



DIVISION OF FINANCIAL INSTITUTIONS  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

In the Matter of )  
 )  
OCWEN LOAN SERVICING, LLC )  
 )  
\_\_\_\_\_ )

NOTICE OF CHARGES

**NOTICE OF CHARGES**

TO: Ocwen Loan Servicing, LLC  
NMLS No. 1852  
1661 Worthington Rd., Suite 100  
West Palm Beach, FL 33409

NOTICE IS HEREBY GIVEN that the Commissioner of Financial Institutions (“Commissioner”) has found sufficient cause upon which to issue an order limiting the mortgage servicer activity of Ocwen Loan Servicing, LLC (“OLS”) based upon OLS’s violation of Hawaii Revised Statutes (“HRS”) §454M-6. This Notice of Charges and the Commissioner’s Order are based upon the following:

I. FACTS:

1. OLS is a licensed mortgage servicer and has at all times relevant to this Notice of Charges conducted business as a mortgage servicer in the State of Hawaii. Ocwen Loan Servicing is also a subsidiary of Ocwen Financial Corporation. Ocwen Financial Corporation is the parent company of all subsidiaries.
2. Ocwen Financial Corporation (“OFC”) is a Florida corporation with headquarters in West Palm Beach, Florida. Ocwen Mortgage Servicing, Inc. (“OMS”) is a U.S. Virgin Islands corporation with headquarters in St. Croix, US Virgin Islands and an

assigned NMLS identifier number of 1089752. OLS is a Delaware limited liability company with headquarters located in West Palm Beach, Florida and an assigned NMLS identifier number of 1852. OLS at all relevant times herein was a wholly-owned subsidiary of OMS, which was a wholly-owned subsidiary of OFC (collectively referred to herein as "Ocwen"). Homeward Residential, Inc. ("Homeward") is a Delaware corporation, is owned by Homeward Residential Holdings, Inc. and is a subsidiary of Ocwen Financial Corporation with headquarters in Addison, Texas. and an assigned NMLS identifier number of 3984.

3. The Division of Financial Institutions, Department of Commerce and Consumer Affairs ("DFI"), has jurisdiction over the licensing and regulation of persons and entities engaged in the business of residential mortgage loan servicing in Hawaii pursuant to Chapter 454M, Hawaii Revised Statutes.
4. OLS was initially licensed by DFI on September 29, 2010.
5. OMS was initially licensed by DFI on February 19, 2014.
6. Homeward was initially licensed by DFI on May 29, 2012. On January 1, 2014 Homeward's mortgage servicer license was terminated when Homeward failed to comply with License Renewal requirements for 2014 renewals. On March 11, 2014 Homeward reapplied for its Hawaii MS license but did not receive their MS License until July 7, 2014. Homeward has met the licensing requirements thereafter.
7. Ocwen Business Solutions, Inc. (NMLS #1283393) was approved on February 16, 2016.
8. Liberty Home Equity Solutions, Inc. (NMLS #3313) was approved on October 19, 2012.

9. DFI is authorized through the CSBS/AARMR Nationwide Cooperative Agreement for Mortgage Supervision dated May 1, 2009 (“Agreement”) to coordinate examinations and regulatory actions. § 454M-8.5(f)(4), HRS, provides that the commissioner may: (4) Accept and rely on examination or investigation reports made by other government officials, within or without this State.
10. The Multi-State Mortgage Committee (“MMC”) is a committee of state mortgage regulators who have agreed to address their enforcement concerns with Ocwen in a collective and coordinated manner. On February 28, 2015, the states of Florida, Maryland, Massachusetts, Mississippi, Montana, and Washington (collectively, the “Examining States”) conducted a Multi-State Examination of Ocwen in order to determine Ocwen’s compliance with applicable federal and state laws and regulations, financial condition, and control and supervision of the licensed mortgage servicing operations. The Multi-State Examination of Ocwen covered the period of January 1, 2013 to February 28, 2015.
11. During the examination, the Examining States identified several violations of state and federal law. Additionally, it was determined that Ocwen’s financial condition was significantly deteriorating.
12. Ocwen’s management failed to respond to requests for information in a timely manner during the examination process.
13. OLS and OMS have been properly licensed in Hawaii since initial licensure. Homeward has periods where it was not properly licensed.
14. DFI has ten complaints in the examination period related to Ocwen. Five of the complaints were disputes by consumers related to nonpayment of impound of funds

or escrow of taxes and insurance. Two complaints were related to forced placed insurance for borrowers who paid the Company for the impounds. One complaint related to the Company making tax payments from an incorrect loan file, when a customer had more than one loan from the Company, causing the customer to have delinquent real property tax. One complaint was related to monthly statements not being provided timely. One complaint was related to an inaccurate escrow statement which showed the account was in arrears when the customer made appropriate payments.

