

IN THE MATTER OF:

OCWEN FINANCIAL CORPORATION,

**OCWEN MORTGAGE SERVICING INC.,
NMLS # 1089752,**

**OCWEN LOAN SERVICING, LLC,
NMLS # 1852,**

**OCWEN FINANCIAL SOLUTIONS
PRIVATE LIMITED,
NMLS # 15877,**

**OCWEN BUSINESS SOLUTIONS, INC.,
NMLS # 1283393,**

**HOMEWARD RESIDENTIAL, INC.,
NMLS # 3984, and**

**LIBERTY HOME EQUITY SOLUTIONS,
INC.,
NMLS # 3313,**

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2017-13

Respondents.

SETTLEMENT AGREEMENT AND CONSENT ORDER

This Settlement Agreement and Consent Order (“Agreement”) is entered into this 23rd day of February, 2018, by and between the Maryland Office of the Commissioner of Financial Regulation (hereinafter the “Agency”) and Ocwen Financial Corporation (“OFC”), Ocwen Mortgage Servicing Inc., Ocwen Loan Servicing, LLC (“OLS”), Ocwen Financial Solutions Private Limited, Ocwen Business Solutions, Inc. (“OBSI”), Homeward Residential, Inc., and Liberty Home Equity Solutions, Inc. (“Liberty”) (collectively referred to herein as “Respondents”). The Agency and the Respondents (collectively the “Parties”) consent to the entry of this Agreement as a final resolution of this matter and the Summary Order to Cease and

Desist and Partial Summary Suspension of Respondents' Maryland Mortgage Lender Licenses ("Summary Order") issued by the Agency on April 20, 2017.

1. Pursuant to the Maryland Mortgage Lender Law ("MMLL", at Annotated Code of Maryland, Financial Institutions Article ("FI"), § 11-501 *et seq.*), the Agency is responsible for licensing and regulating, *inter alia*, the activities of mortgage lenders and mortgage servicers with respect to consumer loans secured by residential real property located in the State of Maryland (the "State").

2. Respondents are licensed by the Agency pursuant to the MMLL with the exception of OFC, which is the parent company of Respondents.

3. Although Respondents do not admit to any of the findings or alleged violations set forth in this Agreement, they wish to resolve these alleged violations without the need for further administrative proceedings or other legal proceedings and avoid the costs associated therewith, and therefore agree to waive their right to a hearing on the Summary Order and to resolve this matter fully, finally, and completely in accordance with this Agreement; further, Respondents accept without condition, and fully agree to abide by, each and every term set forth in this Agreement.

4. The Agency, in conjunction with the Multi-State Mortgage Committee ("MMC"), a committee of state mortgage regulators who have agreed to address their enforcement concerns with Respondents in a collective and coordinated manner, undertook a multi-state examination of OLS in 2015 ("MMC Examination") in order to evaluate OLS's compliance with applicable federal and state laws and regulations, financial condition, and control and supervision of its licensed mortgage servicing operations.

5. During the MMC Examination, the participating states and the Agency identified violations of both state and federal law, a deteriorating financial condition, and systemic operational limitations that had resulted in harm to borrowers.

6. Based on the MMC Examination, the Agency issued the Summary Order on April 20, 2017, alleging, in part, that Respondents had violated the MMLL, certain regulations promulgated thereunder, and Regulation X (12 C.F.R. Part 1024) of the Real Estate Settlement Procedures Act (12 U.S.C. 2601 *et seq.*), and that such violations indicated that the Respondents' businesses had not been or would not be conducted honestly, fairly, equitably, and efficiently in the State.

7. The definition of "mortgage servicer" under FI § 11-501 includes, *inter alia*, "a person who . . . [e]ngages in whole or in part in the business of servicing mortgage loans for others . . . or . . . [c]ollects or otherwise receives payments on mortgage loans . . . for distribution to any other person."

8. Pursuant to FI § 11-504, a person may not act as a mortgage servicer unless the person is a licensee or a person exempted from licensing under the MMLL.

