

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT
(DATE OF EARLIEST EVENT REPORTED): February 7, 2001

OCWEN FINANCIAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Florida
(STATE OR OTHER
JURISDICTION
OF INCORPORATION)

0-21341
(COMMISSION
FILE NUMBER)

65-0039856
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

THE FORUM, SUITE 1000
1675 PALM BEACH LAKES BOULEVARD, WEST PALM BEACH, FLORIDA 33401
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (561) 682-8000

N/A
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

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ITEM 5. OTHER EVENTS

The news release of the Registrant dated February 7, 2001 announcing its fourth quarter 2000 results is attached hereto and filed herewith as Exhibit 99.1.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) - (b) Not applicable.

(c) Exhibits

The following exhibits are filed as part of this report:

99.1 Text of a press release by the Registrant dated February 7, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

OCWEN FINANCIAL CORPORATION
(Registrant)

By: /s/ MARK S. ZEIDMAN

Mark S. Zeidman
Senior Vice President and
Chief Financial Officer

Date: February 7, 2001

INDEX TO EXHIBIT

| EXHIBIT NO. | DESCRIPTION | PAGE |
|-------------|---|------|
| 99.1 | News release of Ocwen Financial Corporation dated February 7, 2001, announcing its 2000 fourth quarter results and certain other information. | 5 |

OCWEN FINANCIAL CORPORATION(R)

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION, CONTACT:

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OCWEN FINANCIAL CORPORATION ANNOUNCES
2000 AND FOURTH QUARTER RESULTS

WEST PALM BEACH, FL - (February 7, 2001) Ocwen Financial Corporation (NYSE: OCN) today reported net income for its fourth quarter ended December 31, 2000 of \$9.4 million, or \$0.14 per share, compared to net income of \$1.3 million or \$0.02 per share for the 1999 fourth quarter. For the year ended December 31, 2000, the Company reported net income of \$2.2 million or \$0.03 per share compared to net income of \$19.8 million or \$0.31 per share in 1999.

Chairman and CEO William C. Erbey stated "We made substantial progress this year in developing our servicing and technology businesses and exiting our non-core businesses. During 2000, we reduced the size of our balance sheet by over 30% as total assets have declined from \$3.3 billion at the end of 1999 to \$2.2 billion at the close of 2000. At the same time, we have reduced our exposure to non-core assets that have generated losses over the past three years. During the fourth quarter of 2000 and into the first quarter of this year, we have grown and developed our core servicing business. As of December 31, 2000, we were the servicer on \$11.4 billion of loans vs. \$11.1 billion as of year-end 1999. In the first half of 2001, we will be boarding an additional \$4.3 billion of loans under agreements that have already been concluded, bringing our total servicing to \$15.7 billion. While absorbing this growth, we have maintained the industry standard of quality and reduced our direct costs per loan. We do not intend to stop there. With the full implementation of REAL-e(TM), our residential loan servicing system, we believe that we can make further strides in reducing our unit costs. The year also ended with several noteworthy accomplishments for OTX, including the implementation of REAL-e at Ocwen Federal Bank, thus bringing all three OTX products to a true commercial application level. REALTrans(SM), our e-commerce product, also achieved a significant milestone, having entered into an enterprise-wide contract with a "top five" mortgage originator.

Our key objectives in 2001 are to continue to reduce our risk assets and to enhance our value equation by reducing costs, largely through technology and the implementation of a Six Sigma quality program throughout the organization. On the revenue side, we plan to continue to grow our servicing business, to expand our technology customer base and to continue to create functionality enhancements in our technology products."

The Company's loan and servicing businesses, in the aggregate, reflected net income of \$8.1 million in the fourth quarter of 2000 vs. \$9.2 million for the 1999 fourth quarter. For the year ended December 31, 2000 aggregate results reflected net income of \$25.6 million as compared to \$15.8 million for 1999.

Continuing investments in OTX in the fourth quarter of 2000 resulted in a net loss of \$(5.5) million, compared to \$(4.9) million in the 1999 fourth quarter. OTX results reflected a loss of \$(21.0) million for the year ended December 31, 2000 vs. \$(11.4) million for 1999. These results reflect the ongoing effort in OTX to complete the development of its advanced technology products and to broaden its marketing campaigns, the costs of which are reflected in current earnings.

