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Find a Credit Union
Legal Resources
Enforcement
Newsroom
Alerts
Employment Opportunities
Helpful Links

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IN THE MATTER OF:

OCWEN LOAN SERVICING, LLC
NMLS # 1852
("Ocwen")

OCWEN BUSINESS SOLUTIONS, INC.
NMLS # 1283393
("OBS")

(collectively, "Respondents")

****

TEMPORARY ORDER TO CEASE AND DESIST

NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST

NOTICE OF INTENT TO IMPOSE CIVIL PENALTY

AND

NOTICE OF RIGHT TO HEARING

I. LEGAL AUTHORITY AND JURISDICTION

The Banking Commissioner ("Commissioner") is charged with the administration of Part I of Chapter 668, Sections 36a-485 to 36a-534c, inclusive, of the Connecticut General Statutes, "Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators", and Part VII of Chapter 669, Sections 36a-715 to 36a-719*l*, inclusive, of the Connecticut General Statutes, "Mortgage Servicing".

Pursuant to the authority granted by Sections 36a-17, 36a-498f and 36a-719i of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division ("Division") of the Department of Banking, has investigated and examined the activities of Respondents to determine if they have violated, are violating or are about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner.

Section 36a-17 of the Connecticut General Statutes provides, in pertinent part, that:

> (a) The commissioner, in the commissioner's discretion, may . . . (1) make such public or private investigations or examinations within or outside this state, concerning any person subject to the jurisdiction of the commissioner, as the commissioner deems necessary to carry out the duties of the commissioner . . . .
>
> (c) For the purpose of any investigation, [or] examination . . . under this title the commissioner may . . . require the production of any records which the commissioner deems relevant or material. . . .
>
> (f) As used in this section, "records" includes, but is not limited to, books, papers, correspondence, memoranda, agreements, diaries, logs, notes, ledgers, journals, visual, audio, magnetic or electronic recordings, computer printouts and software, and any other documents.

Section 36a-498f(a) of the Connecticut General Statutes provides, in pertinent part, that:

> In addition to any authority provided under this title, the Banking Commissioner shall have the authority to conduct investigations and examinations as follows:
>
> (1) For purposes of . . . general or specific inquiry or investigation to determine compliance with sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b, the commissioner may access, receive and use any books, accounts, records, files, documents, information or evidence including, but not limited to: . . . (C) any other documents, information or evidence the commissioner deems relevant to the inquiry or investigation regardless of the location, possession, control or custody of such documents, information or evidence. . . .

Section 36a-719i of the Connecticut General Statutes provides, in pertinent part, that:

> (a) In addition to any authority provided under this title, the Banking Commissioner shall have the authority to conduct investigations and examinations as follows:
>
> (2) For the purposes of investigating violations or complaints arising under sections 36a-715 to 36a-719*l*, inclusive, or for the purposes of examination, the commissioner may review, investigate or examine any mortgage servicer licensee or person subject to said sections as often as necessary in order to carry out the purposes of said sections. The commissioner may direct, subpoena or order the attendance of and examine under oath all persons whose testimony may be required about the residential mortgage loans or the business or subject matter of any such examination or investigation, and may direct, subpoena or order such person to produce books, accounts, records, files and any other documents the commissioner deems relevant to the inquiry.
>
> (b) Each mortgage servicer licensee or person subject to sections 36a-715 to 36a-719*l*, inclusive, shall make or compile reports or prepare other information as directed by the commissioner in order to carry out the purposes of this section including accounting compilations, information lists and data concerning residential mortgage loan transactions in a format prescribed by the commissioner or such other information the commissioner deems necessary to carry out the purposes of sections 36a-715 to 36a-719*l*, inclusive.

Section 36a-52 of the Connecticut General Statutes provides, in pertinent part, that:

> (a) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any provision of the general statutes within the jurisdiction of the commissioner, . . . or order . . . issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt, or seven days after mailing or sending. Any such notice shall include: (1) A statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the general statutes . . . or orders alleged to have been violated; (4) a short and plain statement of the matters asserted; and (5) a statement indicating that such person may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice. If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice, unless the person fails to appear at the hearing. After the hearing, the commissioner shall determine whether an order to cease and desist should be issued against the person named in the notice. If the person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner shall issue an order to cease and desist against the person. No such order shall be issued except in accordance with the provisions of chapter 54.
>
> (b) If the commissioner finds that the public welfare requires immediate action, the commissioner may incorporate a finding to that effect in the notice sent in accordance with subsection (a) of this section and issue a temporary order requiring the person to cease and desist from the activity which constitutes such alleged violation and to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section. Such temporary order shall become effective on receipt and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.

