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**Monitor: Banks Fail Three Tests, Issues Discovered at Ocwen**

*Joseph Smith reports on NMS compliance, Ocwen consumer relief, and Chase RMBS Settlement*

RALEIGH, N.C. – Joseph A. Smith, Jr., Monitor of the National Mortgage Settlement (NMS), the Ocwen National Servicing Settlement, and JP Morgan Chase Residential Mortgage-Backed Securities Settlement (Chase RMBS Settlement), today released updates on six mortgage servicers' compliance with the NMS servicing standards, Ocwen's self-reported progress toward fulfilling its consumer relief requirement under the Ocwen National Servicing Settlement, and JP Morgan Chase's progress toward fulfilling the consumer relief requirements of the Chase RMBS Settlement.

**NMS Compliance**

Smith's *Continued Oversight* report is a summary of six compliance reports he filed with the United States District Court for the District of Columbia as part of his duties monitoring the NMS. This summary details the results of his tests to determine compliance by Bank of America, Chase, Citi, Green Tree, Ocwen and Wells Fargo with the NMS servicing rules from Jan. 1, 2014 to June 30, 2014.

This is the first report with results for Smith's four additional metrics created to supplement the original 29 NMS metrics. "The new metrics addressed concerns related to issues involving the loan modification process, single points of contact and billing statement accuracy," said Smith. "I found that all the servicers tested on these new metrics passed them."

There were three fails of other metrics.

**Ocwen Compliance**

"In May, an Ocwen employee contacted me through the Monitoring Committee and identified serious deficiencies in Ocwen's internal review group process," said Smith. "The Monitoring Committee and I took the claims seriously, and I launched an investigation, during which my team and I reviewed thousands of documents and interviewed nine Ocwen executives and employees. As a result, I retained an independent auditing firm to review and retest the Ocwen internal review group (IRG)'s work. This work is ongoing, and I will report on Ocwen's performance for the period covered in these reports when it is complete. I appreciate this whistle-blower's integrity.

"I have since further strengthened my review process of all servicers' IRGs. Among other enhancements, I added interviews with multiple employees at various levels, additional reviews at various steps in the

testing process, and the establishment of an Ethics Hotline so that any concerned IRG employee can reach my team quickly and anonymously if he or she has any concerns.

“The Monitoring Committee has been active and constructive in the monitoring process since the beginning of the NMS and I consulted with it during the course of my investigation into Ocwen’s practices.” The Monitoring Committee is composed of representatives from 15 states, the U.S. Department of Housing and Urban Development and the U.S. Department of Justice.

Smith also engaged Ocwen about the New York State Superintendent of Financial Services’ concerns about incorrect dates on some of Ocwen’s correspondence with customers, as this letter dating issue impacts the NMS.

“Many NMS standards and metrics have timeline requirements, so it was important to me to investigate Ocwen’s work in this area,” said Smith. “Ocwen has agreed to five remedial actions to date, which I include in this report. I also charged the same independent firm with determining the scope of the issue, assessing the reliability of Ocwen’s systems, and retesting relevant metrics.

“Ocwen has cooperated throughout the IRG and letter dating investigations and the ongoing work.”

#### **Ocwen Consumer Relief under the Ocwen National Servicing Settlement**

Smith also released an update on Ocwen’s \$2 billion in first lien principal reduction obligation. Ocwen self-reported that it has completed \$1.5 billion to borrowers through September 30, 2014. This is the first update on Ocwen’s consumer relief progress, and the Monitor has not yet credited these numbers. The Ocwen consumer relief data can be found [here](#).

#### **Chase RMBS Consumer Relief**

In addition, Smith released a report on Chase’s progress toward providing \$4 billion in consumer relief as part of the Chase RMBS Settlement. Chase’s review group asserted to the Monitor that it provided almost \$1.4 billion in credited relief in the third quarter of 2014 and more than \$2.2 billion in credited relief to date. Chase reports that it has provided \$13.8 billion dollars in gross modifications and lending to 111,924 borrowers as of September 30, 2014. The Monitor has credited more than \$868 million and is reviewing the additional work Chase and its internal review group (HRG) asserted. He will report the results of his testing in his report to the public next quarter.

#### **About the Office of Mortgage Settlement Oversight**

More information about the National Mortgage Settlement and the Ocwen National Servicing Settlement is available at [www.nationalmortgagesettlement.com](http://www.nationalmortgagesettlement.com). Further information about Joseph Smith and the Office of Mortgage Settlement Oversight is available at [www.mortgageoversight.com](http://www.mortgageoversight.com).

#### **About the Chase RMBS Settlement**

More information about the Chase RMBS Settlement is available at <https://www.jasmithmonitoring.com/chase>. Further information about Joseph A. Smith, Jr. is available at <https://www.jasmithmonitoring.com>.