a pro-rata basis amongst the signatory states based on the percentage share for each state, with every signatory state having at least five loans reviewed. The allocation will be adjusted, as necessary, to ensure the auditor reviews at least five escrowed loans for each signatory state. To the extent the auditor increases the sample size to meet the minimums described above, the overall sample size will also increase, without a commensurate increase in the Pro-Rata Allocation Plus for a signatory state not subject to the minimums described above.

#### ii. Stratified Review (Pro-Rata Allocation)

The auditor will test four statistically significant samples of loans that meet the General Population Criteria where one of the additional criteria listed below exists at some point from January 1, 2013 and June 30, 2017:

- Stratification 1: HOA foreclosures
- Stratification 2: Second liens
- Stratification 3: Loans with a biweekly payment plan
- Stratification 4: Current loans with either positive or negative escrow balances greater than \$10,000

Each stratification will be allocated on a pro-rata basis amongst the signatory states based on the percentage share for each state.

#### iii. Stratified Review (Pro-Rata Plus Allocation)

The auditor will test fourteen statistically significant samples of loans that meet the General Population Criteria where one of the additional criteria listed below exists at some point from January 1, 2013 and June 30, 2017:

- Stratification 5: Adjustable Rate Mortgage
- Stratification 6: Greater than 60 days past due
- Stratification 7: HAMP modification implemented\*
- Stratification 8: Shared Appreciation Modification ("SAM") implemented\*
- Stratification 9: Modifications other than a HAMP or SAM modification implemented\*
- Stratification 10: Borrower filed bankruptcy
- Stratification 11: Private mortgage insurance

- Stratification 12: Flood insurance
- Stratification 13: Condominium master policies
- Stratification 14: Negative escrow balances at time of transfer
- Stratification 15: Negative escrow balances for 3 or more consecutive months
- Stratification 16: Borrower complaints\*\*
- Stratification 17: Capitalized escrow
- Stratification 18: Lender placed insurance

Each stratification will be allocated on a pro-rata basis amongst the signatory states based on the percentage share for each state. The allocation will be adjusted, as necessary, to ensure the auditor reviews at least five escrowed loans per strata for each signatory state. To the extent the auditor increases the sample size to meet the minimums described above, the overall sample size will also increase, without a commensurate increase in the Pro-Rata Allocation Plus for a signatory state not subject to the minimums described above.

\*Implemented is defined as a modification that has been requested and approved to begin a trial payment plan.

\*\*Borrower complaints include those submitted to Ocwen's Ombudsman Department, including complaints received by the Ombudsman Department via email, mail, or phone, provided loans with such complaints can be identified systematically.

#### b. Testing Methodology

The following bullets apply to sections 2.1.b, 2.1.c, and 2.1.d of this RFP:

- Testing will be limited to escrow transactions that occurred and/or statements that were issued while the loan was serviced on the REALServicing platform from January 1, 2013 through June 30, 2017.
  - Some loans will have an escrow account only during certain points in the review period. Testing will be limited to escrow transactions that occurred and/or statements that were issued during the time frames when an escrow account existed for the sampled loan.
- For the purposes of section 2.1.b, Ocwen is defined as Ocwen and its vendors, where applicable.
- Ocwen may disburse amounts from the escrow account to cover multiple items (e.g. hazard insurance, flood insurance, private mortgage insurance, HO6 insurance, county taxes, city taxes, etc.) or it may disburse amounts to cover only one item.
- In the event the auditor determines an error occurred and/or that an error caused harm, Ocwen will have the opportunity to present evidence to establish an error did not occur, the error was not the result of an action taken by Ocwen or its vendors, and/or that the error did not cause harm. The auditor must consider such evidence before making a final determination. However, for purposes of this report, the auditor has sole discretion and authority to determine whether an error has occurred and whether that error has caused harm.
- Error means any instance where the auditor, using the testing methodology defined in section 2.1.b of this request for proposal, determines Ocwen did not administer an escrow account for a sampled loan in compliance with laws governing escrow under the Real Estate Settlement Procedures Act, as implemented by Regulation X, the Truth in Lending Act, as implemented by Regulation Z, the Homeowners Protection Act, or any applicable state law related to escrow.
  - Ocwen, especially in the context of escrow disbursements, must sometimes rely on actions of third parties who are beyond its control (e.g. the borrower's preferred insurance carrier, state taxing authorities, etc.). In some instances, the actions or inactions of these third parties prevent Ocwen from satisfying the tests set forth in Section 2.b of this RFP. For example, the borrower's preferred insurance provider might not inform Ocwen of the need for a disbursement until the day the disbursement is actually due. In order to account for these circumstances, it is not an error if Ocwen's failure to satisfy the test occurred because of the action, inaction, and/or delay of a party other than Ocwen or its

vendors. The auditor has sole discretion and authority to determine whether Ocwen was not able to satisfy the test because of the action, inaction, and/or delay of a party other than Ocwen or its vendors and may communicate with third-party companies to the extent necessary to confirm the circumstances of the error.