Section 36a-50(a) of the Connecticut General Statutes provides, in pertinent part, that:

> (1) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, . . . or order . . . issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending. Any such notice shall include: (A) A statement of the time, place, and nature of the hearing; (B) a statement of the legal authority and jurisdiction under which the hearing is to be held; (C) a reference to the particular sections of the general statutes . . . or orders alleged to have been violated; (D) a short and plain statement of the matters asserted; (E) the maximum penalty that may be imposed for such violation; and (F) a statement indicating that such person may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice.
>
> (2) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless such person fails to appear at the hearing. After the hearing, if the commissioner finds that the person has violated any such provision, . . . the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by law, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person. If such person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner may, as the facts require, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person.
>
> (3) Each action undertaken by the commissioner under this subsection shall be in accordance with the provisions of chapter 54.

II. MATTERS ASSERTED

1. Ocwen is a Delaware limited liability company with its main office at 1661 Worthington Road, Suite 100, West Palm Beach, Florida. OBS is a corporation with a business address at Two E-Com Center, Harbor Drive, Mall of Asia Complex, Pasay City, Philippines. Ocwen Financial Solutions Private Limited (NMLS #15877) ("OFSPL") is an entity with a business address at Pritech Park, Block 12, Bellandur Village, Bangalore, India.
2. Ocwen is currently licensed as a mortgage lender in Connecticut with a main office at 1661 Worthington Road, Suite 100, West Palm Beach, Florida, NMLS #1852 ("Main Office"), and a branch office at 16675 Addison Road, Suite 100, Addison, Texas, NMLS # 1027150 ("Texas Branch"). Ocwen has met the requirements of Section 36a-719c of the Connecticut General Statutes and is currently exempt from licensure as a mortgage servicer in Connecticut when acting as a mortgage servicer from its main office and Texas Branch pursuant to Section 36a-718(b)(4) of the Connecticut General Statutes.
3. On September 4, 2015, OBS filed an application to act as a mortgage servicer in Connecticut and, on October 13, 2015, OBS filed an application to act as a consumer collection agency in Connecticut. Both applications for licensure are currently pending.

<u>Multi-State Settlement</u>

4. Ocwen and Ocwen Financial Corporation, an indirect owner of Ocwen, entered into a multi-state settlement via a Consent Judgment with the Consumer Financial Protection Bureau and the Attorney Generals of 49 states, including Connecticut, and the District of Columbia concerning its mortgage servicing practices ("Consent Judgment") effective February 26, 2014. The Consent Judgment required Ocwen to comply with certain servicing standards for a three-year period ("Servicing Standards").
5. The Servicing Standards required, among other items, that Ocwen maintain procedures to ensure the accuracy and timely updating of borrowers' account information, including the posting of payments and the imposition of fees.
6. At the same time, state mortgage regulators had various concerns regarding Ocwen's mortgage servicing practices, including, but not limited to, lack of controls relating to misapplication of borrower payments, inaccurate escrow accounting and statements, and assessment of unauthorized fees and charges.
7. Due to such concerns, Ocwen and Ocwen Financial Corporation entered into a Settlement Agreement and Consent Order with 44 state mortgage regulators and the District of Columbia, including Connecticut, on December 19, 2013, agreeing to comply with the Servicing Standards set forth in the Consent Judgment ("Prior Consent Order").

<u>Multi-State Examination</u>

8. On February 28, 2015, the states of Florida, Maryland, Massachusetts, Mississippi, Montana and Washington (collectively, "Examining States") conducted a multi-state examination of Ocwen in order to determine Ocwen's compliance with applicable state and federal laws and regulations, financial condition, and control and supervision of its licensed mortgage servicing operations ("Multi-State Examination"). The Multi-State Examination covered the period from January 1, 2013 to February 28, 2015.
9. As a result of the Multi-State Examination, the Examining States issued a report identifying several alleged violations of state and federal law related to, but not limited to, ongoing unlicensed activity in certain states and the mismanagement of borrower escrow accounts, resulting in the failure to timely pay escrow items, correctly maintain escrow account minimum balances and correctly estimate escrow disbursement amounts.
10. Pursuant to Section 36a-498f(d)(4) of the Connecticut General Statutes, the Commissioner may "[a]ccept and rely on examination or investigation reports made by other government officials, within or without this state".
11. Among other findings, the report from the Multi-State Examination found that Ocwen relied on OBS for services related to debt collection, loan modifications and routine servicing and that one of OBS's locations in the Philippines was intended to be a branch location of Ocwen. The report found that OBS was not properly licensed in all jurisdictions in which it had been operating.

