

Office of
Mortgage Settlement
Oversight

Ocrwen Compliance Update

A Report from the Monitor of the National Mortgage Settlement



August 11, 2015

Executive Summary

After a review of the issues I found with Ocwen's internal review group's (IRG) integrity and subsequent review of its work to address these problems, I have reported to the Court that I now have a measure of assurance that the issues with Ocwen's IRG's independence, competency and capacity have been sufficiently addressed.

In May 2014, an Ocwen employee reported issues that called into question the independence of Ocwen's IRG. I launched an investigation into these claims and determined that I could not rely on a portion of Ocwen's work for the first quarter of 2014. I then directed McGladrey LLP (McGladrey), an independent firm, to retest Ocwen's performance on certain at-risk metrics for the first and second quarters of 2014. The results of that testing are detailed in this report.

In October 2014, the New York State Superintendent of Financial Services raised issues concerning incorrect dates on certain correspondence from Ocwen to its consumers. Among other corrective actions, Ocwen has created a global corrective action plan to address its letter-dating issues (Global CAP).

Both issues are detailed in my *Continued Oversight* report and my *second interim update* on Ocwen.

Before reaching my conclusions regarding Ocwen's IRG, my team and I:¹

- Retained McGladrey to independently retest metrics identified as "at-risk" for the first and second quarters of 2014.
- Approved corrective action plans (CAPs) Ocwen developed to fix the root causes of its failed metrics.
- Reviewed and validated the changes Ocwen made to its IRG. As I reported previously, Ocwen replaced the executive who led the IRG and otherwise reorganized employees, adopted corporate governance principles, and enhanced my access to information.
- Approved the Global CAP that Ocwen developed that intends to fix its letter-dating issues.

This report details McGladrey's retesting results and Ocwen's corrective action efforts and provides an update on Ocwen's Global CAP.

Sincerely,



Joseph A. Smith, Jr.

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¹ The work to test Ocwen in test periods seven and eight involved 82 professionals, including my PPF, SPF, and other professionals who dedicated approximately 29,137 hours over a six-month period, including McGladrey's retesting work which involved 17 professionals who dedicated approximately 12,379 hours.

Retesting results

The extensive and independent testing I directed McGladrey to perform showed that, with the exception of Metric 19 in the first quarter of 2014, the IRG’s testing for both quarters of 2014 was not significantly different from McGladrey’s independent testing.

SCORECARD:
Ocwen

The Monitor's professional firm, McGladrey LLP, retested certain at-risk metrics for test periods seven and eight, or the first and second quarters of 2014 as indicated in the McGladrey Result column below. The scorecard below illustrates the results of this retesting and the results from the original testing by Ocwen's IRG and the Monitor's Secondary Professional Firm, Baker Tilly Virchow Krause, LLP for test period seven.