- State laws are applicable if they are identified by a signatory state prior to the auditor accepting the engagement, cover topics similar to the topics tested in Section 2.b of this RFP, and provide greater protections to consumers than federal law. To the extent state laws are applicable, the testing methodology in Section 2.b of this RFP will be adjusted to assess compliance with the applicable state laws.
- A borrower can be harmed both financially and through the inconvenience of resolving the error. Financial harm is any fee, charge, payment, or increased mortgage payment the borrower would not otherwise have paid or been charged had the error not occurred. For purposes of this review only, the auditor may assume the borrower was inconvenienced by an error. Additionally, if a lender placed insurance policy is issued due to an error by Ocwen, for the purposes of this review only, the borrower will be deemed to have experienced policy harm, regardless of the cost of such policy. For each error identified, the borrower may experience one, two, or all three types of harm described herein.
  - As discussed above, Ocwen will have an opportunity to present evidence that an error did not actually cause financial harm, inconvenience, or policy harm.
- In performing its testing, the auditor will consider evidence as it existed at the time of the transaction or statement being tested.

#### **Timeliness of Disbursements**

The following bullets apply to the Timeliness of Disbursements section:

- The requirements in this section do not apply if the Auditor determines that the payment was not made in accordance with the narrow exceptions set forth in 12 CFR 1024.17(k) and any applicable state laws.
1. **Timely Disbursements of Hazard Insurance Premiums**
    - a. Did Ocwen disburse borrower hazard insurance payments before the date on which a penalty was assessed to the borrower? 12 CFR 1024.17(k)(1),(2); 12 CFR 1024.34(a)
      - i. A penalty is not assessed to the borrower as long as: Ocwen disbursed a premium from the borrower's escrow account, provided the borrower had an escrow account for hazard insurance and either: (1) the borrower's preferred policy was not cancelled; (2) the borrower's preferred policy was canceled for a reason other than Ocwen's failure to disburse funds from a borrower's escrow account; or (3) if the borrower's policy was canceled because Ocwen failed to disburse funds from a borrower's escrow account, the borrower's preferred insurance carrier reinstated the same policy or rewrote a policy with the same terms and premium, and Ocwen did not assess any required late charge to the borrower.
        1. For clarification, it is a penalty to the borrower if, despite having an escrow account for hazard insurance, they have to pay their own hazard insurance premium in order to avoid penalty or cancellation.
  2. **Timely Disbursement of Taxes**
    - a. Did Ocwen disburse all taxes before the date on which a penalty was assessed to the borrower? 12 CFR 1024.17(k)(1),(2),(3),(4); 12 CFR 1024.34(a)
      - i. If the taxing jurisdiction offers Ocwen a choice between annual and installment disbursements, Ocwen must comply with the requirements below.

1. If the taxing jurisdiction neither offers a discount for disbursements on a lump sum annual basis nor imposes any additional charge or fee for installment disbursements, Ocwen must make disbursements on an installment basis.
  2. If, however, the taxing jurisdiction offers a discount for disbursements on a lump sum annual basis or imposes any additional charge or fee for installment disbursements, Ocwen may, at its discretion, make lump sum annual disbursements in order to take advantage of the discount for the borrower or avoid the additional charge or fee for installments.
- ii. A penalty is not assessed to the borrower as long as: Ocwen disbursed funds for taxes from the borrower's escrow account, provided the borrower had an escrow account for taxes and either (1) relevant evidence, including data obtained from Ocwen's vendor, indicates Ocwen was not required to disburse a late charge imposed by the payee for paying after the disbursement is due or (2) Ocwen's system indicates that any late charge imposed by the payee for paying after the disbursement is due was credited to the borrower's account before the borrower payment was impacted by the penalty.
1. For clarification, it is a penalty to the borrower if, despite having an escrow account for taxes, they have to pay their own taxes in order to avoid a late charge or property lien.

### **Escrow Analysis**

The following bullet applies only to the Escrow Analysis section:

- The auditor will test each escrow account statement sent to the borrower during the review period.

