UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-13219

Ocwen Financial Corporation
(Exact name of registrant as specified in its charter)

Florida	65-0039856
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1675 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33401
(Address of principal executive offices) (Zip Code)

(561) 682-8000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ].

Number of shares of Common Stock, $.01 par value, outstanding as of November 12, 2003: 67,178,785 shares

OCWEN FINANCIAL CORPORATION
FORM 10-Q

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PART I - FINANCIAL INFORMATION
ITEM 1. INTERIM FINANCIAL STATEMENTS (Unaudited)

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands, except share data)

	September 30, 2003	December 31, 2002
Assets		
Cash and amounts due from depository institutions	$ 118,820	$ 76,598
Interest earning deposits	28,112	30,649
Federal funds sold and repurchase agreements	100,000	85,000
Trading securities, at fair value:		
Collateralized mortgage obligations (AAA-rated) and U.S. Treasury securities	6,696	21,556
Subordinates, residuals and other securities	41,793	37,339
Investments in real estate	55,631	58,676
Affordable housing properties	9,578	15,319
Loans, net	28,196	76,857
Match funded assets	133,767	167,744
Real estate owned, net	53,380	62,039
Premises and equipment, net	42,938	44,268
Advances on loans and loans serviced for others	390,952	266,356
Mortgage servicing rights	181,905	171,611
Receivables	71,565	78,944
Other assets	36,991	29,286
Total assets	$ 1,300,324	$ 1,222,242
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 430,460	$ 425,970
Escrow deposits on loans and loans serviced for others	129,457	84,986
Bonds - match funded agreements	113,785	147,071
Lines of credit and other secured borrowings	176,746	82,746
Notes and debentures	99,724	76,975
Accrued interest payable	6,825	7,435
Accrued expenses, payables and other liabilities	31,834	28,314
Total liabilities	988,831	853,497
Minority interest in subsidiaries	1,470	1,778
Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	--	56,249
Commitments and Contingencies (Note 8)		
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; 67,100,113 and 67,339,773 shares issued and outstanding at September 30, 2003 and December 31, 2002, respectively	671	673
Additional paid-in capital	223,222	224,454
Retained earnings	85,955	85,637
Accumulated other comprehensive income (loss), net of taxes		
Net unrealized foreign currency translation gain (loss)	175	(46)
Total stockholders' equity	310,023	310,718
Total liabilities and stockholders' equity	$ 1,300,324	$ 1,222,242

The accompanying notes are an integral part of these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share data)

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Net interest expense				
Income	$ 4,071	$ 8,612	$ 17,826	$ 30,132
Expense	10,823	12,925	29,554	44,035
Net interest income (expense) before provision for loan losses	(6,752)	(4,313)	(11,728)	(13,903)
Provision for loan losses	415	(901)	(2,670)	10,510
Net interest income (expense) after provision for loan losses	(7,167)	(3,412)	(9,058)	(24,413)
Non-interest income				
Servicing and other fees	40,339	34,024	115,117	105,598
Gain (loss) on interest earning assets, net	--	--	27	(2,773)
Gain (loss) on trading and match funded securities, net	159	944	2,924	3,897
Gain (loss) on real estate owned, net	147	(337)	124	(16,307)
Gain (loss) on other non-interest earning assets, net	150	508	624	(333)
Net operating gains (losses) on investments in real estate	702	495	(3,000)	(8,844)
Gain (loss) on repurchase of debt	(441)	(35)	(445)	1,039
Other income	6,008	2,411	14,046	9,815
Non-interest income	47,064	38,010	129,417	92,092
Non-interest expense				
Compensation and employee benefits	17,667	19,594	52,505	60,375
Occupancy and equipment	3,254	2,914	8,769	8,959
Technology and communication costs	5,583	6,899	14,577	17,960
Loan expenses	3,835	2,437	10,835	9,808
Net operating losses on investments in affordable housing properties	226	225	1,109	22,135
Professional services and regulatory fees	2,511	2,573	21,855	10,341
Other operating expenses	2,172	2,434	7,023	7,040
Non-interest expense	35,248	37,076	116,673	136,618
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	--	1,529	3,058	4,758
Income (loss) before minority interest, income taxes and effect of change in accounting principle	4,649	(4,007)	628	(73,697)
Minority interest in net income (loss) of subsidiaries	28	--	(308)	--
Income tax expense	6	--	618	1,166
Net income (loss) before effect of change in accounting principle	4,615	(4,007)	318	(74,863)
Effect of change in accounting principle, net of taxes	--	--	--	16,166
Net income (loss)	$ 4,615	$ (4,007)	$ 318	$ (58,697)
Earnings (loss) per share				
Basic				
Net income (loss) before effect of change in accounting principle	$ 0.07	$ (0.06)	$ 0.005	$ (1.11)
Effect of change in accounting principle, net of taxes	--	--	--	.24
Net income (loss)	$ 0.07	$ (0.06)	$ 0.005 $	(0.87)
Diluted				
Net income (loss) before effect of change in accounting principle	$ 0.07	$ (0.06)	$ 0.005	$ (1.11)
Effect of change in accounting principle, net of taxes	--	--	--	.24
Net income (loss)	$ 0.07	$ (0.06)	$ 0.005	$ (0.87)
Weighted average common shares outstanding				
Basic	66,865,412	67,336,246	67,148,447	67,315,913
Diluted	67,880,310	67,336,246	67,864,096	67,315,913