9. Pursuant to FI § 11-505, a MMLL license authorizes the licensee to act as a mortgage servicer at one place of business, and a person may not conduct any mortgage loan business at any location different from the address and name that appears on the person's license.

10. A person that engages in collection activity on a mortgage loan is required to be licensed under the MMLL, and a MMLL license is required regardless of whether the person that engages in collection activity receives any payments on a mortgage loan.

11. Between August 26, 2013 and September 1, 2015, OBSI, while unlicensed in the State, conducted collection calls and, in some instances, obtained information from individuals that resulted in the collection of thousands of payments on mortgage loans from Maryland borrowers by OLS.

12. Thereafter, OBSI obtained a collection agency license under the Maryland Collection Agency Licensing Act (Maryland Code Annotated, Business Regulation Article, § 7-101 *et seq.*) on or about September 10, 2015, and obtained a MMLL license on or about April 11, 2016.

13. Maryland Code Annotated, Commercial Law Article (CL), §§ 12-121 and 12-1027 prohibit the imposition of a lender's inspection fee in connection with a loan made to a consumer borrower that is secured by residential real property.

14. OLS charged tens of thousands of property inspection fees to thousands of Maryland borrowers of forward mortgage loans that are or have been secured by residential real property.

15. Liberty charged hundreds of property inspection fees to a number of Maryland borrowers of reverse mortgage loans that are or have been secured by residential real property.

16. Respondents represent and warrant that they have previously waived certain property inspection fees on both forward and reverse mortgage loans that were made to Maryland borrowers and that are or have been secured by residential real property.

17. Respondents represent and warrant that as of this Agreement's execution date they have implemented changes reasonably designed to prevent Maryland borrowers of forward and reverse mortgage loans that are secured by residential real property from being charged or, in the event that the borrower has been charged a property inspection fee, paying property

inspection fees. As used throughout this Agreement, the execution date of this Agreement is the date that it is signed by all parties as herein listed below. The Parties agree that this paragraph shall in no way impact the scope of the release in Paragraph 24, and does not create any additional defenses beyond those that existed prior to this Agreement's execution date.

18. 12 CFR 1024.17(k) requires servicers to make disbursements from escrow accounts to taxing authorities and insurance companies in a timely manner, defined as "on or before the deadline to avoid a penalty, as long as the borrower's payment is not more than 30 days overdue."

19. Respondents failed to make timely disbursements from escrow accounts for hundreds of Maryland loans during the MMC Examination review period of January 1, 2013 through February 28, 2015.

20. Respondents represent and warrant that as of this Agreement's execution date they have implemented changes reasonably designed to ensure that escrow disbursements are made on or before the deadline to avoid a penalty. The Parties agree that this paragraph shall in no way impact the scope of the release in Paragraph 24, and does not create any additional defenses beyond those that existed prior to this Agreement's execution date.

21. Code of Maryland Regulations (COMAR) 09.03.06.20 imposes a duty of good faith and fair dealing on mortgage servicers licensed under the MMLL, including the duty, when servicing mortgage loans, to make borrowers in default aware of loss mitigation options and services offered by the licensee and the duty to pursue loss mitigation when possible.

22. During the MMC Examination review period of January 1, 2013 through February 28, 2015, Respondents required certain borrowers that were interested in a short sale to list their property at the Hubzu.com website, an online marketing, sales and auction site,

which is owned by Altisource Portfolio Solutions, S.A., for real-estate owned properties and short sales. Respondents violated the good faith and fair dealing requirement by failing to adequately disclose the requirements related to Hubzu and by failing to adequately and timely pursue and act on loss mitigation requests from those borrowers that were required to utilize Hubzu for short sales.

23. Respondents represent and warrant that as of this Agreement's execution date they have ceased requiring Maryland borrowers to utilize the Hubzu website prior to approval of a short sale.

