

**OFFICE OF THRIFT SUPERVISION  
UNITED STATES DEPARTMENT OF THE TREASURY**

Written Agreement by and between	)	
	)	
OCWEN FEDERAL BANK FSB	)	OTS Docket No. 04592
Fort Lee, New Jersey	)	
	)	
and	)	SUPERVISORY AGREEMENT
	)	
OFFICE OF THRIFT SUPERVISION	)	
	)	

WHEREAS, Ocwen Federal Bank FSB, Fort Lee, New Jersey (the "Bank"), a federal savings bank chartered and regulated by the Office of Thrift Supervision ("OTS") pursuant to the Home Owners' Loan Act, is taking steps: (i) to improve its mortgage loan servicing practices, including its dealings with consumers whose loans are serviced by the Bank, and (ii) to enhance its compliance with applicable laws and regulations, including but not limited to the Real Estate Settlement Procedures Act ("RESPA"), the Fair Debt Collection Practices Act, and the Fair Credit Reporting Act;

WHEREAS, it is the common goal of the Bank and the OTS to ensure that the Bank adopts and implements appropriate and fair loan servicing practices (including debt collection practices) and fully complies with all applicable laws and regulations;

WHEREAS, the Bank wishes to demonstrate to the OTS its commitment to the development and implementation of a "best practices" approach to its loan servicing and customer service activities; and

WHEREAS, on April 19, 2004, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing William C. Erbey, the Bank's Chairman of the Board and Chief Executive Officer, to enter into this written Supervisory Agreement (the "Agreement") on behalf of the Bank and consenting to compliance by the Bank and its institution-affiliated parties (as defined in 12 U.S.C. § 1813(u)) with each and every provision of this Agreement.

NOW, THEREFORE, as of April 19, 2004 (the "Effective Date"), it is hereby agreed as follows:

1. CONSUMER OMBUDSMAN.

(a) The Bank will continue to maintain and will further develop its Office of Consumer Ombudsman, which office shall be responsible for fairly and impartially reviewing and addressing borrower issues in a timely and effective manner.

(b) Within ten (10) days of the Effective Date hereof, the Bank will submit to the OTS, for its review and non-objection, a written description of the goals, functions and procedures of the Office of Consumer Ombudsman.

(c) On an ongoing basis, the Bank will provide the Consumer Ombudsman with sufficient dedicated staff and resources to facilitate the ability of the Consumer Ombudsman to perform his/her responsibilities in a timely and effective manner. By June 30, 2004, the Bank will submit to the OTS, for its review and non-objection, a written plan describing the staffing and resources to be made available to the Office of Consumer Ombudsman through June 30, 2005.

(d) The Bank will make the Office of Consumer Ombudsman readily available to borrowers by, *inter alia*, (i) maintaining [ombudsman@ocwen.com](mailto:ombudsman@ocwen.com) as a dedicated email address for the Consumer Ombudsman, (ii) providing toll-free telephone access to the Office of Consumer Ombudsman, and (iii) prominently disclosing on the Bank's website at [www.ocwen.com](http://www.ocwen.com) the Consumer Ombudsman's e-mail address and information about the role of the Consumer Ombudsman.

(e) By the fifteenth (15<sup>th</sup>) day of each month, the Bank shall provide the OTS with a written report summarizing all consumer dispute matters addressed by the Office of the Consumer Ombudsman during the preceding month.

2. BORROWER-ORIENTED CUSTOMER SERVICE PLAN/PRACTICES.

(a) By June 30, 2004, the Bank will adopt, implement and adhere to a loan servicing borrower-oriented customer service commitment plan ("Borrower-Oriented Customer Service Plan") that details standards and goals by which the Bank will provide to mortgage-loan borrowers high-quality service that: (i) meets or exceeds the requirements of all applicable laws and regulations, (ii) is professional, and (iii) is responsive to the needs of the borrowers.

(b) In connection with the development of the Borrower-Oriented Customer Service Plan, the Bank shall consult with, and consider the views of, one or more consumer-interest

groups with background and experience in dealing with mortgage-servicing issues encountered by prime and subprime mortgage-loan borrowers.