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In the fourth quarter of 2000 the Commercial Real Estate business reflected a net loss of \$(1.9) million vs. \$(1.8) million in the 1999 fourth quarter. For the full year, net income was \$10.3 million in 2000 vs. a net loss of \$(1.6) million in 1999.

UK Operations reflected net income of \$12.1 million for the fourth quarter of 2000 vs. a net loss of \$(2.1) million for the 1999 fourth quarter. Fourth quarter 2000 results reflect the sale of the Company's minority interest in Kensington Group plc for a pre-tax gain of \$20 million. For the full year periods, 2000 reflected net income of \$8.4 million compared to \$36.9 million in 1999. Full year results for 2000 also include the Company's equity interest in Kensington's results of operations through the sale date. Results for 1999 include the September sale of the Company's wholly owned subsidiary, Ocwen UK plc, for a pre-tax gain of \$50.4 million as well as the results of Ocwen UK operations through the third quarter.

The low income housing tax credit business posted a net loss of \$(11.0) million in the 2000 fourth quarter, vs. net income of \$1.2 million in 1999. A net loss of \$(12.4) million was reported for the full year 2000, vs. net income of \$7.8 million in 1999. These results primarily reflect losses recorded in 2000 for two asset sale transactions (classified as "assets held for sale" at year-end) vs. a gain on an asset sale in 1999.

The Company's net interest margin declined to 1.36% for the quarter ended December 31, 2000 from 4.77% for the quarter ended December 31, 1999 and to 0.81% for the year ended December 31, 2000 from 4.42% for the year ended December 31, 1999. The most significant factors in this decline are reduced earnings on the Company's portfolio of residual and subordinate securities and on its portfolios of loans available for sale and discount loans. The decline in earnings on the loans available for sale portfolio reflects the Company's decision to exit the subprime origination business in the U.S. and the U.K., businesses that had generated a high net interest spread during 1999.

Fourth quarter 2000 results included extraordinary gains of \$10.0 million (net of tax) primarily related to the Ocwen Asset Investment Corp. (OAC) tender offer, which resulted in the repurchase of \$98 million face value of OAC's 11 1/2% Redeemable Notes. For the year ended December 31, 2000 the Company reported extraordinary gains of \$18.7 million. Extraordinary gains of \$6.7 million and \$7.0 million were reported in the 1999 fourth quarter and for the year, respectively. The Company will continue to evaluate additional debt repurchases during 2001.

Income tax expense for the year 2000 included a non-cash provision for a valuation allowance on the Company's deferred tax asset of \$17.5 million vs. a provision of \$2.5 million in 1999. The Company has established this allowance based upon its estimate that a portion of the deferred tax asset may not be realized in the near future.

The Company's financial position strengthened during 2000 and remains strong. Total assets declined by slightly more than \$1 billion, or 31% from December 31, 1999 levels. Equity as a percent of assets increased from 15.5% at December 31, 1999 to 22.4% at December 31, 2000. During the period from December 31, 1999 to December 31, 2000, debt levels excluding deposits have been reduced by \$411.5 million, or 51% in the aggregate.

RECENT DEVELOPMENTS

During the fourth quarter of 2000, OTX entered into a contract with one of the top five mortgage originators in the United States for the enterprise-wide use of REALTrans, the Company's e-commerce product supporting the mortgage origination process. The Company anticipates a significant increase in the transaction volumes of REALTrans following the implementation period in 2001.

In December 2000 and January 2001, the Company entered into two new servicing contracts, which will add approximately 79,000 loans, with an unpaid principal balance of approximately \$4.3 billion, to its existing portfolio of 165,000 loans with a total unpaid principal balance of \$11.4 billion. These loans, in accordance with the underlying agreements, will be boarded onto the Company's REAL-e system during the first half of 2001, although various revenue sharing arrangements will take effect prior to that time.

Ocwen Financial Corporation is a financial services company headquartered in West Palm Beach, Florida. The Company's primary businesses are the servicing and resolution of subperforming and nonperforming residential and commercial mortgage loans, as well as the related development of loan servicing technology and business-to-business e-commerce solutions for the mortgage and real estate industries. Additional information about Ocwen Financial Corporation is available at www.ocwen.com.

REAL-e(TM) and REALTrans(SM) are the property of Ocwen Financial Corporation. All other product names are the property of their respective owners.

