



**SO ORDERED.**  
**SIGNED this 25th day of February, 2018**

**THIS ORDER HAS BEEN ENTERED ON THE DOCKET.**  
**PLEASE SEE DOCKET FOR ENTRY DATE.**

*Shelley D. Rucker*  
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Shelley D. Rucker  
UNITED STATES BANKRUPTCY JUDGE

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**IN THE UNITED STATES BANKRUPTCY COURT FOR  
THE EASTERN DISTRICT OF TENNESSEE**

**In re:** )  
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**Sisouphanh NMN Lovanh** ) **No. 1:16-bk-13183-SDR**  
**Orapin NMN Lovanh** ) **Chapter 13**  
 )  
**Debtors** )

**ORDER**

On July 5, 2017, the debtors filed a motion for contempt and sanctions against Ocwen Loan Servicing, LLC (“Ocwen”). [Doc. No. 54]. Ocwen replied and the matter was set for hearing. Prior to the hearing, the parties announced that a settlement had been reached with respect to the damages incurred for Ocwen’s violation of the automatic stay. The violation included continuing automatic drafts from the debtors’ account after having been notified of the bankruptcy. The drafts continued for at least two months after Ocwen received notice. The court determined that there was a systemic problem in the internal noticing system at Ocwen because

the automatic withdrawal had not been corrected after the first violation. The court, therefore, also required Ocwen to provide that internal procedures be implemented to prevent future violations as part of any settlement.

On December 14, 2017, James Broome filed an affidavit stating that Ocwen's mortgage servicing best practices and procedures require the revocation of all automatic drafts once information is received regarding the filing of any bankruptcy case, unless the customer directly requests the automatic draft to continue and the account is current. [Doc. No. 77]. To prevent future mistakes regarding a customer's desire to continue an automatic draft, which was Ocwen's explanation for its violation in this case, Mr. Broome represented that Ocwen would take certain steps to insure that automatic drafts were promptly stopped. Based on that affidavit, the court has approved the settlement regarding the monetary damages incurred by the debtors as a result of the violation [Doc. No. 83], and the court will enter this order as additional nonmonetary sanctions.

Accordingly, it is ORDERED that:

1. Ocwen will revoke all automatic drafts immediately upon receipt of notice of a chapter 13 bankruptcy filing.
2. Ocwen will provide a chapter 13 debtor the option of reinstating an automatic draft from his or her account only after: (a) the debtor requests reinstatement of the automatic draft in writing, (b) a chapter 13 plan has been confirmed that provides for payment by the debtor rather than the chapter 13 trustee, and (c) the loan is current.
3. This order will be posted on the court's website for a period of 180 days after entry and will be placed on display at the courthouse for the same period of time.

4. Should the court have a motion for contempt filed within the next year in which a chapter 13 debtor proves that Ocwen has failed to terminate an automatic draft on his or her account after being sent notice of a chapter 13 bankruptcy filing or that it resumed automatic drafts without complying with its stated procedures or this order, the court will consider such conduct as evidence that nonmonetary sanctions have not been adequate to ensure compliance with the automatic stay. It is so ORDERED.

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