#### **3. Accuracy of Escrow Account Disbursements**

- a. Are the disbursements in the "Account History" section of the escrow account statement accurate?
  - i. The disbursements are accurate if the amounts listed in the "Actual Payments from Escrow" column of the "Account History" section match the amounts debited from the borrower's escrow account, as reflected in the servicing system.
  - ii. Ocwen is permitted to use estimated disbursement amounts if (1) the disbursement is scheduled within the last two months of the "Account History" section and (2) the disbursement has not been made as of the "Analysis Date".
    1. Scheduled disbursements are accurate if they match either (a) "Estimated Amount of Next Disbursement" for that month as set forth in the "Projections for the Coming Year" section of the preceding year's escrow account statement or other evidence indicating the scheduled disbursement for that month or (b) the actual amount disbursed by Ocwen.

#### **4. Accuracy of Escrow Account Deposits**

- a. Are the deposits in the "Account History" section of the escrow account statement accurate?
  - i. The deposits are accurate if the amounts listed in the "Actual Payments to Escrow" column of the "Account History" section match the amounts applied to escrow, as reflected in the servicing system.
  - ii. Ocwen is permitted to assume scheduled deposits if (1) the deposits are scheduled to occur within the last two months of the "Account History" section and (2) the deposits have not been received as of the "Analysis Date".
    1. Scheduled deposits are accurate if they match either (a) the "Total Escrow Payment" as set forth in the preceding year's escrow account statement or (b) the actual deposit for that month.

#### **5. Accuracy of Escrow Account "Beginning Balance"**

- a. Is the "Beginning Balance" in the "Account History" section of the escrow account statement accurate?
  - i. The "Beginning Balance" is accurate if it matches the escrow balance immediately preceding the first month listed in the "Account History" section of the escrow account statement.
  - ii. If the escrow balance does not have a "Beginning Balance" in the account history section, the "Beginning Balance" is accurate if the "Actual Ending Balance" for the first month matches the system of record.
- 6. Accuracy of the "Total Annual Disbursements" Estimate
  - a. Did Ocwen accurately estimate the "Total Annual Disbursement" for the borrower's taxes and/or insurance payments? 12 CFR 1024.17(c), (1),(2),(3),(7)
    - i. Ocwen accurately estimated the "Total Annual Disbursement" if the "Total Annual Disbursement" is based on (1) the amount set forth in any insurance and/or tax documents received by Ocwen that allowed it to know the insurance or tax amounts for the upcoming year, (2) the amount of the disbursements in the preceding year as set forth in Ocwen's system of record, or (3) the amount of the disbursements in the preceding year as set forth in Ocwen's system of record and as modified by the Consumer Price Index.
      - 1. If Ocwen knows the amount of disbursements for the upcoming year, Ocwen must use those amounts to estimate the disbursements.
      - 2. If the disbursement for the preceding year has not yet been disbursed, the preceding year may be two years before the estimated year. For example, if an escrow account statement is generated in August 2014, the August 2015 insurance premium may be estimated based on the August 2013 insurance premium when the August 2014 premium has not yet been disbursed.
    - ii. For the first escrow account statement conducted by Ocwen, the auditor will assume the estimated disbursement amounts are accurate if the prior year's disbursement was not made while the loan was on the REALServicing platform.
- 7. Accuracy of the "Target Escrow Payment"
  - a. Did Ocwen accurately calculate the borrower's "Target Escrow Payment"? 12 CFR 1024.17(c)(1),(2),(3)
    - i. Ocwen accurately calculated the "Target Escrow Payment" as listed in the "Projections for the Coming Year" section of the escrow account statement if the "Target Escrow Payment" equals 1/12 of the estimated "Total Annual Disbursements."
      - 1. The amount is accurate if it is within +/- \$1.00 of 1/12 of the estimated "Total Annual Disbursements".
- 8. Accuracy of the cushion
  - a. Did Ocwen accurately calculate the borrower's cushion? 12 CFR 1024.17(c)(1),(2),(5)
    - i. Ocwen accurately estimated the cushion when it is equal to or less than twice the amount of the "Target Escrow Payment."
- 9. Accuracy of the target balance ("Starting Escrow Balance Needed")
  - a. Did Ocwen accurately calculate the borrower's "Starting Escrow Balance Needed"? 12 CFR 1024.17(c)(1),(2),(3),(4); 12 CFR 1024.17(d)
    - i. Ocwen accurately estimated the target balance, if the "Starting Escrow Balance Needed" listed in the "Projections for Coming Year" section matches the "Actual Ending Balance" or "Required Bal Projections" (column header varies by year) for the last month listed in the "Projections for Coming Year" section.
      - 1. The target balance is accurate if it is within +/- \$1.00 of the "Actual Ending Balance" or "Required Bal Projections" listed in the "Projections for Coming Year" section.
- 10. Accuracy of surplus, shortage, and deficiency calculations
  - a. Did Ocwen accurately calculate any surplus, shortage, or deficiency? 12 CFR 1024.17(f)(1),(2),(3),(4)
    - i. Ocwen accurately calculated the surplus if the amount of the surplus equals the "Actual Ending Balance" for the last month listed in the "Account History" section minus the "Starting Escrow

Balance Needed" listed in the "Projections for Coming Year" section. A surplus exists if the difference is positive.