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METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT	METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT
Foreclosure Sale in Error	1 (1.A)	1.00%	Pass 0.29%	N/A	Pass 0.00%	Complaint Response Timeliness	18 (8.A)	5.00%	Pass	Pass	N/A
Incorrect Modification Denial	2 (1.B)	5.00%	Pass 2.65%	N/A	Pass 2.85%	Loan Modification Document Collection Timeline Compliance	19 (8.B.1)	5.00%	Pass 3.73%	N/A	Fail 11.86%
Was Affidavit of Indebtedness (AOI) Properly Prepared	3 (2.A)*	5.00%	Pass/Fail	Pass	Pass	Loan Modification Decision/Notification Timeline Compliance	20 (8.B.2)	10.00%	Pass 8.17%	N/A	Pass 8.04%
Proof of Claim (POC)	4 (2.B)	5.00%	Pass	Pass	N/A	Loan Modification Appeal Timeline Compliance	21 (8.B.3)	10.00%	Pass	Pass	N/A
Motion for Relief from Stay (MRS) Affidavits	5 (2.C)	5.00%	Pass	Pass	N/A	Short Sale Decision Timeline Compliance	22 (8.B.4)	10.00%	Pass	Pass	N/A
Pre-foreclosure Initiation	6 (3.A)	5.00%	Pass	Pass	N/A	Short Sale Document Collection Timeline Compliance	23 (8.B.4)	5.00%	Pass 1.85%	N/A	Pass 2.98%
Pre-foreclosure Initiation Notifications	7 (3.B)	5.00%	Pass	Pass	N/A	Charge of Application Fees for Loss Mitigation	24 (8.B.4)	1.00%	Pass 0.00%	N/A	Pass 0.00%
Fee Adherence to Guidance	8 (4.A)	5.00%	Pass	Pass	N/A	Short Sales - Inclusion of Notice of Whether or Not a Deficiency Will Be Required	25 (8.B.vi.a)	5.00%	Pass	Pass	N/A
Adherence to Customer Payment Processing	9 (4.B)	5.00%	Pass	Pass	N/A	Dual Track - Referred to Foreclosure in Violation of Dual Track Provisions	26 (8.B.vii.a)	5.00%	Pass	Pass	N/A
Reconciliation of Certain Waived Fees	10 (4.C)	5.00%	Pass	Pass	N/A	Dual Track - Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions	27 (8.B.viii.b)	5.00%	Pass	Pass	N/A
Late Fees Adhere to Guidance	11 (4.D)	5.00%	Pass	Pass	N/A	Force-Placed Insurance (FPI) Timeliness of Notices	28 (8.C.1)	5.00%	Pass 0.80%	N/A	Pass 1.68%
Third Party Vendor Management	12 (5.A)**	Pass/Fail	Pass	N/A	Pass	FPI Termination	29 (8.C.1)	5.00%	Fail 6.03%	N/A	Pass 4.85%
Customer Portal	13 (5.B)**	Pass/Fail	Pass	Pass	N/A	Loan Modification Process	30 (7.A)	5.00%	Not Tested	Not Tested	N/A
Single Point of Contact (SPOC)	14 (5.C)***	5.00%	Pass/Fail	Pass	Pass	Loan Modification Denial Notice Disclosures	31 (7.B)	5.00%	Not Tested	Not Tested	N/A
Workforce Management	15 (5.D)****	Pass/Fail	Pass	Pass	N/A	Affidavit of Indebtedness (AOI) Integrity	32 (7.C)*****	5.00%	Pass/Fail	Pass	Pass
Affidavit of Indebtedness (AOI) Integrity	16 (5.E)****	Pass/Fail	Pass	Pass	N/A	Account Status Activity	33 (7.D)	5.00%	Pass	Pass	N/A
Account Status Activity	17 (5.F)****	Pass/Fail	Pass	Pass	N/A						

* Indicates a Metric with two questions, one of which is tested on an overall yes/no basis (i.e., not on a loan-level basis) ** Indicates a PSP Metric that is tested quarterly on an overall yes/no basis *** Indicates a Metric with four questions, three of which are tested quarterly on an overall yes/no basis **** Indicates a PSP Metric that is required to be tested only annually on an overall yes/no basis ***** Indicates a Metric with three questions, two of which are tested quarterly on an overall yes/no basis

See **Appendix i** for larger version

These results, along with the changes Ocwen made to its IRG, have given me a measure of assurance regarding my confidence in the current independence, capacity and competency of the IRG. These results and changes have also allowed me to determine that the IRG has sufficient ability to effectively implement and execute its work under the Settlement. For details on the retesting of “at-risk” metrics, see my *Interim Report* on Ocwen.

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Ocwen

The Monitor's professional firm, McGladrey LLP, retested certain at-risk metrics for test periods seven and eight, or the first and second quarters of 2014 as indicated in the McGladrey Result column below. The scorecard below illustrates the results of this retesting and the results from original testing by Ocwen's IRG and the Monitor's Secondary Professional Firm, Baker Tilly Virchow Krause, LLP for test period eight.