<u>Connecticut Examination</u>

12. On June 18, 2015, the Division commenced a limited scope off-site examination of Ocwen, which continued through October 26, 2016 ("CT Examination"). The CT Examination covered the period from January 2012 to October 2016 and reviewed Ocwen's financial condition and complaints from Connecticut borrowers concerning Ocwen's mortgage loan servicing practices in Connecticut.
13. The CT Examination revealed, from at least January 2013 to October 2016, the existence of numerous errors and deficiencies in Ocwen's handling of residential mortgage loan payments and escrow accounts maintained on behalf of Connecticut borrowers for property taxes and insurance. The CT Examination concluded that regulatory compliance in the area of escrow account management was deficient.
14. In October 2016, examiners requested escrow account reconciliations for the escrow accounts maintained on behalf of Connecticut borrowers. In response, Ocwen indicated that it has approximately 1,900 custodial bank accounts relating to approximately 17,800 residential mortgage loans in Connecticut, along with mortgage loans of residential property located in other states, for which it maintains escrow accounts. Upon selection of approximately 20 Connecticut borrowers' accounts, Ocwen only provided aggregate bank account reconciliations and failed to provide adequate information reconciling borrower escrow account trial balances to bank account balances. Ocwen failed to provide evidence that Connecticut borrowers' monies are adequately accounted for and segregated from all other monies.
15. The CT Examination also found that from at least January 2015 to October 2016, Ocwen misapplied residential mortgage loan payments to Connecticut borrowers' residential mortgage loan accounts and misapplied payments to or from Connecticut borrowers' escrow accounts. For example, in April 2015, Ocwen applied a Connecticut borrower's monthly mortgage payment completely to escrow, rather than allocating the payment across principal, interest and escrow, and in May 2015, Ocwen applied a Connecticut borrower's mortgage payment completely to principal, rather than allocating the payment across principal, interest and escrow. On another occasion in February 2015, Ocwen disbursed monies from a Connecticut borrower's escrow account for insurance when the residential mortgage loan was being escrowed for payment of property taxes only.
16. The misapplication of residential mortgage loan and escrow payments by Ocwen caused harm to Connecticut borrowers through unearned late fees being charged and inaccurate adverse credit reporting.
17. From at least January 2013 to January 2014, Ocwen failed to provide a short year statement in connection with at least one Connecticut borrower's escrow account upon payoff of the residential mortgage loan.
18. Effective December 30, 2011 to January 9, 2014, 12 CFR § 1024.17(i)(4)(iii) (RESPA) provided, in pertinent part, that "[i]f a borrower pays off a mortgage loan during the escrow account computation year, the servicer shall submit a short year statement to the borrower within 60 days after receiving the pay-off funds."
19. From at least February 2014 to December 2014, Ocwen failed to pay hazard insurance or property taxes when due on behalf of Connecticut borrowers although such borrowers' escrow payments were timely made to Ocwen.
20. Effective January 10, 2014, 12 CFR § 1024.17(k)(1) (RESPA) provided, in pertinent part, that "[i]f the terms of any federally related mortgage loan require the borrower to make payments to an escrow account, the servicer must pay the disbursements in a timely manner, that is, on or before the deadline to avoid a penalty, as long as the borrower's payment is not more than 30 days overdue."
21. The CT Examination also found that from at least January 2015 to October 2016, Ocwen failed to provide Connecticut borrowers a schedule of the ranges and categories of its costs and fees concerning servicing-related activities in connection with all residential mortgage loans for which servicing rights were assigned to Ocwen after January 1, 2015. At the time of the CT Examination, Ocwen was still working on the form of the disclosure and expected that a letter disclosing such costs and fees would be approved for production and distribution to Connecticut borrowers in February 2017.
22. From at least January 2015 to October 2016, Ocwen failed to maintain all records pertaining to the servicing of residential mortgage loans including, but not limited to, correspondence received from Connecticut borrowers and privacy notices provided to Connecticut borrowers.
23. From at least January 2015 to May 2016, Ocwen acted as a mortgage servicer in Connecticut from several locations that were neither licensed nor exempt from licensure. From at least January 2015 to March 2016, Ocwen acted as a mortgage servicer through OBS from Manila or Pasay City in the Philippines and through OFSPL from Bangalore, Pune or Mumbai in India. At all times relevant hereto, OBS conducted call or contact center activities on behalf of Ocwen, with a focus on assisting Connecticut borrowers that primarily speak Spanish.
24. By e-mail dated May 4, 2016, Ocwen represented that the following locations were sites from which it currently serviced Connecticut loans: the Main Office; 1525 S. Belt Line Road, Coppell, Texas (NMLS # 1078974); 1100 Virginia Drive, Fort Washington, Pennsylvania (NMLS # 1026250); and 3451 Hammond Avenue, Waterloo, Iowa (NMLS # 1027153). Of such locations, Ocwen only maintained a Connecticut mortgage lender license for the Main Office location at such time.
25. By e-mail dated October 7, 2016, Ocwen represented that all call activity in connection with its mortgage servicing operations was transitioned to personnel located within the continental United States as of March 2016, and that OBS and OFSPL no longer supported residential mortgage loans in Connecticut.
26. From at least December 2015 to March 2016, Ocwen provided incorrect or incomplete information on at least one occasion to a Connecticut borrower concerning the borrower's pending foreclosure action, in part due to multiple representatives of Ocwen handling the borrower's calls.

III. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST AND IMPOSITION OF CIVIL PENALTY

Section 36a-498e of the Connecticut General Statutes provides, in pertinent part, that:

> No person or individual who is required to be licensed and who is subject to sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b may: . . .
>
> (7) Fail to make disclosures as required by sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b and any other applicable state or federal law including regulations thereunder . . . .

Section 36a-715(6) of the Connecticut General Statutes defines "residential mortgage loan" to mean:

> [A]ny loan primarily for personal, family or household use that is secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling, as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602, located in this state, or real property located in this state upon which is constructed or intended to be constructed a dwelling.

Section 36a-716(a) of the Connecticut General Statutes in effect prior to July 1, 2016, provided, in pertinent part, that:

> Any mortgage servicer who receives funds from a mortgagor to be held in escrow for payment of taxes and insurance premiums shall pay the taxes and insurance premiums of the mortgagor to the appropriate taxing authority and insurance company in the amount required and at the time such taxes and insurance premiums are due provided (1) the mortgage servicer has been provided with the tax or insurance bills at least fifteen days prior to the date such taxes and insurance premiums are due, and (2) the mortgagor has paid to the mortgage servicer the amounts required to be paid into the escrow account, as determined by the mortgage servicer, for all amounts scheduled to be paid to the mortgage servicer prior to the date such taxes and insurance premiums are due.

Section 36a-716 of the Connecticut General Statutes, as amended by Public Act 16-65, effective on July 1, 2016, provides, in pertinent part, that:

> (a) Any mortgage servicer who receives funds from a mortgagor to be held in escrow for payment of taxes and insurance premiums shall:
>
> (1) Keep records that (A) reflect the mortgage servicer's handling of each mortgagor's escrow account, which may involve electronic storage, microfiche storage or any method of computerized storage of information, provided the information is readily retrievable, and (B) shall include, but need not be limited to, the payment of amounts into and from the escrow account and the submission of initial and annual escrow account statements to the mortgagor in accordance with subsections (g) and (i) of 12 CFR 1024.17. Such records shall be maintained for each such account for a period of at least five years after the mortgage servicer last serviced the escrow account.
>
> (2) Pay the taxes and insurance premiums of the mortgagor to the appropriate taxing authority and insurance company in the amount required and at the time such taxes and insurance premiums are due, provided (A) the mortgage servicer has been provided with the tax or insurance bills at least fifteen days prior to the date such taxes and insurance premiums are due, and (B) the mortgagor has paid to the mortgage servicer the amounts required to be paid into the escrow account, as determined by the mortgage servicer, for all amounts scheduled to be paid to the mortgage servicer prior to the date such taxes and insurance premiums are due. . . .
>
> (d) Whenever a mortgage servicer licensee receives funds from a mortgagor to be held in escrow for the payment of taxes and insurance, the mortgage servicer licensee shall deposit or invest such funds in one or more segregated deposit or trust accounts maintained at a federally insured bank, Connecticut credit union, federal credit union or out-of-state bank, which account or accounts shall be reconciled monthly. Such reconciliation may be evidenced by a monthly account statement or statements furnished by the depository institution, provided (1) such account or accounts shall be maintained with the depository institution in a manner that reasonably reflects the fact that the funds held therein are being maintained for escrow purposes, (2) such funds shall not be commingled with funds belonging to the mortgage servicer licensee and may not be used to pay business operating expenses of the mortgage servicer licensee, and (3) the mortgage servicer licensee shall adopt, implement and maintain internal accounting controls that are reasonably designed to ensure compliance with this section. For purposes of this subsection, "mortgage servicer licensee" means a person who is licensed pursuant to section 36a-719 or exempt from licensure pursuant to subdivision (4) or (5) of subsection (b) of section 36a-718.