- ii. Ocwen accurately calculated the shortage if the amount of the shortage equals the "Actual Ending Balance" for the last month listed in the "Account History" section minus the "Starting Escrow Balance Needed" for the last month listed in the "Projections for Coming Year" section. A shortage exists if the difference is negative.
- iii. Ocwen accurately calculated the deficiency if the deficiency equals the amount of the "Actual Ending Balance" for the last month listed in the "Account History" section and such amount is less than \$0.

#### 11. Surplus Refund

- a. In instances where Ocwen determined there was a surplus, did Ocwen refund the surplus? 12 CFR 1024.17(f)(2)
  - i. For a surplus of less than \$50, Ocwen may credit the surplus against the next year's escrow payment.
  - ii. Ocwen is only required to refund the surplus if the borrower is current at the time of the escrow analysis. The borrower is current if Ocwen receives the borrower's payment within 30 days of the payment due date. If the borrower is not current, Ocwen may retain the surplus.
  - iii. Ocwen refunded the surplus if Ocwen debited an amount to the borrower's escrow account in the amount of the surplus, as reflected in the system of record.

#### 12. Shortage/Deficiency Distribution

- a. In instances where Ocwen determined there was a shortage/deficiency, did Ocwen appropriately distribute the shortage/deficiency? 12 CFR 1024.17(f)(3)
  - i. Ocwen adds shortages and deficiencies together and distributes the sum in the same manner.
  - ii. For all shortages/deficiencies, regardless of amount, Ocwen appropriately distributed the shortage/deficiency when the escrow account statement being tested indicates it will either (1) allow the shortage/deficiency to exist and do nothing to change it or (2) require the borrower to repay the shortage/deficiency over at least a 12-month period.
  - iii. For shortage/deficiencies of less than one-month's escrow payment, Ocwen appropriately distributed the shortage/deficiency when the escrow account statement being tested indicates it will (1) allow the shortage/deficiency to exist and do nothing to change it or (2) require the borrower to repay the shortage/deficiency over at least a 12-month period, or (3) require the borrower to repay the shortage/deficiency amount within 30 days.
- b. Ocwen need only distribute the deficiency, as explained above, if the borrower is current at the time the escrow analysis is generated. If the borrower is not current, Ocwen may recover the deficiency pursuant to the terms of the loan documents. Ocwen may also distribute the deficiency in accordance with the requirements described above, if it so chooses.
  - i. The borrower is current if Ocwen receives the borrower's payment within 30 days of the payment due date.

### Refund of Escrow Balance

#### 13. Refund of Escrow Balance Following Payment in Full

- a. If the borrower pays the account balance in full, did Ocwen refund the remaining escrow balance? 12 CFR 1024.34(b)
  - i. This test only applies to instances where the borrower paid the account balance in full.
  - ii. Ocwen issued a refund, if the refund equals the amount of the escrow balance in existence on the date the account was paid in full.
    - 1. Ocwen may, in some instances, issue a subsequent refund to the borrower for amounts refunded to the escrow account after the date the account was paid in full (e.g., Ocwen

receives refunds from an LPI policy or a preferred policy carrier after sending the initial refund to the borrower).

### Private Mortgage Insurance Testing Supplement

The following bullets apply to the Private Mortgage Insurance Testing Supplement:

- This test applies to loans in Stratification 11 only.
- This test applies to loans originated on or after July 29, 1999 that are secured by single-family dwellings that are the principal residence of the borrower where the loan was used to finance the acquisition, initial construction, or refinancing of that dwelling.
- If a loan has been modified, the termination date is calculated using the modified terms and conditions of the loan.
- Original value means the lesser of the sales price of the property securing the mortgage or the appraised value at the time at which the subject residential mortgage transaction was consummated.
  - When determining the original value, the auditor may obtain relevant information from Ocwen's system of record.

