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# Ocwen Reaches Settlement With California Regulator

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The embattled subprime mortgage servicer Ocwen Financial on Friday reached a settlement with a California regulator that will allow it to continue operating in the state.

As part of a consent order with the California Department of Business Oversight, Ocwen must pay \$2.5 million in penalties and agree to pay for a third-party auditor that will ensure that the firm complies with regulators' requests for information.

The state agency had moved in October to suspend Ocwen's license to operate in California after it said the company had repeatedly failed to provide loan files it had requested about its servicing operation.

The department had been reviewing whether Ocwen was complying with a recently enacted California Homeowners Bill of Rights, which among other things entitles the state's residents to certain protections during the mortgage modification and foreclosure process.

The regulator said Ocwen had failed to turn over all the information it had asked for, even when the department issued an administrative subpoena compelling it to do so.

The consent order prevents Ocwen from accepting new loans in California until the department determines that it can respond to the agency's information requests in a timely manner.

“The department is committed to supporting a fair and secure financial services marketplace for all California consumers,” Jan Lynn Owen, the commissioner of the Department of Business Oversight, said in a statement. “This settlement allows us to move forward and ensure that Ocwen is meeting its obligations under the law.”

Ocwen did not immediately provide a comment on the settlement.

Separately on Friday, a group of investors in mortgage-backed securities that are serviced by Ocwen said they had notified the trustees of those bonds that Ocwen had failed to “perform, in material respects, its contractual obligations, as servicer,” a possible step toward a lawsuit.