

## Frequently Asked Questions – 2013 Ocwen Settlement

### Q. What is the settlement?

A: Michigan Attorney General Bill Schuette and other participating state Attorneys General entered into this settlement with Ocwen Financial – currently one of the largest mortgage loan services in the country. Like the National Mortgage Settlement entered in 2012 with the five leading bank mortgage servicers, this settlement also addresses allegations of faulty foreclosure processes and poor servicing of mortgages that harmed Michigan homeowners. The settlement requires Ocwen to provide approximately \$2.1 billion in relief to homeowners that went through foreclosure and homeowners trying to keep their homes. In addition to the monetary relief, the settlement also requires comprehensive reforms of mortgage loan servicing. These reforms will improve customer service for borrowers on a permanent basis.

### Q. Where will the settlement money go?

A: There are two categories of consumer relief:

1. Payments to borrowers who went through foreclosure: A national settlement claims administrator will distribute cash payments to borrowers who went through foreclosure from 2009-2012 and who meet other eligibility requirements noted below. Claim forms will be sent to eligible borrowers. In Michigan, over 8,000 homeowners that went through foreclosure will be eligible to receive a cash payment. **Recipients will not be required to execute a release or otherwise forego claims against servicers that they could raise individually through private litigation.**
2. Loan modifications to help people keep their homes: Ocwen is required to provide \$2 billion in principal write-down loan modifications to eligible underwater borrowers. However, there is no consumer-specific requirement. In other words, while Ocwen must provide this relief to consumers, the settlement does not say which consumers will get this relief and no particular consumer has a “right” to loan modification under the settlement. The settlement is estimated to provide \$21 million in first-lien principal reductions in Michigan.
3. Refinance Program: Servicers have implemented a refinancing program for borrowers who are current on their mortgage payments but who could benefit from lower current interest rates. This program was created to benefit homeowners who are "under water" and otherwise unable to refinance to obtain lower interest rates on their loan. This program is estimated to provide approximately \$83,655,641 in value to Michigan residents.
4. Federal Menu Benefits: A federal spend-down fund will allow the servicers to offer principal balance reductions, short sales, deeds in lieu of foreclosure, and other relief to struggling Michigan homeowners. This is valued at approximately \$515 million for Michigan residents.

### Q. When will eligible consumers receive the benefits from this settlement?

A: For the cash payments to borrowers that went through foreclosure, a settlement administrator has not yet been hired to oversee the claims administration process. Once the settlement administrator is in place claim forms will be sent out. For consumers seeking loan modifications, Ocwen will begin contacting consumers eligible for loan modifications in the near future.

**Q. Who is eligible for the cash payments?**

A: You are eligible if:

- Your home was foreclosed on between January 4, 2009 and December 31, 2012;
- At the time of foreclosure, the loan was serviced by Ocwen, Homeward, or Litton;
- You made at least three payments on the loan;
- You lived, or intended to live, in the property as your principal place of residence at the time the loan was originated;
- The property was a one-to-four unit residential property;
- The unpaid principal balance of the first-lien did not exceed \$750,750 for a one-unit property, \$934,200 for a two-unit property, \$1,129,250 for a three-unit property, or \$1,403,400 for a four-unit property; and
- You submit a valid claim.

**Q. How many people in Michigan are eligible for cash payments?**

A: Payments will be made based on eligible loans. More than 8,000 people in Michigan will be eligible for a cash payment.

**Q. What is a mortgage servicer and how do I know who services my loan?**

A: A mortgage servicer administers mortgage loans, including collecting and recording payments from borrowers. A servicer also handles loan defaults and foreclosures, and may offer special programs to assist borrowers who have fallen behind on their loan payments.

The company that you make your monthly payment to is your mortgage servicer. Your mortgage servicers may or may not be a lending institution and may or may not own your loan.

**Q. My mortgage is currently serviced by Ocwen, how do I know if I can gain some relief from this settlement?**

A: For loan modifications, borrowers may be contacted directly by Ocwen. Even if you are not contacted, if your loan is serviced by Ocwen, you are encouraged to contact Ocwen directly to see if a loan modification is possible. You can reach Ocwen at (800) 337-6695 or [ConsumerRelief@Ocwen.com](mailto:ConsumerRelief@Ocwen.com).

Attorney General Schuette also encourages citizens to contact a free, state-certified housing counselor through the Michigan State Housing Development Authority to seek additional assistance. See [www.michigan.gov/mhsda](http://www.michigan.gov/mhsda) or call their toll-free hotline, 1-866-946-7432.

**Q. How do you know that Ocwen will do what it promised?**

A: A settlement monitor has been appointed who will gather information and test whether Ocwen is living up to its promises. The settlement includes specific criteria to measure compliance and remedial steps for non-compliance. Information about the monitor and the compliance review will be available on the monitor's website at [www.mortgageoversight.com](http://www.mortgageoversight.com).