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METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT	METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT
Foreclosure Sale in Error	1 (1.A)	1.00%	Pass 0.00%	Pass	Pass 0.00%	Complaint Response Timeliness	18 (8.A)	5.00%	Pass	Pass	N/A
Incorrect Modification Denial	2 (1.B)	5.00%	Pass 2.71%	Pass	Pass 3.80%	Loan Modification Document Collection Timeline Compliance	19 (8.B.1)	5.00%	Under CAP	Under CAP	N/A
Was Affidavit of Indebtedness (AOI) Properly Prepared	3 (2.A)*	5.00%	Pass/Fail	Pass	Pass	Loan Modification Decision/Notification Timeline Compliance	20 (8.B.2)	10.00%	Pass 2.75%	N/A	Pass 1.27%
Proof of Claim (POC)	4 (2.B)	5.00%	Pass	Pass	N/A	Loan Modification Appeal Timeline Compliance	21 (8.B.3)	10.00%	Pass	Pass	N/A
Motion for Relief from Stay (MRS) Affidavits	5 (2.C)	5.00%	Pass	Pass	N/A	Short Sale Decision Timeline Compliance	22 (8.B.4)	10.00%	Pass	Pass	N/A
Pre-foreclosure Initiation	6 (3.A)	5.00%	Pass	Pass	N/A	Short Sale Document Collection Timeline Compliance	23 (8.B.4)	5.00%	Pass 3.87%	Pass	Pass 4.72%
Pre-foreclosure Initiation Notifications	7 (3.B)	5.00%	Pass	Pass	N/A	Charge of Application Fees for Loss Mitigation	24 (8.B.vi)	1.00%	Pass	Pass	N/A
Fee Adherence to Guidance	8 (4.A)	5.00%	Pass	Pass	N/A	Short Sales - Inclusion of Notice of Whether or Not a Deficiency Will Be Required	25 (8.B.vii.a)	5.00%	Pass	Pass	N/A
Adherence to Customer Payment Processing	9 (4.B)	5.00%	Pass	Pass	N/A	Dual Track - Referred to Foreclosure in Violation of Dual Track Provisions	26 (8.B.viii.a)	5.00%	Pass	Pass	N/A
Reconciliation of Certain Waived Fees	10 (4.C)	5.00%	Pass	Pass	N/A	Dual Track - Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions	27 (8.B.viii.b)	5.00%	Pass	Pass	N/A
Late Fees Adhere to Guidance	11 (4.D)	5.00%	Pass	Pass	N/A	Force-Placed Insurance (FPI) Timeliness of Notices	28 (8.C.1)	5.00%	Pass	Pass	N/A
Third Party Vendor Management	12 (5.A)**	Pass/Fail	Pass	Pass	N/A	FPI Termination	29 (8.C.1)	5.00%	Under CAP	Under CAP	N/A
Customer Portal	13 (5.B)**	Pass/Fail	Pass	Pass	N/A	Loan Modification Process	30 (7.A)	5.00%	Not Tested	Not Tested	N/A
Single Point of Contact (SPOC)	14 (5.C)***	5.00%	Pass/Fail	Pass	Pass	Loan Modification Denial Notice Disclosures	31 (7.B)	5.00%	Not Tested	Not Tested	N/A
Workforce Management	15 (5.D)****	Pass/Fail	Not Tested	Not Tested	N/A	SPOC Implementation and Effectiveness	32 (7.C)*****	5.00%	Pass/Fail	Pass	Pass
Affidavit of Indebtedness (AOI) Integrity	16 (5.E)****	Pass/Fail	Not Tested	Not Tested	N/A	Account Status Activity	33 (7.D)	5.00%	Pass	Pass	N/A
Account Status Activity	17 (5.F)****	Pass/Fail	Not Tested	Not Tested	N/A						