24. This Agreement is intended to resolve all administrative, judicial, or other legal actions which the Agency could bring based on the findings of the MMC Examination and to resolve the Summary Order in its entirety. Provided Respondents comply with the terms of this Agreement, the Agency agrees that it will not seek additional civil penalties related to the MMC Examination or the allegations in the Summary Order, and that it will not seek additional civil monetary penalties for any escrow violations that occurred through this Agreement's execution date.

25. The Agency desires to ensure that Respondents will comply with all applicable statutes, regulations, and other laws governing mortgage lending and servicing in the State, and further wishes to resolve the matter in a manner that would avoid the costs to the taxpayers of an administrative hearing and any potential appeals. Further, a consensual resolution of this matter is in the interest of the citizens of the State and is appropriate in light of Respondents' representations and warranties in this Agreement.

26. Respondents have agreed to take each and every one of the following actions in exchange for a final resolution of this matter:

a. Respondents will provide additional restitution, in the form of a credit to the borrower's escrow account or a check payable to the borrower, to each of **EIGHT (8)** escrowed borrowers who paid a higher premium for insurance after their policy was cancelled due to Respondents' failure to timely pay insurance premiums on behalf of the borrowers during the MMC Examination period of January 1, 2013 through February 28, 2015. Respondents will pay additional restitution to these borrowers in the total amount of **EIGHT THOUSAND FOUR HUNDRED FORTY DOLLARS AND NINETY SIX CENTS (\$8,440.96)**. Paragraph 27 provides the specific instructions by which Respondents will provide additional restitution directly to borrowers, in the form of a credit to the borrower's escrow account or a check payable to the borrower.

b. Respondents will provide restitution to all Maryland borrowers who were charged a property inspection fee in the form of either a cash refund, if the fee was paid by the borrower, or a crediting of the fee amount to the loan account, if the fee has not been paid by the borrower. Respondents will also refund interest that has accrued on the fee amount where the fee was capitalized as part of a loan modification that increased the interest-bearing unpaid principal balance. Respondents will pay restitution to these borrowers in the total amount of **TWO HUNDRED FORTY NINE THOUSAND THREE HUNDRED AND NINETY ONE DOLLARS (\$249,391.00)**, including a total of **ONE HUNDRED THIRTY FOUR THOUSAND THREE HUNDRED AND TWENTY SEVEN DOLLARS (\$134,327.00)** in cash refunds and a total of **ONE HUNDRED FIFTEEN THOUSAND AND SIXTY FOUR DOLLARS (\$115,064.00)** in credits to loan accounts. The total amount of accrued interest to be refunded amounts to **SIX HUNDRED EIGHTY TWO DOLLARS AND NINETY FIVE**

CENTS (\$682.95). Paragraph 27 provides the specific instructions by which Respondents will pay restitution directly to borrowers.

c. Respondents will provide restitution consisting of a **TWO THOUSAND AND FIVE HUNDRED DOLLARS** (\$2,500.00) cash payment to each of **SIX** (6) borrowers that (1) submitted a short sale offer that could have resulted in an approval before the referral to Hubzu and (2) had a subsequent short sale request denied, for a total restitution amount of **FIFTEEN THOUSAND DOLLARS** (\$15,000.00). Paragraph 27 provides the specific instructions by which Respondents will pay restitution directly to borrowers.

d. Respondents will pay a total civil penalty of **FOUR HUNDRED AND FIFTY THOUSAND DOLLARS** (\$450,000.00) to be billed by the Commissioner through the NMLS to OLS on behalf of Respondents collectively and to be paid within **SEVEN** (7) days of this Agreement's execution date. In addition, to ensure compliance with the terms of this Agreement, as set forth more fully below, in the event Respondents fail to comply with Paragraphs 26(g), (i), (k), and l(iv) below, the Respondents will be subject to the civil penalties set forth in those specific provisions. In total, these potential civil penalties for non-compliance total **ONE MILLION FOUR HUNDRED AND FIFTY THOUSAND DOLLARS** (\$1,450,000.00).

e. Respondents will pay an investigation fee of **FIFTY THOUSAND DOLLARS** (\$50,000.00) to be billed by the Commissioner through the NMLS to OLS on behalf of Respondents collectively and to be paid within **SEVEN** (7) days of this Agreement's execution date.