Section 36a-718 of the Connecticut General Statutes provides, in pertinent part, that:

> (a) On and after January 1, 2015, no person shall act as a mortgage servicer, directly or indirectly, without first obtaining a license under section 36a-719 from the commissioner for its main office and each branch office where such business is conducted, unless such person is exempt from licensure pursuant to subsection (b) of this section.
>
> (b) The following persons are exempt from mortgage servicer licensing requirements: . . . (4) any person licensed as a mortgage lender in this state while acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b, provided (A) such person meets the supplemental mortgage servicer surety bond, fidelity bond and errors and omissions coverage requirements under section 36a-719c, and (B) during any period that the license of the mortgage lender in this state has been suspended, such exemption shall not be effective. . . .

Section 36a-719d(b) of the Connecticut General Statutes provides, in pertinent part, that:

> Every mortgage servicer licensee and person exempt from licensure pursuant to subdivision (4) . . . of subsection (b) of section 36a-718 shall retain the records of each residential mortgage loan serviced for not less than two years following the final payment on such residential mortgage loan, or the assignment of such residential mortgage loan, whichever occurs first, or such longer period as may be required by any other provision of law. Every mortgage servicer licensee and person exempt from licensure pursuant to subdivision (4) . . . of subsection (b) of section 36a-718 shall keep and use in its business books, accounts and records that will enable the commissioner to determine whether such mortgage servicer is complying with the provisions of sections 36a-715 to 36a-719*l*, inclusive, and with any regulations adopted pursuant thereto.

Section 36a-719e of the Connecticut General Statutes provides, in pertinent part, that:

> Upon assignment of servicing rights on a residential mortgage loan, the mortgage servicer shall disclose to the mortgagor: . . . (2) a schedule of the ranges and categories of its costs and fees for its servicing-related activities, which shall comply with state and federal law and, if such disclosure is made by a mortgage servicer licensee, shall not exceed those reported to the Banking Commissioner in accordance with subsection (f) of section 36a-719.

Section 36a-719h of the 2016 Supplement to the General Statutes, in effect prior to October 1, 2016, provided, in pertinent part, that:

> No mortgage servicer shall: . . .
>
> (2) Engage in any unfair or deceptive practice toward any person or misrepresent or omit any material information in connection with the servicing of the residential mortgage loan . . . ;
>
> (4) Knowingly misapply or recklessly apply residential mortgage loan payments to the outstanding balance of a residential mortgage loan;
>
> (5) Knowingly misapply or recklessly apply payments to escrow accounts; [or]
>
> (17) Conduct any business covered by sections 36a-715 to 36a-719*l*, inclusive, without holding a valid license as required under said sections, or assist or aid and abet any person in the conduct of business without a valid license as required under this title . . . .

Section 36a-719j(b) of the Connecticut General Statutes provides, in pertinent part, that:

> Whenever it appears to the commissioner that any person has violated, is violating or is about to violate . . . any of the provisions of this title or of any regulations adopted pursuant thereto. . . the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

Section 36a-801(a) of the 2016 Supplement to the General Statutes, in effect prior to October 1, 2016, provided, in pertinent part, that:

> No person shall act within this state as a consumer collection agency unless such person has first obtained a consumer collection agency license for such person's main office and each branch office where such person's business is conducted. A consumer collection agency is acting within this state if it (1) has its place of business located within this state; (2) has its place of business located outside this state and (A) collects from consumer debtors or property tax debtors who reside within this state for creditors who are located within this state, or (B) collects from consumer debtors or property tax debtors who reside within this state for creditors who are located outside this state for such consumer collection agency's own account; (3) has its place of business located outside this state and regularly collects from consumer debtors or property tax debtors who reside within this state for creditors who are located outside this state; or (4) has its place of business located outside this state and is engaged in the business of collecting child support for creditors located within this state from consumer debtors who are located outside this state.