* Indicates a Metric with two questions, one of which is tested on an overall yes/no basis (i.e., not on a loan-level basis) ** Indicates a PSP Metric that is tested quarterly on an overall yes/no basis *** Indicates a Metric with four questions, three of which are tested quarterly on an overall yes/no basis **** Indicates a PSP Metric that is required to be tested only annually on an overall yes/no basis ***** Indicates a Metric with three questions, two of which are tested quarterly on an overall yes/no basis

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Corrective actions and remediation

Metric 19 tests whether the servicer is complying with the requirement to notify borrowers of any missing or incomplete documents in a loan modification application in a timely manner. Ocwen submitted a CAP that identified and addressed the root cause of its fail. My professionals and I reviewed the CAP and determined that it should sufficiently address the fail. Ocwen is currently implementing the CAP, and cure period testing will resume in the third quarter of 2015.

Though I determined that the noncompliance was not widespread, Ocwen elected to treat Metric 19 as if it were widespread. Ocwen submitted a separate remediation plan to identify all impacted borrowers from December 1, 2013 to March 31, 2015. Ocwen is in the process of implementing the remediation plan. I will provide an

update on the Metric 19 CAP and the related remediation efforts in my next report.

Metric 29 tests whether the servicer terminates force-placed insurance and refunds premiums to affected borrowers in a timely manner. Ocwen's IRG originally reported it failed Metric 29, but McGladrey reported a pass by one single loan. Due to the difference in results of one loan, I consider the results substantially consistent. Notwithstanding McGladrey's retesting results, Ocwen submitted a CAP that my professionals and I have reviewed and determined that Ocwen has satisfactorily completed. Metric 29 testing has resumed, and I will report an update on the cure period results in my next report.