f. Respondents will complete all action plans and action items set forth in the January 2017 Going Forward Plan. Should Respondents decide to deviate from the

representations made in the Going Forward Plan, Respondents shall immediately notify the Agency in writing including a justification for such change.

g. Respondents will maintain and continue to improve their Enterprise-Wide Risk Management System (ERMS). The ERMS is required at all times to effectively identify, measure, monitor, and control risk through adequate policies and procedures and internal controls given Respondents' size, operational complexity and overall risk profile. The ERMS shall at all times incorporate an adequate Compliance Management System (CMS). As an update to previous assessments, Respondents will engage a qualified, independent, third-party consultant to perform: (1) an updated Enterprise Risk Assessment and (2) an updated Management Assessment and will provide each Assessment to the Agency within **EIGHTEEN** (18) months of this Agreement's execution date. If Respondents fail to complete or provide to the Agency either Assessment within **EIGHTEEN** (18) months of this Agreement's execution date, they agree to pay an additional civil penalty of **TWO HUNDRED AND FIFTY THOUSAND DOLLARS** (\$250,000.00) for each such failure within **SEVEN** (7) days of each such failure for a possible total civil penalty amount of **FIVE HUNDRED THOUSAND DOLLARS** (\$500,000.00).

h. Respondents will provide the Agency with control reporting relating to the charging of property inspection fees to Maryland borrowers for forward and reverse mortgage loans for conduct through the end of calendar year 2019. Respondents will provide reports to the Agency by the **FIFTEENTH** (15th) day following the end of each calendar quarter, except for the first report. Respondents will provide the first report within **FIFTEEN** (15) days after the effective date of this Consent Order, covering the fourth quarter of 2017.

Respondents will provide a final report on or by January 15, 2020, covering the fourth quarter of 2019.

i. Respondents will refrain from any repurchases of publicly traded stock until December 7, 2018. In addition, Respondents will not repurchase any stock (whether public or private) from any individuals, unless such repurchase is in connection for such individual's departure from Respondents and is for a *de minimis* value.¹ Respondents may request that the Commissioner waive this provision on a case-by-case basis, with the Commissioner retaining full discretion to grant or deny any requested waiver. Any waiver by the Commissioner pursuant to this subparagraph constitutes a one-time waiver on a case-by-case basis and not a waiver of this entire subparagraph. If Respondents complete a stock repurchase before December 7, 2018, without first obtaining the Commissioner's written approval, Respondents agree to pay an additional civil penalty of **TWO HUNDRED AND FIFTY THOUSAND DOLLARS** (\$250,000.00) to the Agency within **SEVEN (7)** days of the stock repurchase.

j. Respondents will at all times maintain an Internal Audit Department ("IAD") that reports directly to the Board of Directors of OFC or an appropriate committee of the Board of Directors of OFC.

k. Respondents' IAD will perform a quarterly review, for eight quarters, of a random sample of **FIFTEEN (15)** Maryland servicing files and the lesser of **FIFTEEN (15)** Maryland loans originated within the given quarter or all Maryland loans originated within the given quarter to determine compliance with Maryland and federal law. The IAD will review the files for activity that occurred during the relevant quarter and will provide the Agency with a report following each quarterly review, with such report to be provided to the Agency within **SIXTY (60)** days following the end of the quarter, with the first report due on May 30, 2018

¹ *De minimis* value is defined as \$1,000 or less for all shares repurchased and does not mean \$1,000 per share.