(c) By June 30, 2004, the Bank shall cause its Borrower-Oriented Customer Service Plan to be available and easily accessible to consumers and the public on its Internet site – [www.ocwen.com](http://www.ocwen.com) .

(d) Commencing no later than June 30, 2004, the Bank shall conduct, on a random-sampling basis, semi-annual customer satisfaction surveys of – (i) the consumers whose loans it services, and (ii) consumers whose loans were paid-off during the survey period.

(e) On a semi-annual basis, starting in December 2004, the Bank's board of directors (or a committee thereof) shall review: (i) the Bank's Borrower-Oriented Customer Service Plan, (iii) the findings of the customer satisfaction surveys, and (iii) information about the volume of consumer complaints and consumer lawsuits against the Bank relative to its servicing practices. Such reviews shall be to – (i) measure the Bank's performance relative to the standards and goals established in such plan, and (ii) to determine whether higher standards and/or more consumer-friendly goals may be appropriate due to, *inter alia*, technological changes or other circumstances. Following each such review, the Bank's board of directors shall determine whether changes in the Bank's practices and procedures may be appropriate. The review and determinations by the Board (or committee thereof) shall be documented in the minutes of a duly called and held meeting thereof.

### 3. CONSUMER DISPUTE RESOLUTION INITIATIVE.

(a) The Bank, in the manner provided below, will develop, adopt and implement an acceptable written Dispute Resolution Initiative Plan ("DRI Plan") designed to improve the manner and reduce the time in which it appropriately resolves consumer complaints/disputes presented to it by mortgage-loan borrowers (and their agents). Among other things, the DRI Plan will address the manner in which the Bank will meet or exceed the requirements of Section 6 of RESPA, 12 U.S.C. § 2605, including but not limited to Section 6(e) thereof (requiring responses to "qualified written requests" from borrowers). In addition, the DRI Plan will provide for the Bank to provide the OTS, by the fifteenth day of each month, with a written report ("Monthly Complaint Report") summarizing information about the aggregate number and nature of all unresolved consumer complaints that have been outstanding thirty (30) or more calendar days, as

of the last day of the preceding month.<sup>1</sup> Each Monthly Complaint Report will be signed by the Bank's President or Chief Executive Officer.

(b) By June 30, 2004, the Bank shall submit to the OTS's Regional Director an acceptable DRI Plan for regulatory non-objection. The DRI Plan shall be sent to:

Mr. Robert C. Albanese  
Regional Director  
Office of Thrift Supervision  
10 Exchange Place, 18th Floor  
Jersey City, New Jersey 07302

with a copy sent to Mr. Martin J. Lavelle, Assistant Director, at the above-identified address.

(c) With respect to any DRI Plan that is timely filed and prepared with reasonable diligence by the Bank, but nevertheless requires modification to accommodate input by OTS occurring after the due date, no noncompliance with this Paragraph 3 will be found to exist for so long as the Bank: (i) makes diligent and good faith efforts to incorporate such modifications and (ii) complies with subsequent OTS direction concerning the due dates for implementing such modifications.

(d) Within twenty-one (21) days of the date on which the Regional Director issues notice of his non-objection to a DRI Plan – (i) the Bank's board of directors (by duly adopted resolutions) shall adopt the DRI Plan, and (ii) the Bank shall commence fully implementing and complying with such DRI Plan.

(e) During the term of this Agreement, the DRI Plan, adopted in accordance with this Paragraph 3, shall not be amended or rescinded without the prior written non-objection of the Regional Director (or his designee).

#### 4. FORCE-PLACED HAZARD INSURANCE PRACTICES.

(a) Before the Bank force places hazard insurance, it will take reasonable actions to determine whether appropriate hazard insurance is already in place. Reasonable actions must include, but are not limited to, making a phone call to the insurance company whose policy the Bank (or its subcontractor/service-provider) believes is about to lapse or has lapsed.

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<sup>1</sup> The reports submitted to and in the possession of the OTS are deemed confidential "unpublished OTS information" for purposes of the OTS's regulations.

(b) The Bank will accept any reasonable form of confirmation from borrowers regarding existing insurance coverage, including verbal confirmation of: (i) policy number and (ii) identity of insurance company or agent.