The accompanying notes are an integral part of these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Net income (loss)................................	$ 4,615	$ (4,007)	$ 318	$ (58,697)
Other comprehensive income (loss), net of taxes:				
Change in unrealized foreign currency translation adjustment arising during the period (1)........	(294)	(34)	221	(33)
Comprehensive income (loss)......................	$ 4,321	$ (4,041)	$ 539	$ (58,730)

(1) Net of tax benefit (expense) of $(149) and $21 for the three months ended September 30, 2003 and 2002, respectively, and $(201) and $36 for the nine months ended September 30, 2003 and 2002, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003
(Dollars in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss), Net of Taxes	Total
	Shares	Amount				
Balances at December 31, 2002	67,339,773	$ 673	$ 224,454	$ 85,637	$ (46)	$ 310,718
Net income	--	--	--	318	--	318
Issuance of common stock	236,461	2	932	--	--	934
Repurchase of common stock	(500,000)	(5)	(2,257)	--	--	(2,262)
Directors' compensation	19,085	1	70	--	--	71
Exercise of common stock options	4,794	--	23	--	--	23
Other comprehensive loss, net of taxes						
Change in unrealized foreign currency translation adjustment	--	--	--	--	221	221
Balances at September 30, 2003	67,100,113	$ 671	$ 223,222	$ 85,955	$ 175	$ 310,023

The accompanying notes are an integral part of these consolidated financial statements.

OCWEN FINANCIAL COPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

For the nine months ended September 30,	2003	2002
Cash flows from operating activities		
Net income (loss)	$ 318	$ (58,697)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Net cash provided by trading activities	20,474	151,145
Premium amortization on securities, net	1,847	1,044
Depreciation and amortization	78,359	49,061
Provision for loan losses	(2,670)	10,510
Provision for losses on real estate owned	1,169	19,859
(Gain) loss on interest-earning assets, net	(27)	2,773
(Gain) loss on trading and match funded securities	(2,924)	(3,897)
(Gain) loss on sale of other non-interest earning assets	(624)	333
Provisions for losses on affordable housing properties	432	21,294
Impairment charges on investments in real estate	5,526	15,317
Gain on sale of real estate owned	(358)	(2,835)
(Gain) loss on repurchase of long-term debt	445	(1,039)
Effect of change in accounting principle before taxes	--	(15,000)
(Increase) decrease in advances and match funded advances on loans and loans serviced for others	(109,808)	9,699
(Increase) decrease in receivables and other assets, net	4,114	21,929
Increase (decrease) in accrued expenses, interest payable and other liabilities	2,904	(928)
Net cash provided (used) by operating activities	(823)	220,568
Cash flows from investing activities		
Principal payments received on match funded loans	10,991	13,416
Investment in affordable housing properties	--	(3,563)
Proceeds from sales of affordable housing properties	2,245	14,757
Purchase of mortgage servicing rights	(78,971)	(106,360)
Proceeds from sales of loans	30,347	46,893
Proceeds from sale of real estate held for sale	--	13,932
Proceeds from sales of real estate held for investment	312	47,711
Purchase, originations and funded commitments of loans, net of undisbursed loan funds	(6,225)	(20,393)
Capital improvements to real estate held for investment	(3,666)	(8,399)
Principal payments received on loans	28,166	34,663
Proceeds from sale of real estate owned	9,712	38,895
Capital improvements to real estate owned	(1,691)	(2,085)
Additions to premises and equipment	(9,195)	(10,932)
Net cash provided (used) by investing activities	(17,975)	58,535

The accompanying notes are an integral part of these
consolidated financial statements.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(Dollars in thousands)

For the nine months ended September 30,	2003	2002
Cash flows from financing activities		
Increase (decrease) in deposits and escrow deposits on loans and loans serviced for others	48,961	(169,201)
Proceeds from (repayment of) securities sold under agreements to repurchase	--	(79,405)
Proceeds from (repayment of) lines of credit and other secured borrowings, net	94,000	8,263
Proceeds from (repayment of) bonds-match funded agreements, net	(33,286)	(15,326)
Repurchase of Capital Securities	--	(3,796)
Repurchase of common stock	(2,262)	--
Repurchase of notes and subordinated debentures	(33,945)	(3,585)
Repayment of other interest bearing obligations, net	--	(1,197)
Exercise of stock options	15	171
Net cash provided (used) by financing activities	73,483	(264,076)
Net increase in cash and cash equivalents	54,685	15,027
Cash and cash equivalents at beginning of period	192,247	260,655
Cash and cash equivalents at end of period	$ 246,932	$ 275,682
Reconciliation of cash and cash equivalents at end of period		
Cash and amounts due from depository institutions	$ 118,820	$ 11,799
Interest-earning deposits	28,112	43,883
Federal funds sold and repurchase agreements	100,000	220,000
	$ 246,932	$ 275,682
Supplemental disclosure of cash flow information		
Interest paid	$ 30,164	$ 43,907
Income tax (payments) refunds	$ (688)	$ 582
Supplemental schedule of non-cash investing and financing activities		
Real estate owned acquired through foreclosure	$ 128	$ 9,578
Exchange of real estate held for sale for loans	$ --	$ 9,153
Accounts receivable from sale of affordable housing properties	$ 3,309	$ 38,824