15. In 2015, Ocwen failed to provide key financial documents and reconcilements of its financial statements to regulators.
16. Based on the findings of the examination and subsequent communications with OFC, the state regulators and Ocwen entered into a Memorandum of Understanding (MOU) on December 7, 2016.
17. The MOU required Ocwen to retain an independent auditing firm to perform a comprehensive audit and reconciliation of all consumer escrow accounts, with a report to be furnished by the Auditor to Ocwen and the MMC within five business days thereafter. The audit plan was to be submitted to, and approved by, the MMC no later than January 13, 2017.
18. Ocwen's response to the state regulators on January 13, 2017, was that the reconciliation of escrow accounts, which is paramount in ensuring the appropriate management of consumer funds, would cost \$1.5 billion and is well beyond Ocwen's financial capacity. Ocwen has suggested instead that a sample of 457 escrow accounts be reconciled out of 2.5 million active first lien escrow accounts

that Ocwen has serviced since January 2013. This proposal would leave a vast number of consumers with unreconciled escrow accounts.

19. The company is currently facing numerous substantiated consumer complaints regarding escrow accounts that have been mismanaged, resulting in significant harm to consumers, and requesting reimbursement of monies wrongfully withheld or misapplied.
20. The MOU required Ocwen to provide, among other things, a viable going forward business plan that encompassed an analysis of its financial condition going forward. The purpose of the plan was to analyze Ocwen's future financial condition incorporating and encompassing all known or reasonably certain liabilities.
21. Ocwen's going forward plan submitted in response to the MOU did not provide a complete assessment of its financial condition because it excluded significant liabilities. If the going forward plan accurately accounted for known or anticipated regulatory penalties and other operational costs, including, but not limited to, the expenses of moving to a new servicing platform and complete reconciliation of consumer escrow accounts with restitution to impacted borrowers, it would indicate the company would not continue as a going concern.
22. Homeward's Mortgage Call Report ("MCR"), reported 40 loans in foreclosure status for year end December 31, 2013. Homeward reported "0" Owner-Occupied Non-Judicial Foreclosures for year end December 31, 2015. Homeward did not submit a report for foreclosure status for year end December 31, 2014.

## II. RELEVANT LAWS

1. Section 454M-2(a), Hawaii Revised Statutes ("HRS") states that "(n)o person

except those exempted under this chapter shall engage in the business of mortgage servicing without a license as provided in this chapter.”

2. Section 454M-2.5 Unlicensed foreclosure actions voided. Any action taken in connection with a mortgage foreclosure under chapter 667 by a nonexempt person who engages in the business of mortgage servicing without a license as provided in this chapter shall be void for purposes of chapter 667.

3. Section 454M-6 Prohibited activities. (a) It shall be a violation of this chapter for any mortgage servicer in the course of any mortgage loan transaction, or in connection with any mortgage servicing business, to:

...

(4) Misapply residential mortgage loan payments;

(5) Misapply payments to escrow accounts;

...

(6) Fail to timely pay taxes or insurance premiums of the borrower, if and as required by this chapter;

(7) Fail to follow procedures concerning escrows for the payment of taxes and insurance as required by this chapter;

(8) Place hazard, homeowner's, or flood insurance on the mortgaged property when the mortgage servicer knows or has reason to know that the borrower has an effective policy for such insurance;

...

(12) Fail to provide to the borrower a refund of unearned premiums paid by a borrower or charged to the borrower for hazard, homeowner's, or flood

insurance placed by a mortgagee or the mortgage servicer if the borrower provides reasonable proof that the borrower has obtained coverage such that the forced placement insurance is no longer necessary and the property is insured. If the borrower provides reasonable proof that no lapse in coverage occurred such that the forced placement was not necessary, the mortgage servicer shall promptly refund the entire premium;

- (13) Collect private mortgage insurance beyond the date for which private mortgage insurance is required;

...

