

Office of
Mortgage Settlement
Oversight

Ocwen Consumer Relief Report

A Report from the Monitor of the National Mortgage Settlement



August 11, 2015

Executive Summary

In the following pages, I will provide an overview of the report I filed with the U.S. District Court for the District of Columbia on Ocwen's progress toward meeting its consumer relief obligations under the National Mortgage Settlement. This report includes information about the relief distributed to consumers under the Settlement through December 31, 2014.

Late last year and in April 2015, I released Ocwen's self-reported gross data for this time period. This report includes my review confirming those numbers and demonstrates Ocwen's progress after I applied the crediting formulas outlined in the National Mortgage Settlement. As a result of this work, I have credited Ocwen with \$881,219,183 in consumer relief.

As I have reported in the past, I had reason for concern about the independence of Ocwen's Internal Review Group (IRG), which conducts internal testing and reporting related to the Settlement. As a result of my investigation into this issue, Ocwen changed its IRG's organization, and my team and I conducted additional testing. Based on Ocwen's changes, my review and additional independent retesting, I have a measure of assurance that the IRG is sufficiently independent and competent. I believe the numbers Ocwen has asserted and the professionals working with me have confirmed are trustworthy.

In addition to this work on Ocwen's consumer relief obligations, I continue to review Ocwen's compliance with the Settlement. I will report on those findings after I complete this work in my next report.

Sincerely,



Joseph A. Smith, Jr.

Consumer Relief Testing

Under the National Mortgage Settlement (NMS or Settlement), Ocwen Financial Corporation and Ocwen Loan Servicing, LLC (collectively, Ocwen) is required to provide \$2 billion in consumer relief by February 26, 2017.

Ocwen’s IRG has reported to me that Ocwen claims credit for \$881,219,183 as a result of 8,861 first lien mortgage modifications completed on or before December 31, 2014. Using these claimed numbers, Ocwen asserted that it had met approximately 44.1 percent of its consumer relief credit obligation. My Primary Professional Firm (PPF), BDO Consulting, a division of BDO USA, LLP, reviewed the IRG’s assertion. After completing loan-level testing, my professionals determined that Ocwen’s IRG correctly validated the consumer relief amounts. The table below sets forth the results of the PPF’s loan-level retesting of the entire sample of loans originally tested by the IRG:

Testing Population	Loans Reviewed by PPF	Credit Amount Ocwen Reported	Actual Credit Amount PPF Calculated	Amount Overstated/ (Understated)	Percent Difference
First Lien Mortgage Modifications	318	\$30,660,327	\$31,395,589	(\$735,262)	(2.34%)

Consumer Relief Results

Both the IRG and my PPF determined that Ocwen underreported the amount of credit it had earned as a result of the loans tested in the sample. As a result, they both validated the amount of credit claimed by Ocwen. My PPF and I also reviewed the changes Ocwen made to its IRG, and I have a measure of assurance in the competence and integrity of the IRG’s consumer relief assertions in this report.

My PPF documented its findings in its work papers and reported them to me. After my PPF and I conducted an in-depth review of both the IRG’s and the PPF’s work papers, I find that Ocwen is entitled to the credit claimed in the IRG’s assertion and, as a result, have credited Ocwen with \$881,219,183 toward its consumer relief obligation.

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Testing Population	Number of Loans	Credited Amount	Ocwen’s Consumer Relief Obligation	Ocwen’s Remaining Credit Obligation
First Lien Mortgage Modifications	8,861	\$881,219,183	\$2,000,000,000	\$1,118,780,817

Policies and Procedures

In addition to its consumer relief activities, Ocwen is held to non-creditable requirements under the Settlement. These include requirements that the servicer's policies may not disfavor borrowers in any specific geography or discriminate against any protected class of borrowers. Servicers also must not require a borrower to waive or release legal claims as a condition of approval for relief and may not receive any consumer relief credit for federal or state incentive payments Ocwen received for modifications made under federal or proprietary programs.

I have conducted additional due diligence procedures to ascertain whether Ocwen is complying with these non-creditable requirements of the Settlement. Those procedures, in conjunction with the loan-level testing described earlier in this report, lead me to conclude that I have no reason to believe that Ocwen has not met the policy and procedure requirements outlined in the NMS.

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State Reports

Under the Settlement, I am required to identify any material inaccuracies in the State Reports that Ocwen files. As part of my review, I have undertaken procedures to identify any such material inaccuracies. Based upon the results of those procedures, I have concluded that there are no material inaccuracies in the State Reports that Ocwen has filed through December 31, 2014.

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This report demonstrates that Ocwen has made steady progress toward its consumer relief requirements. I will continue to work closely with Ocwen to ensure that it fulfills its requirements under the Settlement, both in consumer relief and in compliance with the servicing standards, and I will report my findings to the Court and the public regularly.

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