Certain statements contained herein may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology such as "will," "intend," "continue," "enhance," "reduce," "plan," "expand," "ongoing," "develop," "anticipate," future or conditional verb tenses, similar terms, variations on such terms or negatives of such terms. Actual results could differ materially from those indicated in such statements due to risks, uncertainties and changes with respect to a variety of factors, including changes in market conditions as they exist on the date hereof, applicable economic environments, government fiscal and monetary policies, prevailing interest or currency exchange rates, effectiveness of interest rate, currency and other hedging strategies, laws and regulations affecting financial institutions and real estate operations (including regulatory fees, capital requirements, income and property taxation and environmental compliance), uncertainty of foreign laws, competitive products, pricing and conditions, credit, prepayment, basis, default, subordination and asset/liability risks, loan servicing effectiveness, the ability to identify acquisitions and investment opportunities meeting OCN's investment strategy, satisfaction or fulfillment of agreed upon terms and conditions of closing or performance, timing of transaction closings, software integration, development and licensing, effectiveness, damage to the Company's computer equipment and the information stored in its data centers, financial and securities markets, availability of adequate and timely sources of liquidity, dependence on existing sources of funding, ability to repay or refinance indebtedness (at maturity or upon acceleration), availability of discount loans for purchase, size of, nature of and yields available with respect to the secondary market for mortgage loans, financial, securities and securitization markets in general, allowances for loan losses, geographic concentrations of assets, changes in real estate conditions (including valuation, revenues and competing properties), adequacy of insurance coverage in the event of a loss, the market prices of the common stock of OCN, other factors generally understood to affect the real estate acquisition, mortgage and leasing markets, securities investments and the software and technologies industries, and other risks detailed from time to time in OCN's reports and filings with the Securities and Exchange Commission, including its periodic reports on Forms 8-K, 10-Q and 10-K, including Exhibit 99.1 attached to OCN's Form 10-K for the year ended December 31, 1999.

INTEREST INCOME AND EXPENSE

For the periods ended December 31,

(Dollars in thousands)

| | Three Months | | Twelve Months | |
|--|--------------|-----------|---------------|-----------|
| | 2000 | 1999 | 2000 | 1999 |
| INTEREST INCOME: | | | | |
| Federal funds sold and repurchase agreements | \$ 3,582 | \$ 2,434 | \$ 8,700 | \$ 8,847 |
| Trading securities | 8,200 | -- | 8,200 | -- |
| Securities available for sale | -- | 14,500 | 42,507 | 62,698 |
| Loans available for sale | 300 | 348 | 2,474 | 25,724 |
| Investment securities and other | 320 | 644 | 1,501 | 2,181 |
| Loan portfolio | 6,630 | 9,698 | 20,586 | 28,683 |
| Match funded loans and securities | 2,148 | 3,237 | 11,022 | 3,237 |
| Discount loan portfolio | 19,804 | 37,262 | 89,826 | 121,854 |
| | 40,984 | 68,123 | 184,816 | 253,224 |
| INTEREST EXPENSE: | | | | |
| Deposits | 22,893 | 23,204 | 98,224 | 98,370 |
| Securities sold under agreements to repurchase | 43 | 1,565 | 10,729 | 7,456 |
| Bonds - match funded agreements | 2,390 | 2,101 | 11,484 | 2,101 |
| Obligations outstanding under lines of credit | 2,098 | 4,200 | 13,881 | 16,318 |
| Notes, debentures and other interest bearing obligations | 8,175 | 11,049 | 34,772 | 31,297 |
| | 35,599 | 42,119 | 169,090 | 155,542 |
| Net interest income before provision for loan losses ... | \$ 5,385 | \$ 26,004 | \$ 15,726 | \$ 97,682 |

NET (LOSS) INCOME BY BUSINESS SEGMENT

For the periods ended December 31,

(Dollars in thousands)