(c) The Bank will not charge a borrower/consumer for force-placed hazard insurance unless it has complied fully with the following procedures:

(i) The Bank will first send (by first class mail), at no cost to the borrower, an initial written notice to the borrower providing clear and conspicuous notice that states the procedures by which the borrower/consumer may reasonably demonstrate that he/she already has appropriate insurance coverage in effect. The Bank's notices required by Paragraph 4(a) hereof shall conspicuously identify the dedicated telephone number(s), fax numbers and e-mail address used by the Bank with respect to hazard insurance issues;

(ii) If, within thirty (30) calendar days from the mailing of the initial notice, the borrower fails to reasonably demonstrate that he/she already has appropriate insurance coverage in effect, then the Bank will send to the borrower (by certified mail, return receipt requested), at no cost to the borrower, a second written notice advising the borrower that unless, within thirty (30) calendar days, the borrower reasonably demonstrates to the Bank that he/she has appropriate hazard insurance in effect, the Bank will arrange, at the borrower's cost, for appropriate hazard insurance to be placed with respect to the property securing the mortgage loan; and

(iii) If, within thirty (30) calendar days from the postmark date of the second notice, the borrower has failed to reasonably demonstrate that appropriate hazard insurance is in effect with respect to the security property, then the Bank may arrange for appropriate hazard insurance to be force-placed at the borrower's cost, provided – (A) the Bank also has complied with all the other requirements of this Paragraph 4 of the Agreement, and (B) the Bank promptly provides the Borrower with written notice about the force placement of the insurance and the cost thereof.

(d) The Bank will, within fifteen (15) days of receipt of confirmation of a consumer's existing insurance coverage, refund to the consumer all force placed insurance premiums paid (or otherwise charged to the consumer's account) during the overlapping coverage period and any related fees charged to the consumer's account during the overlapping coverage period.

(e) The Bank may not place a borrower's loan in default, assess late fees, or initiate foreclosure proceedings solely due to the borrower's nonpayment of insurance premiums. Notwithstanding the foregoing, force-placed insurance-premium charges may become additional secured debt and interest may be charged thereon as provided by applicable loan instruments.

(f) The Bank shall communicate the requirements of this Paragraph 4 to appropriate third parties (including but not limited to service providers) that are involved in the process of force placing insurance with respect loans serviced by the Bank.

5. DEFAULT NOTICE FEES. The Bank, which has previously voluntarily ceased charging borrowers for notice-of-default letters, shall not resume charging, directly or indirectly, delinquent borrowers such fees for the issuance by the Bank (including its agents, attorneys and service providers) of letters/notices advising such borrowers that they are in default of their loan obligations.

6. FORBEARANCE AGREEMENT PRACTICES. The Bank shall not, directly or indirectly, charge fees ("Forbearance Agreement Fees") on delinquent borrowers for the preparation/presentation of Forbearance Agreements entered into after the Effective Date hereof, *i.e.*, agreements whereby the Bank agrees to delay foreclosure in consideration of certain agreed-upon payments being made by the delinquent borrower.

7. PAY-OFF QUOTE PRACTICES/DOCUMENTATION OF CHARGES.

(a) The Bank agrees to utilize best efforts to provide borrowers and/or their attorneys/agents with written mortgage loan pay-off quotes no later than the fifth (5<sup>th</sup>) business day following its receipt of requests for pay-off quotes, and the Bank will not assess and collect prepayment penalties with respect to pay-off quotes issued later than the close of the fifth (5<sup>th</sup>) business day following the Bank's receipt of a pay-off quote request. In any event, the Bank will provide borrowers and/or their attorneys/agents with written mortgage loan pay-off quotes no later than the close of the seventh (7<sup>th</sup>) business day following the Bank's receipt of a pay-off quote request.

(b) All pay-off quotes and loan reinstatement quotes will be itemized in detail. The Bank will have, at all times, sufficient loan data or documentation (including all appropriate documentation from loan originators, prior servicers, and service providers, including attorneys) to: (i) calculate loan pay-off amounts, (ii) calculate prepayment penalties (if such penalties are

specified in the borrower's loan agreement), and (iii) otherwise carry out its servicing responsibilities.