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10, Rule 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. Ocwen Financial Corporation's ("OCN") interim consolidated financial statements include the accounts of OCN and its subsidiaries. OCN owns directly and indirectly all of the outstanding common and preferred stock of its primary subsidiaries, Ocwen Federal Bank FSB (the "Bank"), Investors Mortgage Insurance Holding Company, Ocwen Technology Xchange, Inc. ("OTX"), Ocwen Asset Investment Corp. ("OAC") and Ocwen Financial Solutions, Private Limited ("India"). OCN also owns 70% of Global Servicing Solutions, LLC ("GSS") with the remaining 30% held by Merrill Lynch. As of December 31, 2002, OCN owned 99.6% of Ocwen Financial Services, Inc. ("OFS"), with the remaining 0.4% owned by the shareholders of Admiral Home Loan. As part of the arbitration settlement with the former owners of Admiral Home Loan on April 24, 2003, OCN gained title to the remaining shares of OFS, which increased our ownership to 100%. See Note 8 for additional information regarding this settlement. We have eliminated all significant intercompany transactions and balances in consolidation.

The Bank is a federally chartered savings bank regulated by the Office of Thrift Supervision ("OTS"). OCN is a registered savings and loan holding company under the Home Owner's Loan Act and as such is also regulated by the OTS.

In our opinion, the accompanying unaudited financial statements contain all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of our financial condition at September 30, 2003 and December 31, 2002, the results of our operations for the three and nine months ended September 30, 2003 and 2002, our comprehensive loss for the three and nine months ended September 30, 2003 and 2002, our changes in stockholders' equity for the nine months ended September 30, 2003 and our cash flows for the nine months ended September 30, 2003 and 2002, respectively. The results of operations and other data for the three and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for any other interim periods or the entire year ending December 31, 2003. The unaudited consolidated financial statements presented herein should be read in conjunction with the audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2002. Certain reclassifications have been made to the prior periods' interim consolidated financial statements to conform to the September 30, 2003 presentation.

In preparing the consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the statements of financial condition and revenues and expenses for the periods covered. Material estimates that are particularly significant in the near or medium term relate to our determination of the allowance for loan losses and our valuation of securities, real estate, affordable housing properties, servicing rights, intangibles and our deferred tax asset. Actual results could differ from those estimates and assumptions.

NOTE 2 CURRENT ACCOUNTING PRONOUNCEMENTS

We adopted the provisions of Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002. As a result, we reversed the unamortized balance of the excess of net assets acquired over purchase price ("negative goodwill"). This reversal resulted in a credit to income of $18,333. The impact from the adoption of other elements of SFAS No. 142 resulted in our recording impairment charges of $3,333 on goodwill and intangible assets originally recorded in connection with the formation of REALSynergy, Inc. in 1999. These amounts have been reported in the first quarter of 2002 as the effect of a change in accounting principle, net of an income tax benefit of $1,166.

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" (EITF 94-3). The principal difference between SFAS No. 146 and EITF 94-3 relates to SFAS No. 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. We adopted the new standard effective January 1, 2003. The adoption of SFAS No. 146 did not have a material impact on our results of operations, financial position or cash flows.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". The interpretation elaborates on the disclosures to be made by a guarantor in its financial statements under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. We adopted the disclosure requirements of the Interpretation as of December 31, 2002, the date upon which they became effective. These provisions of the Interpretation require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of the Interpretation were effective January 1, 2003. The implementation of the recognition requirements of the Interpretation did not have a significant effect on our consolidated results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation provides guidance with respect to the identification of variable interest entities and when assets, liabilities, noncontrolling interests, and the results of operations of a variable interest entity need to be included in a company's consolidated financial statements. The Interpretation requires consolidation by business enterprises of variable interest entities in certain cases. The factors to be considered in making this determination include the adequacy of the equity of the entity and the nature of the risks, rights and rewards of the equity investors in the entity. The Interpretation applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. On October 9, 2003 the FASB decided to defer the implementation date of FIN 46 to the first reporting period ending after December 15, 2003 for variable interest entities that existed prior to February 1, 2003. We are a limited partner in three partnerships that developed low-income housing properties that may be subject to the provisions of FIN 46. We do not consolidate these partnerships but rather record our investment in them using the equity method of accounting. As of September 30, 2003, our investment in such limited partnerships amounted to $6,580. In addition, we had loans to these partnerships with a net book value of $5,645 at September 30, 2003. We are evaluating the potential effect of FIN 46 on our accounting for our investment in the low-income housing partnerships and our Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company ("Capital Securities"). At this time we don't anticipate that our adoption of FIN 46 in the fourth quarter of 2003 will have a significant effect on our consolidated financial statements. See the discussion below regarding our adoption of SFAS No. 150 and its effect on the reporting of our Capital Securities.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with the characteristics of both liabilities and equity. The statement requires that certain securities, such as our Capital Securities, which are classified between liabilities and equity in the statement of financial condition, be classified as liabilities. Further, the distributions on such securities are to be classified as interest cost. No restatement of periods prior to the adoption of SFAS No. 150 is permitted. At the time this statement was originally issued in May 2003, the provisions for SFAS No. 150 were effective immediately for financial instruments entered into or modified after May 31, 2003, and for the first interim period beginning after June 15, 2003, for all other financial instruments. On October 29, 2003, the FASB decided to defer the provisions of paragraphs 9 and 10 of SFAS No. 150 as they apply to mandatorily redeemable noncontrollable interests. This deferral does not apply to OCN and the Capital Securities. The impact from our adoption of SFAS No. 150 effective for the quarter beginning July 1, 2003 was to reclassify our Capital Securities as liabilities (included with notes and debentures) and begin reporting distributions on our Capital Securities as interest expense. Our adoption of SFAS No. 150 had no other effect on our financial statements.