#### 14. Borrower Requested Cancellation of Private Mortgage Insurance

- a. Did Ocwen cancel the private mortgage insurance (1) on or before the cancellation date (2) when the borrower satisfied the criteria for borrower requested cancellation of the private mortgage insurance? 12 U.S.C. 4901(2); 12 U.S.C. 4902(a)
  - i. This section is only relevant if the borrower has reached the cancellation date, as defined below.
  - ii. For fixed rate and adjustable rate mortgages, the cancellation date means the date on which the principle of the mortgage based solely on actual payments reaches 80% of the original value of the property securing the loan.
  - iii. Ocwen may also define the cancellation date as:
    1. For fixed rate mortgages, the date on which the mortgage is first scheduled to reach 80 percent of the original value of the property securing the loan based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date.
    2. For adjustable rate mortgages, the date on which the mortgage is first scheduled to reach 80 percent of the original value of the property securing the loan based solely on the amortization schedule then in effect for that mortgage, and irrespective of the outstanding balance for that mortgage on that date.
  - iv. The borrower satisfies the criteria for borrower requested cancellation when:
    1. The borrower submits a request for cancellation in writing to the servicer;
    2. The borrower has a good payment history with respect to the residential mortgage;
      - a. Good payment history means that the borrower has not
        - i. Made a mortgage payment that was 60 days or longer past due during the 12-month period beginning 24 months before the later of (1) the date on which the mortgage reaches the cancellation date, or (2) the date that the borrower submits a request for cancellation, or
        - ii. Made a mortgage payment that was 30 days or longer past due during the 12-month period preceding the later of (1) the date on which the mortgage reaches the cancellation date, or (2) the date that the borrower submits a request for cancellation.
    3. The borrower is current on the payments required by the terms of the residential mortgage transaction; and



4. The borrower has satisfied any of Ocwen's requirements for:
  - a. Evidence (of a type established in advance and made known to the mortgagor by the servicer promptly upon receipt of a request) that the value of the property securing the mortgage has not declined below the original value of the property; and
  - b. Certification that the equity of the mortgagor in the residence securing the mortgage is unencumbered by a subordinate lien

**15. Automatic Termination of Private Mortgage Insurance**

- a. Did Ocwen terminate private mortgage insurance on or before the automatic termination date? 12 U.S.C. 4901(18); 12 U.S.C. 4902(b)
  - i. This automatic termination test is only applicable if the private mortgage insurance was not cancelled pursuant to the test described in Section 14 and the account has reached the termination date, as defined below.
  - ii. The termination date is the date a current borrower's loan to value ratio is greater than or equal to 78%, based solely on payments made.
  - iii. Ocwen may also define the termination date as:
    1. For fixed rate mortgages, the date on which the principal balance of the mortgage, based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan.
    2. For adjustable rate mortgages, the date on which the principal balance of the mortgage, based solely on the amortization schedule then in effect for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan.
  - iv. Ocwen is only required to terminate private mortgage insurance on the termination date if, on that date, the borrower is current on the payments required by the terms of the residential mortgage transaction.
    1. If the borrower is not current on the termination date, Ocwen is required to terminate private mortgage insurance on the first day of the first month beginning after the date that the borrower becomes current on the payments required by the terms of the residential mortgage transaction.

**16. Final Termination**

- a. Did Ocwen terminate the private insurance on or before the final termination date? 12 U.S.C. 4901(12); 12 U.S.C. 4902(c)
  - i. This final termination test is only applicable if the private mortgage insurance was not cancelled pursuant to the test described in section 14 or terminated pursuant to the test described in section 15.
  - ii. The final termination date is the first day of the month immediately following the date that is the midpoint of the amortization period of the loan if the mortgagor is current on the payments required by the terms of the mortgage.
    1. The midpoint is the point in time that is halfway through the period that begins upon the first day of the amortization period established at the time a residential mortgage transaction is consummated and ends upon the completion of the entire period over which the mortgage is scheduled to be amortized.

## **Lender Placed Insurance Testing Supplement**

The following bullets apply to the Lender Placed Insurance Testing Supplement:

- This test will apply to loans in Stratification 18 only.
- The term hazard insurance refers to insurance on the property securing a mortgage loan that protects the property against loss caused by fire, wind, earthquake, theft, falling objects, freezing, and other similar hazards for which the owner or assignee of such loan requires insurance. 12 CFR 1024.31
  - This section is not applicable to lender placed flood insurance policies. 12 CFR 1024.37(a)(2)(i)
- To confirm that a borrower had continuous insurance coverage that is compliant with hazard insurance requirements, Ocwen may require a written copy of the borrower's hazard insurance policy declarations page, the borrower's insurance certificate, the borrower's insurance policy, or other similar forms of written confirmation.
  - Ocwen may reject such evidence if the terms and conditions of the borrower's hazard insurance policy do not comply with the requirements set forth in relevant policies and procedures.
  - The evidence must be received at the fax number, website, or mailing address, as applicable, that Ocwen communicated to the borrower, borrower's agent, or borrower's insurance carrier for submitting the required documentation.