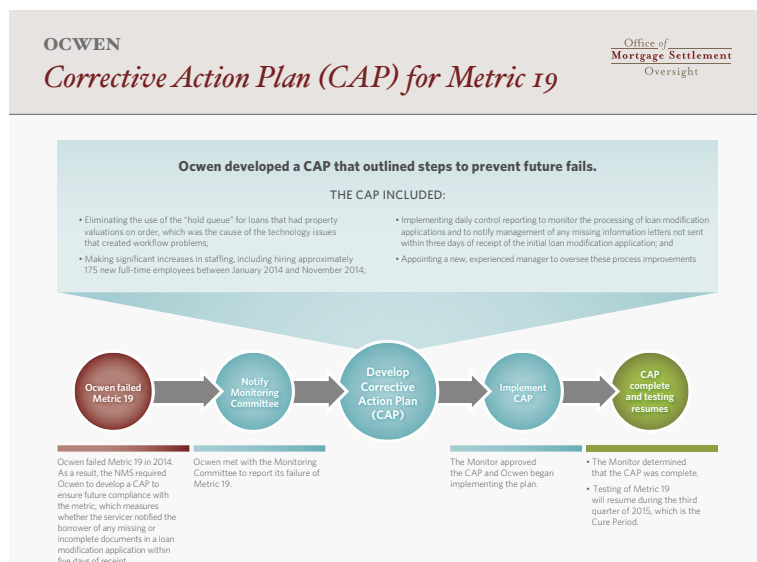
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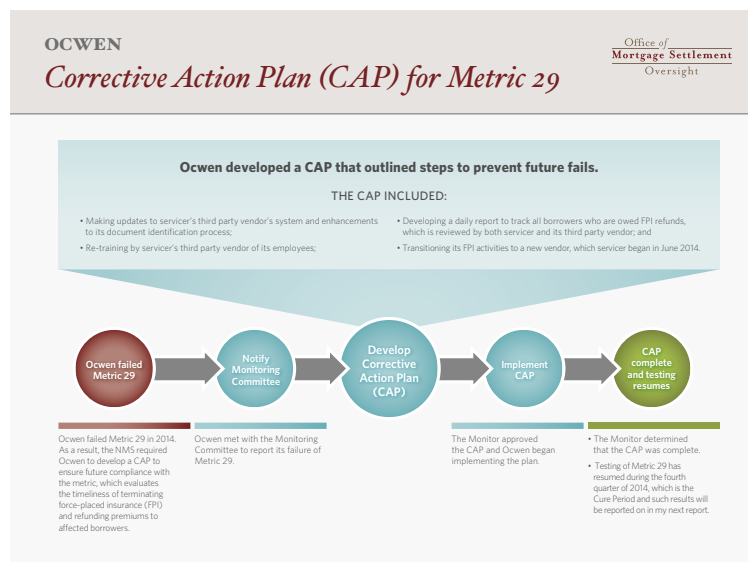
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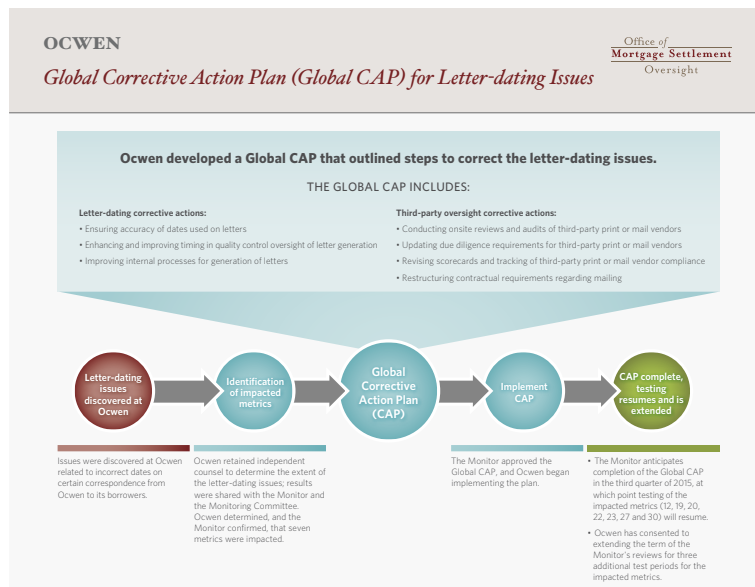
Global letter-dating corrective action plan

In my past reports on my investigation of Ocwen's compliance issues, I also reported that Ocwen was taking corrective actions related to issues with incorrect dates on certain correspondence from Ocwen to its borrowers.

Ocwen's investigation revealed that the letter-dating problems were caused by a programming error in its process for populating letter templates and a lack of adequate oversight of third-party print or mail vendors. Ocwen has undertaken the following corrective actions:

- Dedicated resources to improve operational systems and infrastructure
- Created a Global CAP intended to address these letter-dating issues, which I have approved
- Consented to extending the term of my reviews of certain impacted metrics² for three additional test periods through December 31, 2017.

Under the Global CAP, there will be rigorous testing to determine if Ocwen appropriately implements the CAP and corrects its letter-dating issues. I anticipate that the Global CAP will be completed, and testing of the impacted metrics will resume in the third quarter of 2015.



See **Appendix v** for larger version

² Metric 12: Third Party Vendor Management; Metric 19: Loan Modification Document Collection Timeline Compliance; Metric 20: Loan Modification Decision/Notification Timeline Compliance; Metric 22: Short Sale Decision Timeline Compliance; Metric 23: Short Sale Document Collection Timeline Compliance; Metric 27: Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions; Metric 30: Loan Modification Process

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I will report on Ocwen’s performance for the third and fourth calendar quarters of 2014 in the coming months. In that report and subsequent reports, I will provide updates on the status of Ocwen’s corrective actions regarding its letter-dating issues. I anticipate that Ocwen will complete these corrective actions and the IRG will resume its testing of the impacted metrics in the third quarter of 2015.