NOTE 3 COMPANY OBLIGATED, MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY JUNIOR SUBORDINATED DEBENTURES OF THE COMPANY

In August 1997, the Ocwen Capital Trust ("OCT") issued $125,000 of 10.875% Capital Securities. Proceeds from the issuance of the Capital Securities were invested in 10.875% Junior Subordinated Debentures issued by OCN. The Junior Subordinated Debentures, which represent the sole assets of OCT, will mature on August 1, 2027. To date, OCN has repurchased $68,751 of the Capital Securities, although none were repurchased during the nine months ended September 30, 2003.

Holders of the Capital Securities are entitled to receive cumulative cash distributions accruing from the date of original issuance and payable semiannually in arrears on February 1 and August 1 of each year, commencing on February 1, 1998, at an annual rate of 10.875% of the liquidation amount of $1,000 per Capital Security. Payment of distributions out of moneys held by OCT, and payments on liquidation of OCT or the redemption of Capital Securities, are guaranteed by OCN to the extent OCT has funds available. If OCN does not make principal or interest payments on the Junior Subordinated Debentures, OCT will not have sufficient funds to make distributions on the Capital Securities, in which event the guarantee shall not apply to such distributions until OCT has sufficient funds available therefore. Accumulated distributions payable on the Capital Securities amounted to $1,020 at September 30, 2003 and $2,549 at December 31, 2002, and are included in accrued interest payable. Distributions amounted to $1,529 for both the third quarter of 2003 and 2002. For the nine month periods, distributions amounted to $4,587 and $4,758 for 2003 and 2002, respectively.

OCN has the right to defer payment of interest on the Junior Subordinated Debentures at any time or from time to time for a period not exceeding 10 consecutive semiannual periods with respect to each deferral period, provided that no extension period may extend beyond the stated maturity of the Junior Subordinated Debentures. Upon the termination of any such extension period and the payment of all amounts then due on any interest payment date, OCN may elect to begin a new extension period. Accordingly, there could be multiple extension periods of varying lengths throughout the term of the Junior Subordinated Debentures. If interest payments on the Junior Subordinated Debentures are deferred, distributions on the Capital Securities will also be deferred and OCN may not permit any subsidiary to, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, our capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities that rank pari passu with or junior to the Junior Subordinated Debentures. During an extension period, interest on the Junior Subordinated Debentures will continue to accrue at the rate of 10.875% per annum, compounded semiannually.

(Dollars in thousands)

The Junior Subordinated Debentures are redeemable prior to maturity at our option, subject to the receipt of any necessary prior regulatory approval, (i) in whole or in part on or after August 1, 2007, at a redemption price equal to 105.438% of the principal amount thereof on August 1, 2007, declining ratably on each August 1 thereafter to 100% on or after August 1, 2017, plus accrued interest thereon, or (ii) at any time, in whole (but not in part), upon the occurrence and continuation of a special event (defined as a tax event, regulatory capital event or investment company event) at a redemption price equal to the greater of (a) 100% of the principal amount thereof or (b) the sum of the present values of the principal amount and premium payable with respect to an optional redemption of such Junior Subordinated Debentures on August 1, 2007, together with scheduled payments of interest from the prepayment date to August 1, 2007, discounted to the prepayment date on a semiannual basis at the adjusted Treasury rate plus accrued interest thereon to the date of prepayment. The Capital Securities are subject to mandatory redemption, in whole or in part, upon repayment of the Junior Subordinated Debentures at maturity or their earlier redemption, in an amount equal to the amount of the related Junior Subordinated Debentures maturing or being redeemed and at a redemption price equal to the redemption price of the Junior Subordinated Debentures, plus accumulated and unpaid distributions thereon to the date of redemption.