### **17. Charge for Lender Placed Insurance Policy**

- a. Did Ocwen have a reasonable basis for assessing the borrower a premium charge or fee related to lender placed insurance? 12 CFR 1024.37(b)
  - i. The testing described in Section 17(a) only applies to loans where Ocwen assessed a premium charge or fee to the borrower on or after January 10, 2014, unless state law requires otherwise.
  - ii. Before assessing the borrower a premium charge or fee related to lender placed insurance, Ocwen must have a reasonable basis for assessing the premium charge and/or fee and act with reasonable diligence to ascertain a borrower's hazard insurance status.
  - iii. Ocwen has a reasonable basis for assessing the borrower a premium charge or fee related to lender placed insurance if Ocwen has received information, either verbally or in writing, from the borrower, the borrower's insurance provider, or the borrower's insurance agent and such information indicates the borrower has failed to comply with the requirement to maintain hazard insurance.
  - iv. If Ocwen is issuing a lender placed insurance policy, rather than renewing or replacing a lender placed insurance policy, Ocwen acted with reasonable diligence to ascertain a borrower's hazard insurance status if:
    1. Ocwen, at least 45 days before assessing to the borrower a lender placed insurance premium charge or fee, sent the borrower a written notice stating that it may purchase lender placed insurance at the borrower's expense and requesting the required insurance information (12 CFR 1024.37(c)(1)(i));
    2. Ocwen, at least 30 days after the initial notice and at least 15 days prior to assessing a lender placed insurance premium charge or fee, sent the borrower a reminder notice stating that it may purchase lender placed insurance at the borrower's expense and requesting the required insurance information (12 CFR 1024.37(c)(1)(ii)); and
    3. Ocwen did not receive from the borrower or the borrower's insurance agent, evidence demonstrating that the borrower had continuous hazard insurance coverage that complies with the requirements regarding hazard insurance set forth in relevant policies and procedures. 12 CFR 1024.37(c)(1)(iii)
  - v. If Ocwen is renewing or replacing a lender placed insurance policy (*i.e.*, the most recent insurance policy in effect prior to the policy being tested is a lender placed insurance policy), Ocwen acted with reasonable diligence to ascertain a borrower's hazard insurance status if:

1. Ocwen, at least 45 days before assessing to the borrower a lender placed insurance premium charge or fee, sent the borrower a written notice stating that it may purchase lender placed insurance at the borrower's expense and requesting the required insurance information (12 CFR 1024.37(e)(1)(i)); and
2. Ocwen did not receive, from the borrower or the borrower's insurance agent, evidence demonstrating that the borrower had continuous hazard insurance coverage that complies with the requirements regarding hazard insurance set forth in relevant policies and procedures. 12 CFR 1024.37(e)(2)(ii)
3. Notwithstanding the requirements described above, if Ocwen receives evidence demonstrating that the borrower lacked insurance for a period of time following the expiration of the existing lender placed insurance policy, Ocwen may immediately assess the borrower a premium charge or fee for a lender placed insurance policy for that time period. 12 CFR 1024.37(e)(iii)

**18. Bona Fide and Reasonable Charge**

- a. Did Ocwen assess the borrower a premium charge or fee for a lender placed insurance policy that was bona fide and reasonable? 12 CFR 1024.37(h)(1), (2), specific state laws
  - i. The premium charge is bona fide and reasonable if: (1) Ocwen assessed the borrower a charge or fee in the amount Ocwen was charged for the lender placed insurance policy, and (2) the effective date for the lender placed insurance policy is on or after the date the borrower's preferred hazard insurance policy was no longer effective.
    1. The date on which the borrower's preferred hazard policy is no longer effective may be determined from written or verbal information provided by the borrower's insurance carrier. In the event of a conflict between written and verbal information, the earliest date controls.

**19. Timely Cancellation of Lender Placed Insurance**

- a. Did Ocwen correctly cancel the lender placed insurance policy and refund the appropriate lender placed insurance premium charges and fees? 12 CFR 1024.37(g), specific state laws
  - i. This test applies to loans where Ocwen received, on or after January 10, 2014, evidence demonstrating that the borrower had continuous hazard insurance coverage that overlapped with the period of time covered by a lender placed insurance policy.
  - ii. Ocwen must cancel the lender placed insurance policy within 15 days of receiving, from the borrower or the borrower's agent, evidence demonstrating that the borrower had continuous hazard insurance coverage that overlapped with the period of time covered by a lender placed insurance policy and complied with the hazard insurance requirements set forth in relevant policies and procedures. 12 CFR 1024.37(g)(1)
    1. Ocwen is not required to cancel a lender placed insurance policy within 15 days of a verbal communication with either the borrower or the borrower's agent, even if such communication follows receipt of a document that does not meet the requirements set forth in relevant policies and procedures.