Section 36a-804(b) of the Connecticut General Statutes provides, in pertinent part, that:

> Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any of the provisions of sections 36a-800 to 36a-812, inclusive, or any regulation adopted pursuant thereto, . . . the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

1. Ocwen acted as a mortgage servicer from at least three locations that were neither licensed nor exempt from licensure, as more fully described in paragraphs 1, 2, 8 to 11, inclusive, and 23 to 25, inclusive, of the Matters Asserted, in violation of Section 36a-718 of the Connecticut General Statutes. Such conduct forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
2. Ocwen acted as a mortgage servicer from at least three locations that were neither licensed nor exempt from licensure, as more fully described in paragraphs 1, 2, 8 to 11, inclusive, and 23 to 25, inclusive, of the Matters Asserted, which constitutes conducting business covered by Sections 36a-715 to 36a-719*l*, inclusive, without holding a valid license as required under said sections or assisting another person in the conduct of business without a valid license as required under Title 36a, in violation of Section 36a-719h(17) of the Connecticut General Statutes in effect at such time. Such conduct forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
3. Ocwen knowingly misapplied or recklessly applied residential mortgage loan payments to the outstanding balance of a Connecticut borrower's residential mortgage loan on at least one occasion, as more fully described in paragraphs 15 and 16 of the Matters Asserted, in violation of Section 36a-719h(4) of the Connecticut General Statutes in effect at such time, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
4. Ocwen failed to accurately apply residential mortgage loans payments of Connecticut borrowers on at least two occasions, as more fully described in paragraphs 15 and 16 of the Matters Asserted, in violation of the Prior Consent Order issued by the Commissioner, which forms the basis to issue an order to cease and desist pursuant to Section 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Section 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
5. Ocwen knowingly misapplied or recklessly applied payments to escrow accounts of a Connecticut borrower on at least one occasion, as more fully described in paragraphs 15 and 16 of the Matters Asserted, in violation of Section 36a-719h(5) of the Connecticut General Statutes in effect at such time, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
6. Ocwen failed to disclose to Connecticut borrowers the schedule of the ranges and categories of its costs and fees for its servicing-related activities in connection with Connecticut residential mortgage loans for which it was assigned servicing rights after January 1, 2015, as more fully described in paragraph 21 of the Matters Asserted, in violation of Section 36a-719e(2) of the Connecticut General Statutes, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
7. Ocwen failed to maintain sufficient records in connection with the servicing of residential mortgage loans in Connecticut, including providing adequate evidence that Ocwen's escrow accounts complied with the requirements of Section 36a-716 of the Connecticut General Statutes, as amended by Public Act 16-65, as more fully described in paragraphs 14 and 22 of the Matters Asserted, in violation of Section 36a-719d(b) of the Connecticut General Statutes, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
8. Ocwen failed to provide a short year escrow statement to a borrower as required pursuant to 12 CFR § 1024.17(i)(4)(iii), as more fully described in paragraphs 17 and 18 of the Matters Asserted, in violation of Section 36a-498e(7) of the Connecticut General Statutes, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
9. Ocwen failed to pay escrow disbursements to the appropriate taxing authorities and insurance companies in the amounts required and at the times such payments were due, as more fully described in paragraphs 15 and 19 of the Matters Asserted, which constitutes at least two violations of Section 36a-716(a) of the Connecticut General Statutes in effect at such time, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
10. Ocwen provided incorrect or incomplete information to a Connecticut borrower concerning the borrower's pending foreclosure action, as more fully described in paragraph 26 of the Matters Asserted, which constitutes misrepresenting or omitting material information in connection with the servicing of the residential mortgage loan, in violation of Section 36a-719h(2) of the Connecticut General Statutes in effect at such time, which forms the basis to issue an order to cease and desist pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Ocwen in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.
11. OBS acted as a collection agency from at least one location that was neither licensed nor exempt from licensure, as more fully described in paragraphs 1, 3, 11, 23 and 25 of the Matters Asserted, in violation of Section 36a-801(a) of the Connecticut General Statutes in effect at such time. Such conduct forms the basis to issue an order to cease and desist against OBS pursuant to Sections 36a-804(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty against OBS pursuant to Sections 36a-804(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon OBS in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