and the last report due on February 28, 2020². Although the IAD will retain sole discretion to determine the scope and methodology of the review, when requested by the IAD, the Respondents' business units and internal legal counsel can provide the IAD with clarifications or legal interpretations. The IAD will document any and all requests to the business units and/or internal legal counsel for clarifications or legal interpretations and retain any such questions and answers and will provide them to the Agency upon request, without waiving any applicable attorney-client privilege or other applicable confidentiality protections. If Respondents fail to provide a report to the Agency within **SIXTY (60)** days after the end of the calendar quarter, they agree to pay to the Agency an additional civil penalty of **TWENTY FIVE THOUSAND DOLLARS (\$25,000.00)** for each such failure, within **SEVEN (7)** days of each of such failure, for a possible total civil penalty amount of **TWO HUNDRED THOUSAND DOLLARS (\$200,000.00)**.

l. *Mortgage Servicing Rights Restriction:*

i. **MORTGAGE SERVICING RIGHTS RESTRICTION.** Except as set forth in Subsubparagraphs (ii), (iii) and (v) of this subparagraph, Respondents shall not acquire any residential mortgage servicing rights (MSRs) until April 30, 2018.

ii. **REALSERVICING RESTRICTION.** 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 Respondents act as sub-servicer, or (ii) required to be repurchased by Respondents.

² For clarity, reports will be due on May 30, 2018; August 29, 2018; November 29, 2018; March 1, 2019; May 30, 2019; August 29, 2019; November 29, 2019; and February 28, 2020.

iii. NEW ORIGINATIONS. 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 Respondents may retain the associated MSRs. Until April 30, 2018, 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 Respondents at prior calendar year end.

iv. NEW SERVICING PLATFORM. 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 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 shall be submitted to the designated representatives of the Agency on pages 20-21 of this document. Respondents shall provide to the designated representative quarterly updates on the POAM until the transfer of all residential mortgages has been completed. Respondents shall transfer all active,³ residential⁴ Maryland loans off of REALServicing by April 30, 2020. Respondents will provide an affidavit from its new servicing platform vendor that confirms such transfer was completed on or before April 30, 2020. If Respondents fail to

³ Active loans include all loans with data on REALServicing except those that, prior to the system transfer, are: (1) transferred from Respondents to a new servicer; (2) paid-in-full; (3) charged off where Respondents also release the lien securing the debt; and/or (4) liquidated, meaning all outstanding balances are equal to \$0.

⁴ Residential loans are all loans secured by property on which a dwelling has been constructed or is intended to be constructed.

transfer all active,⁵ residential⁶ Maryland loans off of REALServicing by April 30, 2020, Respondents agree to pay an additional civil penalty of **FIVE HUNDRED THOUSAND DOLLARS** (\$500,000.00) to the Agency within **SEVEN (7)** days thereafter.

v. **POTENTIAL MERGER OR ACQUISITION PROVISIONS.** In the event that Respondents choose to merge with or acquire an unaffiliated company or its assets in order to effectuate a transfer of loans from the REALServicing platform, the provisions of Subsubparagraph i. of this subparagraph above 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 Respondents or Respondents' assets, none of the above subsubparagraphs within this subparagraph 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.

m. No later than **SIXTY (60)** days after this Agreement's execution date, Respondents shall submit to the Agency for review and determination of non-objection a comprehensive consumer complaint resolution plan ("Complaint Plan") designed to ensure that the Respondents will properly document, timely investigate and remediate consumer complaints as defined in 12 CFR 1024.35. The Complaint Plan shall include, at a minimum:

i. Robust, board-approved policies and procedures to ensure that all consumer complaints are documented and timely investigated, any errors found as a result of a

⁵ See definition in footnote 3.

⁶ See definition in footnote 4.

complaint are remediated, and errors found that may impact other accounts are escalated for further investigation and/or remediation;

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

iii. Training on revised complaint procedures for all employees no later than **ONE HUNDRED AND EIGHTY (180)** days from this Agreement's execution date;

iv. 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

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

n. *Financial Condition Reporting*

i. **ONE YEAR FINANCIAL CONDITION PLAN.** Within **THIRTY (30)** business days of this Agreement's execution date, Respondents will submit a written plan demonstrating how it⁷ will remain a going concern for a period of one (1) year from the Agreement's execution date ("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 Respondents will comply with all applicable liquidity and capital requirements.