| | Three Months | | Twelve Months | |
|---|--------------|------------|---------------|-------------|
| | 2000 | 1999 | 2000 | 1999 |
| Single family residential discount loans | \$ 1,454 | \$ (3,208) | \$ 13,078 | \$ (12,680) |
| Commercial loans | 3,008 | 8,385 | 571 | 16,428 |
| Domestic residential mortgage loan servicing | 3,667 | 3,976 | 11,909 | 12,067 |
| Investment in low-income housing tax credits | (11,043) | 1,190 | (12,351) | 7,802 |
| OTX | (5,547) | (4,893) | (21,049) | (11,372) |
| Commercial Real Estate | (1,914) | (1,776) | 10,285 | (1,566) |
| UK operations (1) | 12,080 | (2,147) | 8,350 | 36,859 |
| Domestic subprime single family residential lending | (2,470) | (6,571) | (15,210) | (18,025) |
| Unsecured collections | (2,328) | (1,693) | (8,927) | (4,185) |
| Ocwen Realty Advisors | (51) | -- | (53) | -- |
| Corporate items and other | 12,513 | 8,009 | 15,589 | (5,496) |
| | \$ 9,369 | \$ 1,272 | \$ 2,192 | \$ 19,832 |

(1) 1999 includes Ocwen UK, which was sold in September 1999.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

| For the periods ended December 31, | Three Months | | Twelve Months | |
|--|--------------|------------|---------------|------------|
| | 2000 | 1999 | 2000 | 1999 |
| INTEREST INCOME | \$ 40,984 | \$ 68,123 | \$ 184,816 | \$ 253,224 |
| INTEREST EXPENSE | 35,599 | 42,119 | 169,090 | 155,542 |
| Net interest income before provision for loan losses | 5,385 | 26,004 | 15,726 | 97,682 |
| Provision for loan losses | 2,573 | 1,522 | 15,177 | 6,710 |
| Net interest (loss) income after provision for loan losses | 2,812 | 24,482 | 549 | 90,972 |
| NON-INTEREST INCOME: | | | | |
| Servicing and other fees | 25,037 | 18,965 | 97,080 | 76,018 |
| Gain on interest earning assets, net | 863 | 712 | 18,580 | 44,298 |
| Unrealized loss on trading securities, net | (2,520) | -- | (4,926) | -- |
| Impairment charges on securities available for sale | -- | (10,697) | (11,597) | (58,777) |
| Gain (loss) on real estate owned, net | 1,170 | (3,858) | (13,464) | (2,060) |
| Gain on other non interest earning assets, net | 23,653 | 1,469 | 45,517 | 58,693 |
| Net operating gains (losses) on investments in real estate | 3,371 | 850 | 26,140 | (1,077) |
| Amortization of excess of net assets acquired over purchase price | 5,324 | 3,202 | 14,112 | 3,201 |
| Other income | 2,912 | 1,128 | 6,083 | 24,346 |
| | 59,810 | 11,771 | 177,525 | 144,642 |
| NON-INTEREST EXPENSE: | | | | |
| Compensation and employee benefits | 21,972 | 21,182 | 83,086 | 102,173 |
| Occupancy and equipment | 2,649 | 3,447 | 12,005 | 18,501 |
| Technology and communication costs | 5,817 | 4,829 | 22,515 | 19,647 |
| Loan expenses | 2,551 | 1,846 | 13,051 | 12,618 |
| Net operating losses on investments in certain low-income housing tax credit interests | 3,901 | 1,733 | 9,931 | 6,291 |
| Amortization of excess of purchase price over net assets acquired | 778 | 3,677 | 3,124 | 4,448 |
| Professional services and regulatory fees | 3,908 | 3,638 | 13,275 | 14,205 |
| Other operating expenses | 3,815 | 2,437 | 13,022 | 17,185 |
| | 45,391 | 42,789 | 170,009 | 195,068 |
| Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company | 2,538 | 2,915 | 11,380 | 13,111 |
| Equity in losses of investments in unconsolidated entities | 284 | 3,134 | 5,249 | 12,616 |
| Income (loss) before income taxes and extraordinary gain | 14,409 | (12,585) | (8,564) | 14,819 |
| Income tax (expense) benefit | (15,079) | 6,986 | (7,957) | (2,608) |
| Minority interest in net loss of consolidated subsidiary | -- | 141 | -- | 638 |
| (Loss) income before extraordinary gain | (670) | (5,458) | (16,521) | 12,849 |
| Extraordinary gain on repurchase of debt, net of taxes | 10,039 | 6,730 | 18,713 | 6,983 |
| Net income | \$ 9,369 | \$ 1,272 | \$ 2,192 | \$ 19,832 |
| (LOSS) EARNINGS PER SHARE: | | | | |
| Basic: | | | | |
| Net (loss) income before extraordinary gain | \$ (0.01) | \$ (0.08) | \$ (0.25) | \$ 0.20 |
| Extraordinary gain | 0.15 | 0.10 | 0.28 | 0.11 |
| Net income | \$ 0.14 | \$ 0.02 | \$ 0.03 | \$ 0.31 |
| Diluted: | | | | |
| Net (loss) income before extraordinary gain | \$ (0.01) | \$ (0.08) | \$ (0.24) | \$ 0.20 |
| Extraordinary gain | 0.15 | 0.10 | 0.27 | 0.11 |
| Net income | \$ 0.14 | \$ 0.02 | \$ 0.03 | \$ 0.31 |
| Weighted average common shares outstanding: | | | | |
| Basic | 67,152,363 | 70,245,465 | 67,427,662 | 63,051,015 |
| Diluted | 68,602,539 | 70,277,966 | 68,523,169 | 63,090,282 |