IV. FINDINGS AND STATUTORY BASIS FOR TEMPORARY ORDER TO CEASE AND DESIST

The Commissioner finds that the public welfare requires immediate action in order to prevent irreparable and immediate harm to Connecticut borrowers and the necessity of a temporary order requiring Ocwen to cease and desist from violating the laws cited herein, pursuant to Section 36a-52(b) of the Connecticut General Statutes in that, since December 2013, State Mortgage Regulators, including this Department, have been concerned about Ocwen's mortgage servicing practices including, but not limited to, the misapplication of borrower payments and inaccurate escrow accounting and statements, and that the recent Multi-State Examination and CT Examination indicate that these issues have not been resolved, but rather may be exacerbated. In addition, Connecticut borrowers have no ability to select a different mortgage servicer to remedy such persistent and pervasive errors by Ocwen. Considering the potential harm to Connecticut borrowers and Ocwen's inability to provide sufficient information concerning its existing borrower escrow accounts, the Commissioner finds it imperative that Ocwen cease from acquiring new mortgage servicing rights in connection with Connecticut residential mortgage loans for which it would have to maintain escrow accounts, and acquiring or originating new Connecticut residential mortgage loans serviced by Ocwen for which it would have to maintain escrow accounts, until it can ensure that the escrow accounts of its existing residential mortgage loan servicing portfolio in Connecticut are properly reconciled and that all Connecticut borrowers' monies are maintained in segregated deposit or trust accounts for the benefit of such Connecticut borrowers.

V. TEMPORARY ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE CIVIL PENALTY AND NOTICE OF RIGHT TO HEARING

WHEREAS, the Commissioner has reason to believe that Ocwen has engaged in acts or conduct which forms a basis to issue an order to cease and desist against Ocwen pursuant to Sections 36a-719j(b) and 36a-52(a) of the Connecticut General Statutes and to impose a civil penalty pursuant to Sections 36a-719j(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, the Commissioner has reason to believe that OBS has engaged in acts or conduct which forms a basis to issue an order to cease and desist against OBS pursuant to Sections 36a-804(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-804(b) and 36a-50(a) of the Connecticut General Statutes;

AND WHEREAS, the Commissioner has made the finding required under Section 36a-52(b) of the Connecticut General Statutes.

THE COMMISSIONER THEREFORE ORDERS, pursuant to the authority granted in Section 36a-52(b) of the Connecticut General Statutes, that Ocwen Loan Servicing, LLC immediately **CEASE AND DESIST** from further violations of Sections 36a-498e(7), 36a-716(a), 36a-718, 36a-719d(b), 36a-719h(2), 36a-719h(4), 36a-719h(5), 36a-719h(17) and 36a-719e(2) of the Connecticut General Statutes and orders issued by the Commissioner. This Temporary Order to Cease and Desist shall become effective upon receipt by Ocwen Loan Servicing, LLC, and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in this Temporary Order to Cease and Desist.

THE COMMISSIONER FURTHER ORDERS, pursuant to the authority granted in Section 36a-52(b) of the Connecticut General Statutes that:

1. Upon the effective date of this Temporary Order to Cease and Desist, Ocwen Loan Servicing, LLC shall not pay or declare any dividend or bonus, or otherwise authorize any other material distribution of Ocwen Loan Servicing, LLC's assets to any officer, director or owner of Ocwen Loan Servicing, LLC without the prior written approval of the Commissioner until Ocwen Loan Servicing, LLC can demonstrate to the satisfaction of the Commissioner that escrow monies of borrowers of Connecticut residential mortgage loans are properly accounted for and segregated for the benefit of such borrowers as further provided herein;
2. Upon the effective date of this Temporary Order to Cease and Desist, Ocwen Loan Servicing, LLC shall not add any Connecticut residential mortgage loan to its existing mortgage loan servicing portfolio if such residential mortgage loan requires funds to be held in escrow for payment of taxes and insurance until Ocwen Loan Servicing, LLC can demonstrate to the satisfaction of the Commissioner that, for all existing escrow accounts maintained on behalf of borrowers of Connecticut residential mortgage loans: (a) funds are appropriately collected and maintained in one or more segregated deposit or trust accounts for the benefit of such Connecticut borrowers, (b) funds are accurately applied to borrower escrow account balances, (c) escrow amounts are appropriately calculated and accurately and timely disbursed, and (d) its escrow account management practices comply with all applicable federal and state laws and regulations;
3. No later than five (5) days after receipt of this Temporary Order to Cease and Desist, Ocwen Loan Servicing, LLC shall perform a detailed accounting of all escrow accounts maintained on behalf of borrowers of Connecticut residential mortgage loans, including, but not limited to, names and addresses of all such borrowers, loan numbers, names of mortgage holders and escrow account balances, and provide a copy of such detailed accounting to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov; and
4. No later than five (5) days after receipt of this Temporary Order to Cease and Desist, Ocwen Loan Servicing, LLC shall place the amount of monies corresponding to the balance of escrow accounts maintained on behalf of borrowers of Connecticut residential mortgage loans in one or more segregated deposit or trust accounts established solely for the benefit of such Connecticut borrowers at a federally-insured bank, Connecticut credit union, federal credit union or out-of-state bank that maintains in this state a branch, as defined in Section 36a-410 of the Connecticut General Statutes, and notify Carmine Costa, Director, Consumer Credit Division of the account number(s) and location of such account(s).