For financial reporting purposes, OCT is treated as a subsidiary of OCN and, accordingly, the accounts of OCT are included in the consolidated financial statements of OCN. Intercompany transactions between OCT and OCN, including the Junior Subordinated Debentures, are eliminated in the consolidated financial statements of OCN. Prior to our adoption of SFAS No. 150 effective July 1, 2003, the Capital Securities were presented as a separate caption between liabilities and stockholders' equity in the consolidated statement of financial condition of OCN as "Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely Junior Subordinated Debentures of the Company" and distributions were reported as a separate caption immediately following non-interest expense in the consolidated statements of operations of OCN. As discussed in Note 2, effective with our adoption of SFAS No. 150 on July 1, 2003, the Capital Securities are presented as a liability in the consolidated statement of financial condition with notes and debentures. At the same time, we began reporting distributions on our Capital Securities as interest expense in the consolidated statement of operations.

In connection with the issuance of the Capital Securities, we incurred certain costs, which have been capitalized and are being amortized over the term of the Capital Securities. The unamortized balance of these issuance costs amounted to $1,785 and $1,841 at September 30, 2003 and December 31, 2002, respectively, and is included in other assets.

NOTE 4 DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative financial instruments for the purpose of managing our exposure to adverse fluctuations in interest and foreign currency exchange rates.

Interest Rate Management

We have purchased amortizing caps and floors to hedge our interest rate exposure relating to our match funded loans and securities. These caps and floors do not qualify for hedge accounting; therefore, changes in fair value are recorded in the income statement. The terms of these outstanding caps and floors at September 30, 2003 and December 31, 2002 are as follows at the dates indicated.

	Notional Amount	Maturity	Index	Strike Rate	Fair Value
September 30, 2003					
Caps	$ 102,164	October 2003	LIBOR 1 - Month	7.00%	$ --
Floors	$ 27,850	October 2003	CMT 2 - Year	4.35	66
					$ 66
December 31, 2002					
Caps	$ 111,799	October 2003	LIBOR 1-Month	7.00%	$ --
Floors	$ 30,563	October 2003	CMT 2-Year	4.35	592
					$ 592

(Dollars in thousands)

Foreign Currency Management

We enter into foreign currency derivatives to hedge our investments in foreign subsidiaries that own residual interests backed by residential loans originated in the UK ("UK residuals") and in our shopping center located in Halifax, Nova Scotia (the "Nova Scotia Shopping Center"). It is our policy to periodically adjust the amount of foreign currency derivative contracts we have entered into in response to changes in our investments in these assets. We have determined that the local currency of our investment in UK residuals and the Nova Scotia Shopping Center is the functional currency. Our foreign currency derivative financial instruments qualify for hedge accounting. Accordingly, we include the gains or losses in the net unrealized foreign currency translation in accumulated other comprehensive income in stockholders' equity. The following table sets forth the terms and values of these foreign currency financial instruments at September 30, 2003 and December 31, 2002:

	Position	Maturity	Notional Amount		Strike Rate	Fair Value
September 30, 2003						
Canadian Dollar currency futures.........	Short	December 2003	C$	13,900	0.7256	$ (168)
British Pound currency futures...........	Short	December 2003	(pound)	19,188	1.5768	(1,474)
						$ (1,642)
December 31, 2002						
Canadian Dollar currency futures.........	Short	March 2003	C$	11,400	0.6390	$ 78
British Pound currency futures...........	Short	March 2003	(pound)	18,750	1.5599	(793)
						$ (715)

NOTE 5 REGULATORY REQUIREMENTS

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the regulations promulgated thereunder established certain minimum levels of regulatory capital for savings institutions subject to OTS supervision. The Bank must follow specific capital guidelines stipulated by the OTS, which involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items. An institution that fails to comply with its regulatory capital requirements must obtain OTS approval of a capital plan and can be subject to a capital directive and certain restrictions on its operations.

At September 30, 2003 the Bank was "well capitalized" under the prompt corrective action regulations adopted by the OTS pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991. To be categorized as "well capitalized," the Bank must maintain minimum core capital, Tier 1 risk-based capital and risk-based capital ratios as set forth in the table below. The Bank's capital amounts and classification are subject to review by federal regulators regarding components, risk-weightings and other factors. There are no conditions or events since September 30, 2003 that we believe have changed the Bank's category.

Since 1997, the Bank has committed to the OTS to maintain a core capital (leverage) ratio and a total risk-based capital ratio of at least 9.00% and 13.00%, respectively. The Bank continues to be in compliance with this commitment as well as with the regulatory capital requirements of general applicability (as indicated in the table below). In addition, we have recently committed to maintain our investment in mortgage servicing rights at approximately 60% of core capital (before any deduction thereto for mortgage servicing rights) at the Bank and 50% of stockholders' equity on a consolidated basis. We regularly review actual results, which currently exceed these committed levels of investment in mortgage servicing rights, with the OTS.

Following the completion of the annual safety and soundness examination of the OTS in 2000, we submitted a written business plan and budget to the OTS regarding our plans for the business, primarily that of the Bank, over the next several years. The OTS approved the initial plan in February 2001, and also approved the revised plan submitted to them in April of 2002. The Plan included as its primary focus the reduction of risk through the sale or resolution of our non-core assets and the reduction of our reliance on brokered certificates of deposit as a source of funding. This plan will formally conclude on December 31, 2003.