⁷ The Agency understands that the financial reporting for this entire section will be completed for OFC and will take into account information from each of the other Respondents.

ii. **THREE YEAR FINANCIAL CONDITION PLAN.** Respondents previously submitted to the MMC a three (3) year financial condition plan (“Three-Year Financial Condition Plan”), which Respondents updated on or about September 30, 2017 and Respondents shall provide the Agency with a copy of the updated report within **THIRTY (30)** days of this Agreement’s execution date.

iii. **ONGOING FINANCIAL CONDITION REPORTING.** Respondents will provide additional updates every **SIX (6)** months going forward, with the last update due on or before March 31, 2021, unless the Commissioner releases Respondents from this requirement earlier. Respondents shall notify the Agency if and when any event occurs that could materially impact Respondents’ financial condition, including, but not limited to, any actual or anticipated liabilities or costs exceeding five (5) million dollars or if Respondents drop below or project to drop below any applicable liquidity or capital requirement, within **TEN (10)** business days of the occurrence of any such event(s). Respondents will submit the following reports with the One-Year Financial Condition Plan, and Respondents will continue to submit these reports until November 2020:

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

bb. 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 Agency on or before the **FIFTEENTH (15th)** day of each month;

cc. 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 Agency for each month on or before the last day of the following month; and

dd. A quarterly going concern analysis, which shall include covenant and capital reporting that tracks any and all financial or regulatory covenants Respondents are obligated to comply with and whether Respondents remain in compliance with those covenants, to be submitted to the Agency **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.

27. Respondents shall provide restitution to Maryland borrowers as indicated in Paragraph 26, above, in accordance with the following:

a. Within **SIXTY (60)** days of this Agreement's execution date, Respondents shall provide a credit to the borrower's account or mail a check for the amount of money to be provided to each borrower via First Class U.S. Mail, to each affected borrower's last known address, or to an updated address as can be identified through customary address verification means. All checks mailed by the Respondents shall be valid for **ONE HUNDRED EIGHTY (180)** days after the date they are issued. Checks that are not cashed within **ONE HUNDRED EIGHTY (180)** days after the date they are issued will escheat to the State pursuant to the instructions found in Subparagraph 27.c of this Agreement, below.

b. Within **ONE (1)** year after this Agreement's execution date, Respondents shall furnish evidence to the Agency that refunds were tendered to each affected borrower in the agreed amount by providing a spreadsheet to the Agency that includes each borrower's name,

check number, date of mailing, and date the check cleared Respondents' bank after the borrower cashed the check for each payment that was negotiated by the affected borrower.

c. If any refund payment checks mailed by the Respondents to Maryland borrowers in accordance with this Agreement are either not cashed within one hundred eighty (180) days of the date they are issued or are returned to the Respondents as non-deliverable (collectively, the "Undeliverable Refunds"), such Undeliverable Refunds will escheat to the State. The Respondents will stop payment on such undeliverable refund payment checks, and shall pay the total amount of all Undeliverable Refunds to the Agency within **ONE (1)** year of this Agreement's execution date by wire transfer, or in the form of a single check made payable to the "Comptroller of Maryland," which shall be submitted to the Agency, and accompanied by a spreadsheet in both hard copy and electronic format that contains the name of the borrower, the amount of restitution, the date of birth of the borrower (if known), the date on which each refund check was mailed, the address to which it was mailed, and an indication of which refund checks were cashed, and which refund checks were either not cashed or were returned to the Respondents as non-deliverable. Such action on the part of the Respondents shall relieve the Respondents of any further obligation to comply with the restitution requirements under this Agreement as it applies to the Undeliverable Refunds.

d. The Respondents shall not seek releases from borrowers in conjunction with the restitution.

e. If the Agency or Respondents become aware that any borrower was inadvertently omitted from Attachments 1-3, but meets the entitlement for restitution under Subparagraphs 27.a.-c, above, then Respondents shall provide restitution within **TWO (2)**

weeks of Respondents being made aware of the omission, as appropriate based on the circumstances.