**20. Accuracy of Pro-Rata Refund of Lender Placed Insurance Premium**

- a. Did Ocwen accurately refund the pro-rata portion of the lender placed insurance premium charge or fee to the borrower's escrow account or directly to the borrower? 12 CFR 1024.37(g)
  - i. Ocwen must refund, to the borrower's escrow account or directly to the borrower, all lender placed insurance premium charges and/or fees paid by the borrower for any period of overlapping insurance coverage and/or remove such amounts from the borrower's account.
    1. A period of overlapping insurance coverage means the period of time during which the lender placed insurance policy and the borrower's preferred hazard insurance policy were in effect at the same time.

2. The pro-rata refund will be calculated based on the formula used by Ocwen at the time of the refund.

c. Additional Information Related to Errors

For each error identified by the auditor, as defined in Section 2.1.b., it will gather the following information to the extent the information is reasonably accessible:

- The name of the borrower;
- The state where the property is located;
- The nature of the error;
- The date of the error;
- The date Ocwen first became aware of the error;
- How the error came to Ocwen's attention (internal process, third-party notification, consumer complaint, regulatory agency, etc.);
- An analysis of whether the error caused financial harm, including:
  - Basis for determination regarding financial harm, and
  - Amount of any harm.
- If the error was remediated, and, if so, how and when it was remediated; and
- For any unidentified or un-remediated Errors, the auditor must provide information regarding why the error was not identified and/or remediated. During the review, the auditor will also determine if the error caused any financial harm to the borrower.

Information is reasonably accessible when it is gathered during the loan level testing or can be obtained through communications with Ocwen or its vendors. Information is not reasonably accessible if the auditor or Ocwen must conduct research that extends beyond a review of the usual and customary sources where Ocwen may obtain such information.

d. Corrective Actions

If the auditor identifies Errors previously remediated by Ocwen, regardless of whether they resulted in financial harm, the auditor will confirm that the corrective actions were sufficient to: (1) remediate the Error, and, if applicable, remediate any other similarly impacted borrowers, and (2) prevent the Error from recurring. The auditor may rely on documentation provided by Ocwen or its vendors in determining whether corrective actions were sufficient. Ocwen remediated harm if it provided restitution to correct financial harm and took steps to prevent the error from recurring.

If the auditor determines Ocwen's corrective actions were not sufficient or identifies instances of non-remediated errors, Ocwen will implement a corrective action plan not objected to by the signatory states. The auditor will confirm the corrective action plan and any necessary remediation efforts are sufficient. In the event Ocwen implements remediation to address a non-remediated Error, the auditor will review a statistically valid sample of borrowers potentially impacted by each root cause to confirm the remediation efforts were successfully completed.

## 2.2 Scope of Engagement

The auditor will:

- Develop an Audit Plan detailing how it will apply the testing methodology set forth in Section 2.1 within 60 days of engagement; Start time to begin the project after submission of the audit plan will be within 30 days.
- Conduct the testing described in the Audit Plan (if it is necessary to come onsite the location would most likely be the Ocwen Addison, TX location);
- Revise the Audit Plan as necessary to account for additional evidence or circumstances discovered during testing; and
- Generate a final report ("Escrow Report") regarding its activities that will include any information that it deems relevant to the Escrow Report (at a minimum the report will describe the auditor's Sampling Methodology, Testing Methodology, a spreadsheet complete with a full listing of escrow accounts reviewed including the information in 2.1(c), and information related to Corrective Actions).
  - The Escrow Report, and any drafts, shall be provided simultaneously to Ocwen and the signatory states.
  - The Escrow Report will not include an error rate calculated by the auditor.

## **3 Vendor Selection**

### **3.1 Selection Criteria**

Ocwen's Bidder selection criteria are designed to ensure the selection of a highly qualified vendor that is capable of performing all tasks within the scope of engagement in a comprehensive and expeditious manner. Ocwen will use the selection criteria set forth below in connection with this RFP.