(Dollars in thousands)

The following table summarizes the Bank's actual and required regulatory capital at September 30, 2003:

	Actual		Minimum for Capital Adequacy Purposes		To be Well Capitalized for Prompt Corrective Action Provisions		Committed Capital Requirements
	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Stockholders' equity, and ratio to total assets	16.77%	$ 176,358					
Disallowed mortgage servicing rights		(11,053)					
Disallowed deferred tax assets		(22,427)					
Non-includable subsidiary		(848)					
Intangible assets (1)		(2,489)					
Tier 1 (core) capital and ratio to adjusted total assets	13.75%	139,541	4.00%	$ 40,591	5.00%	$ 50,739	9.00%
Non-mortgage servicing rights		(2,095)					
Tangible capital and ratio to tangible assets	13.57%	$ 137,446	1.50%	$ 15,190			
Tier 1 capital and ratio to risk-weighted assets	18.15%	$ 139,541			6.00%	$ 46,132	
Allowance for loan losses		6,617					
Qualifying subordinated debentures (2)		--					
Tier 2 capital		6,617					
Real estate owned required to be deducted (3)		(40,948)					
Total risk-based capital and ratio to risk-weighted assets	13.68%	$ 105,210	8.00%	$ 61,510	10.00%	$ 76,887	13.00%
Total regulatory assets		$ 1,051,611					
Adjusted total assets		$ 1,014,778					
Tangible assets		$ 1,012,683					
Risk-weighted assets		$ 768,872					

(1) Unamortized balance of capitalized computer software.

(2) On September 30, 2003 we redeemed the remaining $33,065 of our 12% subordinated debentures at a price of 101.333%.

(3) Large retail shopping mall property, which we originally acquired in satisfaction of a debt and have held in excess of five years.

NOTE 6 INTEREST INCOME AND EXPENSE BEFORE PROVISION FOR LOAN LOSSES

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
(Dollars in thousands)				
Interest income				
Interest earning cash and other	$ 79	$ 59	$ 225	$ 220
Federal funds sold and repurchase agreements	341	783	1,078	2,055
Trading securities	2,749	3,507	12,371	12,024
Loans	212	3,075	1,321	10,588
Match funded loans and securities	690	1,188	2,831	5,245
	4,071	8,612	17,826	30,132
Interest expense				
Deposits	4,008	5,990	13,408	21,689
Securities sold under agreements to repurchase	--	32	3	230
Bonds - match funded agreements	1,076	1,445	3,640	5,161
Lines of credit and other secured borrowings	1,927	925	4,103	3,257
Notes and debentures	3,812	4,533	8,400	13,698
	10,823	12,925	29,554	44,035
Net interest expense before provision for loan losses ...	$ (6,752)	$ (4,313)	$ (11,728)	$ (13,903)

NOTE 7 BUSINESS SEGMENT REPORTING

An operating segment is defined as a component of an enterprise (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

For the past several years, we have been undergoing a fundamental transition in the nature of our business. In late 1999 and early 2000, we began to execute a strategic plan to shift our business activities away from capital-intensive businesses involving the purchase or origination of loans, real estate and related assets toward less capital-intensive businesses that generate fee-based revenues. As a result, we generally ceased to originate loans or invest in assets in certain of our business segments ("non-core businesses") unless we were contractually committed to do so. However, we continue actively to manage and resolve the remaining assets in these segments. A brief description of our segments follows:

Core Businesses

- Residential Loan Servicing. Through this business we provide loan servicing including asset management and resolution services to third party owners of subprime residential mortgage and high loan-to-value loans for a fee. We acquire the rights to service loans and obtain such rights by purchasing them outright or by entering into sub-servicing contracts.

- OTX. Through this segment we provide technology solutions for the mortgage and real estate industries. OTX products include a residential loan servicing system (REALServicing(TM)), a commercial loan servicing system (REALSynergy(TM)) and an Internet based mortgage loan processing application and vendor management system (REALTrans(SM)).

- Ocwen Realty Advisors (ORA). Through ORA we provide residential property valuation services.

- Unsecured Collections. This core business conducts collection activities for third party owners of unsecured receivables and for a portfolio of unsecured credit card receivables that we acquired at a discount in 1999 and 2000.

- Global Outsourcing. This new business segment began operations in December 2002. Global Outsourcing provides business process outsourcing services to third parties and leverages the operational capacity of our facilities in India.

- International Operations. This segment is being reported as a business segment for the first time this year. In 2003, this segment primarily represents the results of operations of Global Servicing Solutions, LLC, our new joint servicing venture with Merrill Lynch for the servicing of assets in various countries. Results for 2002 primarily reflect a one time consulting project for the government of Jamaica as well as other precedent ventures.

Non-Core Businesses

- Residential Discount Loans. This segment consisted of operations to acquire at a discount and subsequently resolve sub-performing and non-performing residential mortgage loans. We completed our last acquisition of residential loans in 2000. Based on the relative insignificance of the non-core assets remaining in this segment, the remaining assets of this business and any related income or loss arising from their resolution have been included in the Corporate Items and Other segment beginning January 1, 2003.

- Commercial Finance. This segment comprised operations to acquire sub-performing commercial loans at a discount, as well as operations to invest in and reposition under-performing real estate assets. No assets have been acquired since 2000; since that time, this business has consisted of the repositioning, management and resolution of the remaining loan and real estate assets.