(c) All fees or charges included in payoff quotes, reinstatement quotes or other similar itemizations of amounts due from borrowers will be verified by the Bank prior to the quote being issued to the borrower and/or his/her attorney or agent. Only supportable and actual fees and charges may be included in such quotes. The Bank agrees to establish and implement appropriate practices and procedures, acceptable to the OTS, for the verification and documentation process contemplated herein as soon as practicable after the Effective Date hereof.

(d) In all cases where the total amount due in any pay-off quote or reinstatement quote exceeds \$1,000, exclusive of principal and interest, the Bank's quote document will conspicuously provide notice to the borrower that he/she may contact the Bank's Consumer Ombudsman and/or OTS if he/she has reason to dispute any of the charges.

8. DOCUMENTATION FOR REGULATORY PURPOSES. The Bank will maintain and make available to OTS documentation demonstrating that it is satisfying each of its undertakings and commitments set out in this Agreement.

9. SERVICE PROVIDERS: OUTSOURCING. The responsibilities agreed to in this Agreement on by the Bank and its institution-affiliated parties are applicable to the Bank's service providers in connection with their services performed on behalf of the Bank. The outsourcing of activities by the Bank to service providers shall in no way relieve the Bank of its responsibilities under this Agreement.

10. COMPLIANCE WITH AGREEMENT.

(a) The Board and officers of the Bank shall take immediate action to cause the Bank to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Bank to continue to carry out the provisions of this Agreement.

(b) Within fifteen (15) days of the Effective Date hereof, the Bank's board of directors shall appoint a committee (the "Compliance Committee") comprised of three or more directors, the majority of whom shall be outside directors, to monitor and coordinate the Bank's compliance with the provisions of this Agreement and of the Bank's adherence to the practices required to be adopted and implemented by this Agreement.

(c) Within thirty (30) days after the end of each calendar quarter following the Effective Date hereof, the Compliance Committee shall submit a written progress report to the board of directors detailing the actions taken to comply with each provision of this Agreement and the results of those actions.

(d) Within fifteen (15) days after its receipt from the Compliance Committee, the Bank's board of directors – (i) will forward a copy of the above-required quarterly progress report, together with any additional comments made by the board of directors, to the OTS's Regional Director, and (ii) will certify in writing to the Regional Director that each Bank director has reviewed the aforementioned progress report.

#### MISCELLANEOUS

11. The provisions of this Agreement are binding on the Bank and each of its institution-affiliated parties in their capacities as such, and their successors and assigns.

12. Each provision of this Agreement shall remain effective and enforceable so long as the Bank is an FDIC-insured depository institution or unless otherwise stayed, modified, terminated or suspended in writing by the OTS, acting through the Regional Director or other authorized representative.

13. Notwithstanding any provision of this Agreement, the OTS's Regional Director (or his authorized designee), in his sole discretion, may grant written extensions of time to the Bank to comply with any provision of this Agreement.

14. Time limitations for compliance with the terms of this Agreement run from the Effective Date unless otherwise noted.

15. Nothing in this Agreement shall be construed as allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject.

16. The paragraph headings herein are for convenience only and shall not affect the construction hereof.

17. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.




18. The provisions of this Agreement shall not bar, estop or otherwise prevent the OTS or any other agency with jurisdiction over the Bank from taking any further or other action affecting the Bank, or any of its current or former institution-affiliated parties or their successors or assigns. This Agreement does not relieve the Bank of any responsibility it may have to comply with other actions requested or directed by the OTS.


19. This Agreement is a "written agreement" for the purposes of section 8 of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1818, and is enforceable by the OTS pursuant to said section 8 of the FDI Act.

IN WITNESS WHEREOF, the parties hereto hereby execute this Agreement.

OCWEN FEDERAL BANK FSB

OFFICE OF THRIFT SUPERVISION

By:   
William C. Erbey  
Chairman & Chief Executive Officer  
Date: April 19, 2004

By:   
Robert C. Albanese  
Regional Director  
Date: The Effective Date

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