

NEWS RELEASE

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AG STRANGE ANNOUNCES \$2.1 BILLION NATIONAL SETTLEMENT WITH OCWEN FINANCIAL CORPORATION ABOUT MORTGAGE SERVICING

(MONTGOMERY) – Attorney General Luther Strange today announced a \$2.1 billion national settlement with Ocwen Financial Corporation of Atlanta, and its subsidiary, Ocwen Loan Servicing, to address mortgage issues. The joint state-federal settlement was joined by 49 states, the District of Columbia and the Consumer Financial Protection Bureau (CFPB).

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 being 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 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.

"The issues in the Ocwen case are similar to the problems uncovered in previous mortgage servicing cases, and this settlement holds Ocwen accountable for their actions," Attorney General Strange said.

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. In Alabama, Ocwen will provide about 1,817 troubled borrowers with an estimated \$9.4 million in first lien principal reductions. An undetermined number of Alabama homeowners whose loans have already been foreclosed may be eligible for cash payments. The payment amount, which is contingent on the number of consumers who submit valid claims, is projected to exceed \$1,000.

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Joseph A. Smith Jr., Monitor of the National Mortgage Settlement, also will oversee the Ocwen agreement's implementation and compliance.

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

Ocwen Agreement Highlights

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

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

Because of the complexity of the mortgage market and this agreement, which will span a three year period, in some cases Ocwen will contact borrowers directly regarding principal reductions. However, borrowers should contact Ocwen to obtain more information about principal reductions and whether they qualify under terms of this settlement. Consumers may call Ocwen toll-free at 1-800-337-6695 or send email to ConsumerRelief@Ocwen.com.

A settlement administrator will contact qualified borrowers associated with foreclosed loans regarding cash payments. Additional information will be made available as the settlement programs are implemented. For more information, consumers may visit www.cfpb.gov.