- Affordable Housing. Includes our investments, primarily through limited partnerships, in qualified low-income rental housing for the purpose of obtaining Federal income tax credits pursuant to Section 42 of the Code. Except to complete those projects in which an investment had already been made, we ceased making investments in properties in 2000.

- Subprime Finance. In August 1999, we closed our domestic subprime origination business, which had been conducted primarily through OFS. Previously, activities of this segment included our acquisition and origination of single family residential loans to non-conforming borrowers. We have continued to manage and resolve the remaining non-core assets, which consist primarily of unrated single family subprime residual securities.

Corporate Items and Other

This segment includes business activities that are individually insignificant, interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases and general corporate expenses.

We allocate interest income and expense to each business segment for the investment of funds raised or funding of investments made taking into consideration the duration of such liabilities or assets. We also make allocations of non-interest expense generated by corporate support services to each business segment based upon our estimate of time and effort spent in the respective activity.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
SEPTEMBER 30, 2003
(Dollars in thousands)

Financial information for our segments is as follows for the dates indicated:

	Net Interest Income (Expense)	Provision for Loan Losses	Non-Interest Income	Non-Interest Expense	Pre-Tax Income (Loss)(1)	Total Assets
At or for the three months ended September 30, 2003						
Core businesses						
Residential Loan Servicing	$ (5,300)	$ --	$ 30,292	$ 16,832	$ 8,159	$ 699,423
OTX	--	--	2,891	5,244	(2,353)	6,257
Ocwen Realty Advisors	(5)	--	4,687	3,526	1,157	814
Unsecured Collections	--	--	2,952	1,812	1,141	426
Global Outsourcing	(2)	--	1,877	872	1,003	1,814
International Operations	(17)	--	1,294	1,615	(337)	4,907
	(5,324)	--	43,993	29,901	8,770	713,641
Non-core businesses						
Commercial Finance	(1,853)	393	1,347	1,899	(2,798)	138,531
Affordable Housing	(630)	1	1,606	979	(4)	52,528
Subprime Finance	2,008	--	107	395	1,720	38,235
	(475)	394	3,060	3,273	(1,082)	229,294
Corporate Items and Other	(953)	21	11	2,074	(3,039)	357,389
	$ (6,752)	$ 415	$ 47,064	$ 35,248	$ 4,649	$ 1,300,324
At or for the three months ended September 30, 2002						
Core businesses						
Residential Loan Servicing	$ (4,724)	$ --	$ 28,664	$ 16,783	$ 7,157	$ 559,523
OTX (2)	--	--	1,780	7,773	(5,993)	8,950
Ocwen Realty Advisors	--	--	3,232	2,330	902	216
Unsecured Collections	--	(28)	2,777	1,747	1,057	131
Global Outsourcing	--	--	--	--	--	--
International Operations	(10)	--	64	452	(399)	5,250
	(4,734)	(28)	36,517	29,085	2,724	574,070
Non-core businesses						
Residential Discount Loans	1,254	(2)	(442)	1,380	(565)	49,331
Commercial Finance	(1,249)	(879)	1,259	2,259	(1,370)	222,009
Affordable Housing	(1,054)	8	491	757	(1,329)	79,313
Subprime Finance	3,222	--	1,443	1,202	3,464	44,566
	2,173	(873)	2,751	5,598	200	395,219
Corporate Items and Other	(1,752)	--	(1,258)	2,393	(6,931)	399,763
	$ (4,313)	$ (901)	$ 38,010	$ 37,076	$ (4,007)	$ 1,369,052

(1) Income (loss) before minority interest, income taxes and effect of change in accounting principle.

(2) For the three months ended September 30, 2002, non-interest income of OTX includes $1,101 of revenues earned from other business segments.

(Dollars in thousands)

	Net Interest Income (Expense)	Provision for Loan Losses	Non-Interest Income	Non-Interest Expense	Pre-Tax Income (Loss)(1)	Total Assets
At or for the nine months ended September 30, 2003						
Core businesses						
Residential Loan Servicing	$ (15,125)	$ --	$ 89,685	$ 48,752	$ 25,808	$ 699,423
OTX	--	--	7,898	16,222	(8,325)	6,257
Ocwen Realty Advisors	(14)	--	13,414	9,634	3,766	814
Unsecured Collections	--	--	8,457	5,035	3,422	426
Global Outsourcing	(2)	--	2,629	1,620	1,007	1,814
International Operations	(50)	--	2,521	4,716	(2,245)	4,907
	(15,191)	--	124,604	85,979	23,433	713,641
Non-core businesses						
Commercial Finance	(6,250)	(3,065)	(364)	6,173	(9,723)	138,531
Affordable Housing	(2,278)	149	2,320	3,500	(3,608)	52,528
Subprime Finance	10,867	--	2,570	13,417	20	38,235
	2,339	(2,916)	4,526	23,090	(13,311)	229,294
Corporate Items and Other	1,124	246	287	7,604	(9,494)	357,389
	$ (11,728)	$ (2,670)	$ 129,417	$ 116,673	$ 628	$ 1,300,324
At or for the nine months ended September 30, 2002						
Core businesses						
Residential Loan Servicing	$ (13,461)	$ --	$ 89,251	$ 53,001	$ 22,788	$ 559,523
OTX (2)	--	--	4,924	21,102	(16,179)	8,950
Ocwen Realty Advisors	--	--	10,860	8,939	1,921	216
Unsecured Collections	--	(279)	8,242	5,381	3,140	131
Global Outsourcing	--	--	--	--	--	--
International Operations	(10)	--	1,443	1,769	(336)	5,250
	(13,471)	(279)	114,720	90,192	11,334	574,070
Non-core businesses						
Residential Discount Loans	5,303	(2,304)	(2,210)	4,294	1,103	49,331
Commercial Finance	(4,837)	9,147	(23,347)	6,782	(44,114)	222,009
Affordable Housing	(3,926)	3,946	803	23,918	(30,987)	79,313
Subprime Finance	7,365	--	4,613	3,653	8,325	44,566
	3,905	10,789	(20,141)	38,647	(65,673)	395,219
Corporate Items and Other	(4,337)	--	(2,487)	7,779	(19,358)	399,763
	$ (13,903)	$ 10,510	$ 92,092	$ 136,618	$ (73,697)	$ 1,369,052