After reviewing McGladrey’s independent retesting of the at-risk metrics and the changes Ocwen made to its IRG, I have determined that Ocwen’s IRG is now sufficiently independent, competent and capable of effectively implementing and executing its work under the Settlement. My team and I will continue to monitor Ocwen’s IRG closely.

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The Monitor's professional firm, McGladrey LLP, retested certain at-risk metrics for test periods seven and eight, or the first and second quarters of 2014 as indicated in the McGladrey Result column below. The scorecard below illustrates the results of this retesting and the results from the original testing by Ocwen's IRG and the Monitor's Secondary Professional Firm, Baker Tilly Virchow Krause, LLP for test period seven.

METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT
Foreclosure Sale in Error	1 (1.A)	1.00%	Pass 0.29%	N/A	Pass 0.00%
Incorrect Modification Denial	2 (1.B)	5.00%	Pass 2.65%	N/A	Pass 2.85%
Was Affidavit of Indebtedness (AOI) Properly Prepared	3 (2.A)*	5.00% Pass/Fail	Pass	Pass	N/A
Proof of Claim (POC)	4 (2.B)	5.00%	Pass	Pass	N/A
Motion for Relief from Stay (MRS) Affidavits	5 (2.C)	5.00%	Pass	Pass	N/A
Pre-foreclosure Initiation	6 (3.A)	5.00%	Pass	Pass	N/A
Pre-foreclosure Initiation Notifications	7 (3.B)	5.00%	Pass	Pass	N/A
Fee Adherence to Guidance	8 (4.A)	5.00%	Pass	Pass	N/A
Adherence to Customer Payment Processing	9 (4.B)	5.00%	Pass	Pass	N/A
Reconciliation of Certain Waived Fees	10 (4.C)	5.00%	Pass	Pass	N/A
Late Fees Adhere to Guidance	11 (4.D)	5.00%	Pass	Pass	N/A
Third Party Vendor Management	12 (5.A)**	Pass/Fail	Pass	N/A	Pass
Customer Portal	13 (5.B)**	Pass/Fail	Pass	Pass	N/A
Single Point of Contact (SPOC)	14 (5.C)***	5.00% Pass/Fail	Pass	Pass	N/A
Workforce Management	15 (5.D) ****	Pass/Fail	Pass	Pass	N/A
Affidavit of Indebtedness (AOI) Integrity	16 (5.E) ****	Pass/Fail	Pass	Pass	N/A
Account Status Activity	17 (5.F) ****	Pass/Fail	Pass	Pass	N/A

METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT
Complaint Response Timeliness	18 (6.A)	5.00%	Pass	Pass	N/A
Loan Modification Document Collection Timeline Compliance	19 (6.B.i)	5.00%	Pass 3.73%	N/A	Fail 11.86%
Loan Modification Decision/Notification Timeline Compliance	20 (6.B.ii)	10.00%	Pass 8.17%	N/A	Pass 8.04%
Loan Modification Appeal Timeline Compliance	21 (6.B.iii)	10.00%	Pass	Pass	N/A
Short Sale Decision Timeline Compliance	22 (6.B.iv)	10.00%	Pass	Pass	N/A
Short Sale Document Collection Timeline Compliance	23 (6.B.v)	5.00%	Pass 1.85%	N/A	Pass 2.98%
Charge of Application Fees for Loss Mitigation	24 (6.B.vi)	1.00%	Pass 0.00%	N/A	Pass 0.00%
Short Sales - Inclusion of Notice of Whether or Not a Deficiency Will Be Required	25 (6.B.vii.a)	5.00%	Pass	Pass	N/A
Dual Track - Referred to Foreclosure in Violation of Dual Track Provisions	26 (6.B.viii.a)	5.00%	Pass	Pass	N/A
Dual Track - Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions	27 (6.B.viii.b)	5.00%	Pass	Pass	N/A
Force-Placed Insurance (FPI) Timeliness of Notices	28 (6.C.i)	5.00%	Pass 0.92%	N/A	Pass 1.65%
FPI Termination	29 (6.C.ii)	5.00%	Fail 6.03%	N/A	Pass 4.85%
Loan Modification Process	30 (7.A)	5.00%	Not Tested	Not Tested	N/A
Loan Modification Denial Notice Disclosures	31 (7.B)	5.00%	Not Tested	Not Tested	N/A
SPOC Implementation and Effectiveness	32 (7.C)*****	5.00% Pass/Fail	Pass	Pass	N/A
Billing Statement Accuracy	33 (7.D)	5.00%	Pass	Pass	N/A