f. Within **THIRTY** (30) days of providing account credits to escrowed borrowers who paid a higher premium for insurance after their policy was cancelled due to Respondents' failure to timely pay insurance premiums on behalf of the borrowers during the MMC Examination period of January 1, 2013 through February 28, 2015, the Respondents shall provide a notice to each of these borrowers informing them: (1) that the Respondents have provided an account credit; (2) that the account credit will be taken into account when the Respondents conduct the annual escrow account analysis; and (3) when the next annual escrow account statement will be provided to the borrower. For these borrowers, Respondents shall conduct the annual escrow account analysis, provide the annual escrow account statement, and refund any surplus even if the borrower is in default.

28. Respondents acknowledge that they have voluntarily entered into this Agreement with full knowledge of their right to a hearing pursuant to FI § 2-115 and the Maryland Administrative Procedure Act (Md. Code Ann., State Government Article, § 10-201 *et seq.*), arising from any charges that could be brought by the Agency based on the alleged violations, and that Respondents hereby waive their right to a hearing. Respondents further acknowledge that they have had an opportunity to consult with independent legal counsel in connection with the waiver of this right and with the negotiation and execution of this Agreement, and that they have in fact consulted with independent legal counsel.

29. Respondents acknowledge and agree that by entering into this Agreement, no rights of borrowers are deemed waived or extinguished, and that Respondents may not utilize

this Agreement as a defense to any claim brought or defense asserted by any borrower against Respondents.

30. The Parties hereto agree that this Agreement shall be binding and enforceable in court by the Agency and by the Respondents, shall be admissible in proceedings between those Parties, and shall be binding upon and inure to Respondents' successors and assigns.

31. The Parties hereto acknowledge that this Agreement does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the Agency from bringing actions against, persons not Parties to this Agreement. The Parties further acknowledge that this Agreement is not intended to and does not grant or create any rights in any third party, and that this Agreement has no third party beneficiaries.

32. Respondents hereto acknowledge that the Agency, in making its determinations in this matter, is relying, in part, upon Respondents' representations and warranties herein. Respondents further acknowledge that if the Agency later finds that the Respondents knowingly or willfully withheld material information pertaining to this Agreement, then this Agreement may be revoked at the discretion of the Agency and the Agency may pursue any and all remedies available under the law against the Respondents. In the event the Agency exercises its discretion to revoke this Agreement pursuant to this paragraph, the Respondents acknowledge that they may not reclaim any penalties or restitution paid prior to the revocation.

33. Respondents represent that as of this Agreement's execution date they are currently in substantial compliance and will continue to ensure that all of their mortgage lending and servicing activities in the State are in substantial compliance with all applicable statutes, regulations, rules, and other laws governing such activities, including, but not limited to, the MMLL and regulations promulgated thereunder. The Parties agree that this paragraph shall in

no way impact the scope of the release in Paragraph 24, and does not create any additional defenses beyond those that existed prior to this Agreement's execution date.

34. The Respondents represent that the persons signing below are authorized to execute this Agreement and to legally bind the Respondents.

35. The Parties intend that this Agreement, together with all exhibits, attachments, and other documents attached hereto, represents the final expression of the Parties' intent and agreement between the Parties relating to the subject matter of this Agreement. The Parties further intend that this Agreement contains all the terms the Parties agreed to relating to the subject matter of this Agreement. The Parties further intend for this Agreement to replace all the Parties' previous discussions, understandings, and agreements relating to the subject matter.

36. The Parties agree that if any part of this Agreement is declared unenforceable or invalid, the remainder of the Agreement will continue to be valid and enforceable.

