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MADIGAN: \$2.1 BILLION SETTLEMENT WITH SIXTH MORTGAGE SERVICER OVER FORECLOSURE ABUSES

Ocwen Financial Must Provide Principal Reductions, Cash Payments to Borrowers & Ensure Fundamental Reforms

Chicago — Attorney General Lisa Madigan today joined with 49 attorneys general and the federal Consumer Financial Protection Bureau (CFPB) to announce a \$2.1 billion settlement with Ocwen Financial Corporation to address allegations of “robo-signing” of foreclosure documents and other fraudulent practices while servicing loans of struggling homeowners.

The settlement addresses mortgage servicing misconduct by Atlanta-based Ocwen and two companies it acquired – Homeward Residential Inc. and Litton Home Servicing LP. Ocwen specializes in servicing high-risk mortgage loans. According to a complaint filed in the U.S. District Court for the District of Columbia, the misconduct resulted in premature and unauthorized foreclosures, violations of homeowners’ rights and protections and the use of false and deceptive documents and affidavits.

“Today’s settlement is part of my ongoing work to hold banks and servicers accountable for fraudulent conduct that affected many Illinois homeowners struggling to save their homes,” Madigan said. “Similar to the national mortgage settlement, this settlement will provide loan refinancing and direct payments to harmed borrowers.”

Under the agreement, Ocwen must provide \$2 billion in first-lien principal reduction loan modifications and \$125 million for cash payments to borrowers on more than 183,000 foreclosed loans. In Illinois, Ocwen will provide troubled borrowers with more than \$91 million in first lien principal reductions and more than 7,900 borrowers will be eligible for a direct cash payment.

Today’s settlement is an extension of the landmark \$25 billion national mortgage settlement reached in 2012 by Madigan, her counterparts and the federal government with Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Bank, formerly GMAC, which addressed similar allegations of misconduct and overhauled the country’s mortgage servicing standards to prevent future abuses during the foreclosure process. It has provided nearly \$2 billion in total relief to Illinois homeowners and organizations working with homeowners and communities impacted by the foreclosure crisis.

The Ocwen settlement does not grant immunity from criminal offenses and would not affect criminal prosecutions. The agreement does not prevent homeowners or investors from pursuing individual, institutional or class action civil cases. The agreement also preserves the authority of state attorneys general and federal agencies to investigate and pursue other aspects of the mortgage crisis, including securities cases.

Ocwen Financial will contact affected borrowers directly. Borrowers can also contact Ocwen directly at 1 (800) 337-6695 to obtain more information or contact Madigan’s Homeowner’s Helpline, 1 (866) 544-7151 or visit her [website](#).

The monitor of the national mortgage settlement, Joseph A. Smith, Jr., will also oversee Ocwen’s settlement implementation and compliance.

Long before today’s settlement announcement, Attorney General Madigan has led the country in taking legal action against banks, lenders and other financial institutions for unlawful financial misconduct that contributed to the country’s economic collapse.

Madigan became the first attorney general in the nation to sue a national bank for fair lending violations. Madigan and the U.S. Department of Justice secured a \$175 million national settlement to resolve allegations that Wells Fargo illegally targeted African American and Latino

borrowers for sales of the lender's poorest quality and most expensive mortgages during the height of the subprime mortgage lending spree. Madigan and the Civil Rights Division of DOJ also reached a \$335 million national settlement with Countrywide, once the nation's largest mortgage lender, to resolve similar allegations of fair lending violations. The settlement has provided restitution to harmed Illinois borrowers and is the largest settlement of a fair lending lawsuit ever obtained by a state attorney general.

Madigan also reached a landmark \$8.7 billion national settlement in 2008 against Countrywide for deceptively placing thousands of Illinois homeowners into risky, toxic and unaffordable subprime mortgages. The settlement with Countrywide's new owner, Bank of America, established the nation's first mandatory loan modification program.

Currently, Madigan is litigating against the national credit rating agency Standard & Poor's, alleging that the company compromised its independence as a rating agency by doling out high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.

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