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

| | December 31, 2000 | December 31, 1999 |
|---|-------------------|-------------------|
| | ----- | ----- |
| ASSETS: | | |
| Cash and amounts due from depository institutions | \$ 18,749 | \$ 125,799 |
| Interest earning deposits | 134,987 | 116,420 |
| Federal funds sold | -- | 112,000 |
| Securities available for sale, at fair value: | | |
| Collateralized mortgage obligations (AAA-rated) | -- | 392,387 |
| Subordinates, residuals and other securities | -- | 195,131 |
| Trading securities, at fair value: | | |
| Collateralized mortgage obligations (AAA-rated) | 277,595 | -- |
| Subordinates, residuals and other securities | 112,647 | -- |
| Loans available for sale, at lower of cost or market | 10,610 | 45,213 |
| Real estate held for sale | 22,670 | -- |
| Low-income housing tax credit interests held for sale | 87,083 | -- |
| Investment securities | 13,257 | 10,965 |
| Loan portfolio, net | 93,414 | 157,408 |
| Discount loan portfolio, net | 536,028 | 913,229 |
| Match funded loans and securities, net | 116,987 | 157,794 |
| Investments in low-income housing tax credit interests | 55,729 | 150,989 |
| Investments in unconsolidated entities | 430 | 37,118 |
| Real estate owned, net | 146,419 | 167,506 |
| Investment in real estate | 122,761 | 268,241 |
| Premises and equipment, net | 43,152 | 49,038 |
| Income taxes receivable | 30,261 | -- |
| Deferred tax asset, net | 95,991 | 136,920 |
| Escrow advances on loans and loans serviced for others | 227,055 | 162,548 |
| Mortgage servicing rights | 51,426 | 11,683 |
| Other assets | 52,169 | 71,285 |
| | ----- | ----- |
| | \$ 2,249,420 | \$ 3,281,674 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| LIABILITIES: | | |
| Deposits | \$ 1,258,360 | \$ 1,814,647 |
| Securities sold under agreements to repurchase | -- | 47,365 |
| Bonds - match funded agreements | 107,050 | 141,515 |
| Obligations outstanding under lines of credit | 32,933 | 187,866 |
| Notes, debentures and other interest bearing obligations | 173,330 | 317,573 |
| Accrued interest payable | 22,096 | 32,569 |
| Excess of net assets acquired over purchase price | 36,665 | 56,841 |
| Income taxes payable | -- | 6,369 |
| Accrued expenses, payables and other liabilities | 36,030 | 57,487 |
| | ----- | ----- |
| Total liabilities | 1,666,464 | 2,662,232 |
| | ----- | ----- |
| Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company | 79,530 | 110,000 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, \$.01 par value; 20,000,000 shares authorized; 0 shares issued and outstanding | -- | -- |
| Common stock, \$.01 par value; 200,000,000 shares authorized; 67,152,363 and 68,571,575 shares issued and outstanding at December 31, 2000, and December 31, 1999, respectively | 672 | 686 |
| Additional paid-in capital | 223,163 | 232,340 |
| Retained earnings | 279,194 | 277,002 |
| Accumulated other comprehensive income, net of taxes: | | |
| Net unrealized gain on securities available for sale | -- | 163 |
| Net unrealized foreign currency translation loss | 397 | (749) |
| | ----- | ----- |
| Total stockholders' equity | 503,426 | 509,442 |
| | ----- | ----- |
| | \$ 2,249,420 | \$ 3,281,674 |
| | ===== | ===== |