37. The Parties agree that the Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

38. The Parties hereto agree that any notices hereunder as well as any reporting requirements contained within this Agreement shall be effectively "delivered" when sent via overnight delivery or certified mail as follows:

- a. To the Commissioner:
Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202-3651
Attention: Jedd Bellman, Assistant Commissioner

Copy to:

Brian Patrick Weeks, Assistant Attorney General
Department of Labor, Licensing, and Regulation

500 North Calvert Street, 4th Floor
Baltimore, Maryland 21202-3651

Andrew J. Brouwer, Assistant Attorney General
Department of Labor, Licensing, and Regulation
500 North Calvert Street, 4th Floor
Baltimore, Maryland 21202-3651

b. To the Respondents:

Michael Hollerich, Chief Compliance Officer
Ocwen Financial Corporation
16675 Addison Road
Addison, TX 75001

NOW, THEREFORE, it is, by the Commissioner of Financial Regulation, **HEREBY**

ORDERED that Respondents shall adhere to all terms of this Settlement Agreement and Consent Order; and it is further

ORDERED that Respondents shall conduct their business activities in compliance with all applicable State and federal laws, regulations, and rules governing mortgage lending and servicing; and it is further

ORDERED that, in the event Respondents do not complete the obligations set forth in the Settlement Agreement and Consent Order,⁸ or, following the date this Settlement Agreement and Consent Order is executed, otherwise engage in the activities which formed the basis for the alleged violations set forth above, that, in addition to the specific relief enumerated above for violations of certain paragraphs, the Agency may, at the Agency's discretion, take any enforcement actions available under FI § 2-115 and/or FI § 11-517, as well as take any other enforcement actions as permitted by, and in accordance with, applicable State and federal law;

⁸ For clarity, if Respondents incur a penalty for failure to timely comply with the obligations in Paragraphs 26(g), (i), (k), and l(iv), Respondents must still complete the related obligation. For example, if Respondents pay the \$250,000 penalty for failure to complete the Enterprise Risk Assessment within 18 months, Respondents must still complete the Enterprise Risk Assessment. If Respondents pay the penalty and complete the Enterprise Risk Assessment, the Agency may not impose additional civil penalties against Respondents for violating those particular subparagraphs and subsubparagraphs.

and that such enforcement actions could include, but are not limited to, an order to cease and desist, suspension or revocation of a Maryland State mortgage lender license, civil penalties of up to \$5,000 for each violation, an order to provide restitution or to take other affirmative action to correct the violation, an action for relief in Maryland Circuit Court, and/or referral for possible criminal prosecution; and it is further


ORDERED, that this matter shall be resolved in accordance with the terms of this Settlement Agreement and Consent Order and the same shall be reflected among the records of the Commissioner of Financial Regulation; and it is further

ORDERED that this document shall constitute a Final Order of the Maryland Commissioner of Financial Regulation and, that the Commissioner may consider this Settlement Agreement and Consent Order and the facts set forth herein in connection with, and in deciding, any subsequent action or proceeding before the Commissioner; and that this Settlement Agreement and Consent Order may, if relevant, be admitted into evidence in any matter before the Commissioner.


It is so **ORDERED**.

IN WITNESS WHEREOF, this Settlement Agreement and Consent Order is executed on the day and year first above written.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**


By: 
Antonio P. Salazar
Commissioner

OCWEN FINANCIAL CORPORATION

By: 


Ronald M. Faris
President and Chief Executive Officer

**OCWEN MORTGAGE SERVICING
INC.**

By: 

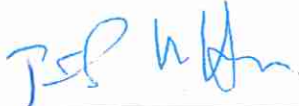
Timothy M. Hayes
Executive Vice President

OCWEN LOAN SERVICING, LLC

By: 


Timothy M. Hayes
Executive Vice President

**OCWEN FINANCIAL SOLUTIONS
PRIVATE LIMITED**


By: 

Timothy M. Hayes
Director

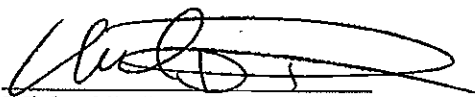
OCWEN BUSINESS SOLUTIONS, INC.

By: 
Patricia Ann L. Guilatco
President

HOMEWARD RESIDENTIAL, INC.

By: 
John Britti
President and Chief Financial Officer

**LIBERTY HOME EQUITY
SOLUTIONS, INC.**

By: 
Michael D. Kent
President