**Q. What about those of us who keep making our mortgage payments?**

A: Borrowers who are at imminent risk of default and who meet other requirements may qualify for relief under the settlement. Additionally, new servicing standards negotiated under the settlement are designed to enhance all aspects of mortgage servicing including account accuracy, document production processes, foreclosure practices, and information provided to borrowers. Joseph A. Smith Jr., Monitor of the National Mortgage Settlement, will oversee Ocwen's implementation and compliance with these new requirements through the Office of Mortgage Settlement Oversight.

**Q. Why are you releasing the banks from some claims?**

A: The release of claims, found in the settlement, relinquishes particular state and federal claims related to issues addressed by the settlement. The release is narrow and limited to mortgage servicing and origination claims. States that signed this settlement may still pursue other claims against the banks, such as securities and securitization claims. States could also sue financial institutions that are not part of the settlement.

**Q. Does this settlement immunize banks from prosecution?**

A: No. This is a civil, not a criminal, settlement, and *this settlement does not prevent state or federal criminal prosecutions.*

In November 2012, Attorney General Schuette charged Lorraine Brown, former president of mortgage document processor DocX, with racketeering for authorizing the fraudulent signing of mortgage documents filed in Michigan. In February 2013, Brown pled guilty to that racketeering charge; a 20 year felony. Brown was sentenced in May, 2013 to 40 months to 20 years in prison.

In addition to this criminal charge against Brown, in January 2013, Schuette reached a \$2.5 million civil settlement with Lender Processing Services, Inc., the parent company of the now defunct DocX. In addition, affected consumers will have their documents corrected by LPS if necessary.

Schuette reserves the right to file criminal charges against anyone involved in the foreclosure crisis who broke the law. Current or former employees of companies connected to the mortgage industry with knowledge or suspicion of criminal conduct in Michigan are encouraged to contact Attorney General Schuette's Corporate Oversight Division at 1-517-373-1160.

**Q. How will this settlement protect consumers in the future?**

A: Ocwen has agreed to major reforms in how it services mortgage loans. These new servicing standards requires Ocwen to adhere to a long list of rights for those facing foreclosure. For example, borrowers will have the right to see all of their loan documents to make sure any potential foreclosure is legal and will be given every opportunity to first modify their loan before facing foreclosure. Additionally, borrowers will have the right to deal with a reliable, single point of contact from whom to obtain information throughout the process. Ocwen must have an appropriate number of well-trained staff to promptly respond to distress borrowers.

**Q. How do I find out more about the settlement?**

A: Continue to check Attorney General Schuette's website for updates as they become available: [www.michigan.gov/mortgagesettlement](http://www.michigan.gov/mortgagesettlement).

You can also find more information on the National Foreclosure Settlement website at [www.NationalForeclosureSettlement.com](http://www.NationalForeclosureSettlement.com).

It is also expected that the Settlement monitor will issue compliance reports, which will be available at [www.mortgageoversight.com](http://www.mortgageoversight.com).

**Q. Scammers pop up with most national settlements. How can I prevent myself from being scammed?**

A: Scammers will likely attempt to use the settlement to trick people into providing their personal information or worse, scam them out of their money. If you receive an unsolicited call from someone claiming to represent Ocwen, the settlement administrator, or some other entity related to the settlement, you can identify a scam in several ways:

1. Does the caller identify themselves as representing your loan servicer? Or do they ask you to provide the name of your loan servicer? If they ask you for the name of your servicer, they may be a scammer.
2. Does the caller offer to provide your personal information to assist you in identifying your account? Or do they ask you to provide that? If the caller is from your loan servicer, they will be able to tell YOU your personal information because they will have it. **You should never provide your personal information (including bank account numbers, social security numbers, etc.) to an unsolicited caller – no matter what they promise you.**
3. Does the caller offer to speed up your settlement relief for a fee? They are definitely a scammer! Neither Ocwen, the settlement administrator, nor Attorney General Schuette will ever charge a fee to “speed up” your settlement relief.
4. If you think the caller may be legitimate, ask for their contact information, tell them you are going to call your bank’s hotline (located above) and confirm, then call them back. Chances are if they’re a scammer, they won’t want you to check on them and they won’t provide their contact information.
5. If you believe you have been contacted by a scammer, please file an online complaint with Attorney General Schuette’s Consumer Protection Division. You can do this online at [www.michigan.gov/ag](http://www.michigan.gov/ag) by clicking “Complaints.”

For more information about protecting yourself from settlement scams, see Attorney General Schuette's [complete Consumer Alert](#).