- (15) Fail to provide a timely and accurate statement of account, as required by this chapter;

### III. CONCLUSION:

- A. Based on the foregoing there is sufficient cause to believe that OLS has engaged in activities prohibited by HRS § 454M-2 and 454M-6.
- B. Based on the foregoing there is sufficient cause to limit OLS's mortgage servicer license in accordance with HRS § 454M-8.

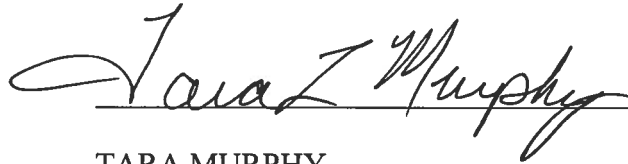
### IT IS HEREBY ORDERED AS FOLLOWS:

1. That this Notice of Charges be issued;
2. That OLS may request a hearing in accordance with Chapter 91 HRS within 15 days of the receipt of this Notice of Charges and Proposed Order.



3. That should OLS fail to request a hearing within 15 days of the receipt of this Notice of Charges and Proposed Order, then its mortgage servicer license shall be limited in accordance with the attached proposed order.

DATED: Honolulu, Hawaii, 4/20, 2017

A handwritten signature in black ink, reading "Tara Murphy", written over a horizontal line.

TARA MURPHY

DEPUTY COMMISSIONER OF FINANCIAL INSTITUTIONS  
DIVISION OF FINANCIAL INSTITUTIONS  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

[IN THE MATTER OF OCWEN LOAN SERVICING, LLC]

DIVISION OF FINANCIAL INSTITUTIONS  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

In the Matter of	)	PROPOSED ORDER
	)	LIMITING MORTGAGE
OCWEN LOAN SERVICING, LLC	)	SERVICER LICENSE
_____	)	

**PROPOSED ORDER LIMITING MORTGAGE SERVICER LICENSE**

The Commissioner of Financial Institutions (“Commissioner”) has jurisdiction over this matter pursuant to Hawaii Revised Statutes (“HRS”) §§ 454M-2, 454M-7 and 454M-8. Based upon the pleadings, records and files herein, the Commissioner finds that the facts and conclusions in the Notice of Charges (“Notice of Charges”) are true and correct, and hereby adopts herein the Notice of Charges as the Commissioner’s findings of fact and conclusions of law.

Accordingly, the Commissioner finds and concludes that Ocwen Loan Servicing, LLC (OLS) has engaged in and is engaging in acts or practices in violation of the provisions of HRS §§454M-2, 454M-6(a)(4),(5),(7),(8),(9),(12),(13),(15), and HRS §454M-6(b)(2) and that OLS’s mortgage loan servicer license should be limited.

NOW THEREFORE, GOOD CAUSE APPEARING, IT IS HEREBY ORDERED AS FOLLOWS:

1. That OLS’s mortgage servicer license is hereby limited as follows: OLS shall immediately cease acquiring new mortgage servicing rights, and acquiring or originating new residential mortgages serviced by OLS, until OLS can show it is a

going concern by providing a financial analysis that encompasses all of the liabilities OLS currently maintains, as well as liabilities it has knowledge it will incur in the course of its business;

2. OLS shall immediately cease from acquiring new mortgage servicing rights, and acquiring or originating new residential mortgages serviced by OLS, until OLS can provide the state regulators with a reconciliation of its escrow accounts showing that consumer funds are appropriately collected, properly calculated, and disbursed accurately and timely; and
3. OLS shall insure that Homeward shall immediately cease from any and all unlicensed activity in Hawaii in which it is improperly operating.
4. This Order is effective immediately upon signing and shall remain in effect unless set aside, limited, or suspended by the Commissioner or upon court order after review under Hawaii laws.
5. This Order shall not be construed as approving any act, practice, or conduct not specifically set forth herein which was, is, or may be in violation of relevant state or federal laws and regulations.
6. The Division of Financial Institutions will post a copy of any final order or decision in this matter to the NMLS under regulatory actions which will be viewable by regulators and the public.
  - a. This order shall be placed in OLS's corporate file.

b. This order is entered on the date set forth below.

DATED: Honolulu, Hawaii, \_\_\_\_\_ 2017

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IRIS IKEDA  
COMMISSIONER OF FINANCIAL INSTITUTIONS  
DIVISION OF FINANCIAL INSTITUTIONS  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

[IN THE MATTER OF OCWEN LOAN SERVICING, LLC]