#### Qualifying Criteria:

- Successful completion of Ocwen's compliance check
- Specific capabilities to meet technical and business requirements scoped under Section 2.2

#### Evaluation Criteria:

- Overall cost of the engagement
- Expertise and experience with similar engagements
- Acceptance of the Agreements
- Bidder diversity
- Audited financial statements for the most recent fiscal year and quarter. If audited financials are unavailable, Bidders are required to provide unaudited statements with an accompanying certification from an appropriate officer of the company stating that such data is current and accurate
- W-9 form (August 2013 version or later) filled, signed and dated W-9
- Vendor and bank account details for automated clearing house payment setup (attached)
- Disaster recovery and business continuity plan
- Attestations of background check
- Security questionnaire (attached)
- Certificate of insurance

### **3.2 Administrative or Judicial Proceedings**

Each Bidder shall describe any pending, contemplated or ongoing administrative or judicial proceedings material to the Bidder's business or finances. Such description shall include, without limitation, any litigation, consent orders or

agreements with any state or federal regulatory agency issued to the Bidder or to any subcontractor the Bidder plans to use for the Services described herein.

In addition, each Bidder shall indicate whether the Bidder or any of its executive officers or directors is currently or has been within the past three (3) years a party to any legal proceeding or regulatory action (whether government or industry) other than those arising out of the ordinary course of business. As to each such proceeding or action, the Bidder shall identify the court or agency involved and provide a description of the nature of the matter and its final outcome or current status, as applicable.

### **3.3 Business Capabilities**

Each Bidder must provide a detailed response to Section 2.2 addressing all requirements that explains the Bidder's strategy and capability to deliver on the same. Bidders shall include the expected timeline for completion of the scope, milestones, expected number of resources, travel plans, foreseeable complexities and any other relevant details that can illustrate the Bidder's experience and capabilities.

### **3.4 Fees**

Each Bidder must provide a detailed breakdown of the hours that the Bidder will dedicate to address each point in the scope, along with the applicable hourly rates. In lieu of fees based on hourly rates, Ocwen will consider a fixed-fee arrangement for this RFP. Bidders shall identify expected out-of-pocket expenses, if any, as a separate cost and will require Ocwen's prior written approval of incurring such expenses. The standard payment term is net forty-five (45) days and invoicing will only occur after services are delivered and then accepted by Ocwen. Bidders will submit proposal prices in U.S. dollars.

### **3.5 References**

Bidders shall submit three (3) customer references, for which Bidders have performed similarly scoped services within the past 12 months. Such references shall include:

- Company name
- Contact person (should be at managerial level or above)
  - Name, phone number, availability
- Reference description
  - Brief explanation of Bidder's relationship with the reference and the type of services provided during the past twelve (12) months

### **3.6 Standard Agreement**

A proposal submitted in response to this RFP shall constitute a binding offer by Bidder. The binding offer will remain binding and irrevocable for a period of one hundred eighty (180) days after the Submission Deadline. A proposal submitted in response to this RFP acknowledges acceptance by a Bidder of the terms and conditions set forth in the Master Vendor Agreement, which is attached hereto as Exhibit A and incorporated herein by this reference. Any remarks, additions, amendments or exceptions attached by the Bidder to the proposal, which conflict with the RFP and/or Agreement, are hereby rejected and will result in Ocwen deeming the proposal non-responsive. Upon bid award, Ocwen will execute the Agreement with the selected Bidder or Bidders along with the applicable SOWs.

## **4 RFP Terms and Conditions**

### **4.1 Right to Select**

Ocwen reserves the right to (i) reject any and all proposals; (ii) waive informalities and minor irregularities in proposals received; (iii) accept any portion of a proposal or all items proposed if deemed in Ocwen's best interest and (iv) award more than one Bidder. All material submitted by Bidders in response to this RFP become the property of Ocwen. Ocwen's receipt of a proposal to this RFP or response to any inquiry shall have no legal binding effect on Ocwen. A fully executed written agreement entered into with the selected Bidder or Bidders is required before any obligation is imposed on Ocwen.

### **4.2 General terms**

- Ocwen shall have no liability for costs Bidders incur in connection with the preparation or submission of any proposal.
- This RFP is not an offer to purchase any services or materials. All expenses related to the development and submission of a proposal to this RFP are a Bidder's sole responsibility
- The information contained in this RFP is provided to guide interested parties in formulating proposals and no representation is made regarding the completeness or accuracy of the information provided herein
- Ocwen shall have no liability for any inaccuracies that this RFP may contain or any intentional or accidental omissions from this RFP
- Bidders shall not rely on anything contained in this RFP as a commitment, guarantee or representation by Ocwen regarding future events or performance obligations

## **5 Company profile**

Ocwen Financial Corporation is a publicly traded financial services company (NYSE:OCN). Through its operating subsidiaries, Ocwen provides residential mortgage loan servicing to homeowners throughout the United States. Ocwen has a global presence with multiple offices across the United States, India, the US Virgin Islands, and the Philippines. If you would like to learn more about Ocwen, please visit [www.ocwen.com](http://www.ocwen.com).