* Indicates a Metric with two questions, one of which is tested on an overall yes/no basis (i.e., not on a loan-level basis) ** Indicates a P&P Metric that is tested quarterly on an overall yes/no basis *** Indicates a Metric with four questions, three of which are tested quarterly on an overall yes/no basis **** Indicates a P&P Metric that is required to be tested only annually on an overall yes/no basis ***** Indicates a Metric with three questions, two of which are tested quarterly on an overall yes/no basis

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METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT
Foreclosure Sale in Error	1 (1.A)	1.00%	Pass 0.00%	Pass	Pass 0.00%
Incorrect Modification Denial	2 (1.B)	5.00%	Pass 2.21%	Pass	Pass 3.80%
Was Affidavit of Indebtedness (AOI) Properly Prepared	3 (2.A)*	5.00% Pass/Fail	Pass	Pass	N/A
Proof of Claim (POC)	4 (2.B)	5.00%	Pass	Pass	N/A
Motion for Relief from Stay (MRS) Affidavits	5 (2.C)	5.00%	Pass	Pass	N/A
Pre-foreclosure Initiation	6 (3.A)	5.00%	Pass	Pass	N/A
Pre-foreclosure Initiation Notifications	7 (3.B)	5.00%	Pass	Pass	N/A
Fee Adherence to Guidance	8 (4.A)	5.00%	Pass	Pass	N/A
Adherence to Customer Payment Processing	9 (4.B)	5.00%	Pass	Pass	N/A
Reconciliation of Certain Waived Fees	10 (4.C)	5.00%	Pass	Pass	N/A
Late Fees Adhere to Guidance	11 (4.D)	5.00%	Pass	Pass	N/A
Third Party Vendor Management	12 (5.A)**	Pass/Fail	Pass	Pass	N/A
Customer Portal	13 (5.B)**	Pass/Fail	Pass	Pass	N/A
Single Point of Contact (SPOC)	14 (5.C)***	5.00% Pass/Fail	Pass	Pass	N/A
Workforce Management	15 (5.D) ****	Pass/Fail	Not Tested	Not Tested	N/A
Affidavit of Indebtedness (AOI) Integrity	16 (5.E) ****	Pass/Fail	Not Tested	Not Tested	N/A
Account Status Activity	17 (5.F) ****	Pass/Fail	Not Tested	Not Tested	N/A

