

S.C. Department of Consumer Affairs & State Board of Financial Institutions Consumer Finance
Division v. Ocwen Loan Servicing, LLC and Ocwen Mortgage Servicing, Inc.

(Docket No. 17-ALJ-30-0131-CC)

Ocwen Financial Corporation is a Florida corporation whose wholly-owned subsidiary is Ocwen Mortgage Servicing, Inc., which wholly-owns the subsidiary of Ocwen Loan Servicing, LLC (collectively referred to as “Ocwen”). Ocwen engages in residential mortgage loan servicing in South Carolina.

On April 20, 2017, the South Carolina Department of Consumer Affairs (“the Department”) together with the South Carolina Board of Financial Institutions (jointly “the State”) issued a joint cease-and-desist order requiring Ocwen to cease acquiring or originating new residential mortgages or mortgage servicing rights until it could prove consumer funds were being properly collected, accurately calculated and disbursed appropriately and timely. On May 1, 2017, Ocwen filed a Request for a Contested Case Hearing with the South Carolina Administrative Law Court.

The State and Ocwen entered into a voluntary settlement agreement on September 28, 2017. Under the terms of the agreement, Ocwen, among other actions, agreed to:

- transition their servicing portfolio off of their current servicing platform to one better able to manage escrow accounts;
- hire a third-party firm to audit a statistically significant number of escrow accounts in high-risk areas of the portfolio to determine whether problems continue to exist around the management of escrow accounts and to identify the root cause of those problems;
- provide restitution for any customers identified during the escrow review process who have been harmed by the company’s failure to properly handle mortgage payments regardless of whether that harm is caused by a systemic issue or an individual error; and
- establish a new complaint resolution process.