

In late December 2013, the Consumer Financial Protection Bureau (CFPB), together with authorities in 49 states and the District of Columbia, filed a proposed order requiring the nation's largest nonbank mortgage loan servicer, Ocwen Financial Corporation, and its subsidiary, Ocwen Loan Servicing, to provide \$2 billion in principal reduction to underwater borrowers (i.e. those who owe more money on a mortgage loan than the property is worth). The consent order addresses Ocwen's abuses directed at homeowners during the mortgage servicing process. Ocwen must also refund \$125 million to the nearly 185,000 borrowers who have already been foreclosed upon and it must adhere to significant new homeowner protections going forward. The proposed Ocwen consent order is available [here](#).

Ocwen is the country's largest nonbank mortgage servicer and the fourth-largest servicer overall in the United States. As a mortgage servicer, it is responsible for collecting payments from the mortgage borrower and forwarding those payments to the owner of the loan. A mortgage servicer handles customer service, collections, loan modifications, and foreclosures. Ocwen specializes in servicing subprime or delinquent loans and emphasizes resolving delinquency through loss mitigation or foreclosure. State financial regulators, state attorneys general, and the CFPB discovered that Ocwen frequently violated state laws and the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted to protect consumers from unfair, deceptive, or abusive acts or practices by mortgage servicers. The evidence uncovered found that Ocwen pushed borrowers into foreclosure through servicing errors. A complaint filed by CFPB and the states alleged that Ocwen also failed to timely and accurately apply payments, charged borrowers unauthorized fees for default-related services, and imposed expensive force-placed insurance on consumers when Ocwen knew or should have known that the homeowner already had adequate home insurance coverage. The complaint further alleged that Ocwen deceived consumers about foreclosure alternatives and improperly denied loan modifications while also engaging in illegal foreclosure practices.

The proposed court order bars Ocwen from committing such violations in the future. It requires Ocwen to provide \$125 million in refunds to foreclosed upon consumers and \$2 billion in loan modification relief to its customers through principal reduction. The refunds and relief also apply to consumers whose loans were previously serviced by Homeward Residential Holdings and Litton Loan Servicing. Details about the CFPB complaint and the litigation against Ocwen can be accessed via the Consumer Financial Protection Bureau's [website](#).