METRIC NAME	METRIC NUMBER	THRESHOLD ERROR RATE	IRG RESULT	SPF RESULT	MCGLADREY RESULT
Complaint Response Timeliness	18 (6.A)	5.00%	Pass	Pass	N/A
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Loan Modification Appeal Timeline Compliance	21 (6.B.iii)	10.00%	Pass	Pass	N/A
Short Sale Decision Timeline Compliance	22 (6.B.iv)	10.00%	Pass	Pass	N/A
Short Sale Document Collection Timeline Compliance	23 (6.B.v)	5.00%	Pass 3.87%	Pass	Pass 4.72%
Charge of Application Fees for Loss Mitigation	24 (6.B.vi)	1.00%	Pass	Pass	N/A
Short Sales - Inclusion of Notice of Whether or Not a Deficiency Will Be Required	25 (6.B.vii.a)	5.00%	Pass	Pass	N/A
Dual Track - Referred to Foreclosure in Violation of Dual Track Provisions	26 (6.B.viii.a)	5.00%	Pass	Pass	N/A
Dual Track - Failure to Postpone Foreclosure Proceedings in Violation of Dual Track Provisions	27 (6.B.viii.b)	5.00%	Pass	Pass	N/A
Force-Placed Insurance (FPI) Timeliness of Notices	28 (6.C.i)	5.00%	Pass	Pass	N/A
FPI Termination	29 (6.C.ii)	5.00%	Under CAP	Under CAP	N/A
Loan Modification Process	30 (7.A)	5.00%	Not Tested	Not Tested	N/A
Loan Modification Denial Notice Disclosures	31 (7.B)	5.00%	Not Tested	Not Tested	N/A
SPOC Implementation and Effectiveness	32 (7.C)*****	5.00% Pass/Fail	Pass	Pass	N/A
Billing Statement Accuracy	33 (7.D)	5.00%	Pass	Pass	N/A

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Corrective Action Plan (CAP) for Metric 19

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Eliminating the use of the “hold queue” for loans that had property valuations on order, which was the cause of the technology issues that created workflow problems;
- Making significant increases in staffing, including hiring approximately 175 new full-time employees between January 2014 and November 2014;
- Implementing daily control reporting to monitor the processing of loan modification applications and to notify management of any missing information letters not sent within three days of receipt of the initial loan modification application; and
- Appointing a new, experienced manager to oversee these process improvements



Ocwen failed Metric 19 in 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which measures whether the servicer notified the borrower of any missing or incomplete documents in a loan modification application within five days of receipt.

Ocwen met with the Monitoring Committee to report its failure of Metric 19.

The Monitor approved the CAP and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 19 will resume during the third quarter of 2015, which is the Cure Period.

Corrective Action Plan (CAP) for Metric 29

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Making updates to servicer's third party vendor's system and enhancements to its document identification process;
- Re-training by servicer's third party vendor of its employees;
- Developing a daily report to track all borrowers who are owed FPI refunds, which is reviewed by both servicer and its third party vendor; and
- Transitioning its FPI activities to a new vendor, which servicer began in June 2014.



Ocwen failed Metric 29 in 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which evaluates the timeliness of terminating force-placed insurance (FPI) and refunding premiums to affected borrowers.

Ocwen met with the Monitoring Committee to report its failure of Metric 29.

The Monitor approved the CAP and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 29 has resumed during the fourth quarter of 2014, which is the Cure Period and such results will be reported on in my next report.

Global Corrective Action Plan (Global CAP) for Letter-dating Issues

Ocwen developed a Global CAP that outlined steps to correct the letter-dating issues.

THE GLOBAL CAP INCLUDES:

Letter-dating corrective actions:

- Ensuring accuracy of dates used on letters
- Enhancing and improving timing in quality control oversight of letter generation
- Improving internal processes for generation of letters

Third-party oversight corrective actions:

- Conducting onsite reviews and audits of third-party print or mail vendors
- Updating due diligence requirements for third-party print or mail vendors
- Revising scorecards and tracking of third-party print or mail vendor compliance
- Restructuring contractual requirements regarding mailing



Issues were discovered at Ocwen related to incorrect dates on certain correspondence from Ocwen to its borrowers.

Ocwen retained independent counsel to determine the extent of the letter-dating issues; results were shared with the Monitor and the Monitoring Committee. Ocwen determined, and the Monitor confirmed, that seven metrics were impacted.

The Monitor approved the Global CAP, and Ocwen began implementing the plan.

- The Monitor anticipates completion of the Global CAP in the third quarter of 2015, at which point testing of the impacted metrics (12, 19, 20, 22, 23, 27 and 30) will resume.
- Ocwen has consented to extending the term of the Monitor's reviews for three additional test periods for the impacted metrics.