



NEWS RELEASE

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FOR IMMEDIATE RELEASE : Thursday, December 19, 2013
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Attorney General Jackley Addresses Ocwen Mortgage Servicing Wrongs through Joint State-Federal Settlement

PIERRE, S.D.- Ocwen Financial Corporation, and its subsidiary, Ocwen Loan Servicing, have agreed to a \$2.1 billion dollar joint state-federal settlement with South Dakota, 48 additional states and the District of Columbia, and the Consumer Financial Protection Bureau (CFPB).

“This settlement provides direct relief for South Dakota homeowners harmed by concerning mortgage practices and requires corrective action to better ensure fair practices,” said Jackley. “This is part of our ongoing civil enforcement effort to hold servicers, including Ocwen, accountable and ensure that they treat borrowers fairly.”

In South Dakota, Ocwen will provide troubled borrowers with an estimated \$540,065 in first lien principal reductions, and 127 loans will be eligible to receive a cash payment. The payment amount, which is contingent on the number of consumers who submit valid claims, is projected to exceed \$1,000.

The settlement terms address servicing misconduct by Ocwen, and two companies later acquired by Ocwen, Homeward Residential Inc. and Litton Home Servicing LP. Ocwen specializes in servicing high-risk mortgage loans.

According to a complaint filed in the U.S. District Court for the District of Columbia, the misconduct resulted in premature and unauthorized foreclosures, violations of homeowners’ rights and protections, and the use of false and deceptive documents and affidavits, including “robo-signing.”

The settlement with the nation’s fourth largest mortgage servicer is the result of a massive civil law enforcement investigation and initiative that includes State Attorneys General, state mortgage regulators and the CFPB. Through a court order, the settlement holds Ocwen accountable for past mortgage servicing and foreclosure abuses, provides relief to homeowners, and stops future fraud and abuse.

Under the settlement, Ocwen agreed to \$2 billion in first-lien principal reduction, and \$125 million for cash payments to borrowers on nearly 185,000 foreclosed loans. The payment amount, which is contingent on the number of consumers who submit valid claims, is projected to exceed \$1,000.

The [National Mortgage Settlement](#), a three-year agreement reached in 2012 with the Attorneys General of 49 states and the District of Columbia, the federal government, and five mortgage servicers (Ally/GMAC, Bank of America, Citi, JPMorgan Chase and Wells Fargo), has so far provided more than \$51 billion in relief to distressed homeowners and created significant new servicing standards. The U.S. District Court in Washington, D.C. entered the consent judgments on April 5, 2012.

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

Ocwen Agreement Highlights

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

Because of the complexity of the mortgage market and this agreement, which will span a three year period, in some cases Ocwen will contact borrowers directly regarding principal reductions. However, borrowers should contact Ocwen to obtain more information about principal reductions and whether they qualify under terms of this settlement.

A settlement administrator will contact qualified borrowers associated with foreclosed loans regarding cash payments.

If you need additional information on this settlement, contact the Attorney General's Consumer Protection Division at 1-800-300-1986 or email at consumerhelp@state.sd.us.