FURTHER, notice is hereby given to Ocwen that the Commissioner intends to issue an order requiring Ocwen to **CEASE AND DESIST** from violating Sections 36a-498e(7), 36a-716(a), 36a-718, 36a-719d(b), 36a-719h(2), 36a-719h(4), 36a-719h(5), 36a-719h(17) and 36a-719e(2) of the Connecticut General Statutes and orders issued by the Commissioner, and impose a **CIVIL PENALTY** upon Ocwen as set forth herein, subject to Ocwen's right to a hearing on the allegations set forth above.

FURTHER, notice is hereby given to OBS that the Commissioner intends to issue an order requiring OBS to **CEASE AND DESIST** from violating Section 36a-801(a) of the Connecticut General Statutes, and impose a **CIVIL PENALTY** upon OBS as set forth herein, subject to OBS's right to a hearing on the allegation set forth above.

A hearing will be granted to each Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 within fourteen (14) days following each Respondent's receipt of this Temporary Order to Cease and Desist, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing as set forth in Sections 36a-52(a) and 36a-50(a) of the Connecticut General Statutes. This Temporary Order to Cease and Desist, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to the above address. If any Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a presiding officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will be held on June 13, 2017, at 10 a.m., at the Department of Banking, 260 Constitution Plaza, Hartford, Connecticut.

The hearing will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, unless any Respondent fails to appear at the requested hearing. At such hearing, Respondents will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

If Ocwen does not request a hearing within the time prescribed or fails to appear at any such hearing, the allegations herein will be deemed admitted. Accordingly, the Commissioner will issue an order that Ocwen cease and desist from violating Sections 36a-498e(7), 36a-716(a), 36a-718, 36a-719d(b), 36a-719h(2), 36a-719h(4), 36a-719h(5), 36a-719h(17) and 36a-719e(2) of the Connecticut General Statutes and orders issued by the Commissioner, and may order a civil penalty not to exceed One Hundred Thousand Dollars ($100,000) per violation be imposed upon Ocwen.

If OBS does not request a hearing within the time prescribed or fails to appear at any such hearing, the allegation herein will be deemed admitted. Accordingly, the Commissioner will issue an order that OBS cease and desist from violating Section 36a-801(a) of the Connecticut General Statutes, and may order a civil penalty not to exceed One Hundred Thousand Dollars ($100,000) per violation be imposed upon OBS.

So ordered at Hartford, Connecticut
this <u>20th</u> day of April 2017.

________/s/_________
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this <u>20th</u> day of April 2017, I caused to be mailed by certified mail, return receipt requested, the foregoing Temporary Order to Cease and Desist, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing to Ocwen Loan Servicing, LLC, Attention: Mable Scarlett, Manager, Compliance, 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409, certified mail no. 7012 3050 0000 6997 5950; CT Corporation System, Registered Agent for Ocwen Loan Servicing, LLC, 20 Church Street, 14th Floor, Hartford, Connecticut 06103, certified mail no. 7012 3050 0000 6997 5967; Ocwen Business Solutions, Inc., Attention: Mable Scarlett, Manager, Compliance, 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409, certified mail no. 7012 3050 0000 6997 5974; and CT Corporation System, Registered Agent for Ocwen Business Solutions, Inc., 20 Church Street, 14th Floor, Hartford, Connecticut 06103, certified mail no. 7012 3050 0000 6997 5981.

________/s/_________
Tina M. Daigle
Paralegal

Administrative Orders and Settlements

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