(1) Income (loss) before minority interest, income taxes and effect of change in accounting principle.

(2) For the nine months ended September 30, 2002, non-interest income of OTX includes $3,111 of revenues earned from other business segments.

NOTE 8 COMMITMENTS AND CONTINGENCIES

At September 30, 2003, we had commitments under outstanding letters of credit in the amount of $190. Through our investment in subordinated securities and subprime residual securities, which had a fair value of $41,793 at September 30, 2003, we support senior classes of securities.

On April 20, 1999, a complaint was filed on behalf of a putative class of public shareholders of OCN in the Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida against OCN and OAC. On April 23, 1999, a complaint was filed on behalf of a putative class of public shareholders of OAC in the Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida, against OAC and certain directors of OAC. The plaintiffs in both complaints sought to enjoin consummation of the acquisition of OAC by OCN. The cases were consolidated, and on September 13, 1999 a consolidated amended complaint was filed. The injunction was denied, and on October 14, 1999 OCN was dismissed as a party. Plaintiffs' remaining claims were for damages for alleged breaches of common law fiduciary duties. In October 2001, the parties reached an agreement in principle, which provides for a payment to plaintiffs in complete settlement off all claims for damages and attorney's fees and costs. The agreement in principle also requires us to pay a share of certain additional administrative costs attendant to the settlement, in an amount not yet determined. The agreement in principle is subject to the approval of the Court. This matter is not expected to have a material impact on our financial statements.

The former owners of Admiral Home Loan ("Claimants") filed a Demand for Arbitration against OCN and William C. Erbey claiming damages in the amount of $21,250 arising out of OCN's acquisition in 1997 of the assets of Admiral Home Loan. An evidentiary hearing on the matter was concluded before a three-person arbitration panel on February 24, 2003. In a 2 to 1 decision issued on April 24, 2003, the arbitration panel awarded the Claimants $6,000 plus interest and costs. In the first quarter of 2003, we established a reserve in the amount of $10,000 as a result of this award. All amounts due Claimants had been paid as of September 30, 2003 thus bringing this matter to a final conclusion.

We are subject to various other pending legal proceedings. In our opinion, the resolution of these other claims will not have a material effect on the consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

(Dollars in thousands, except share data)

General

OCN is a financial services company headquartered in West Palm Beach, Florida. Our primary business is the servicing and special servicing of nonconforming, subperforming and nonperforming residential and commercial mortgage loans. We also specialize in the development of related loan servicing technology and software for the mortgage and real estate industries.

OCN is a registered savings and loan holding company subject to regulation by the OTS. The Bank is subject to regulation by the OTS, its chartering authority, and by the Federal Deposit Insurance Corporation ("FDIC") as a result of its membership in the Savings Association Insurance Fund, which insures the Bank's deposits up to the maximum extent permitted by law. The Bank is also subject to regulation by the Board of Governors of the Federal Reserve System and is currently a member of the Federal Home Loan Bank ("FHLB") of New York, one of the 12 regional banks that comprise the FHLB System.

We operate one bank branch in Fort Lee, New Jersey. This location, which provides most of our retail banking services, is primarily focused on the issuance of retail certificates of deposit that serve as a supplementary source of financing for us. We do not conduct loan origination activities in the Fort Lee branch. In prior years, we had also issued brokered certificates of deposit from our offices in West Palm Beach, Florida. However, we ceased the issuance of brokered deposits in the summer of 2000 and have since paid off our maturing brokered deposits as they have come due. We also currently operate several of our core businesses primarily in the Bank: Residential Loan Servicing, ORA and portions of Unsecured Collections. In addition, our non-core Affordable Housing business operates in the Bank, as does a portion of our non-core Commercial Finance business. Despite the reduction in our reliance on brokered certificates of deposit as a funding source, the retail deposits issued by our banking operation continue to provide an important source of financing for these business activities. See "Liquidity, Commitments and Off-Balance Sheet Risks" for additional discussion of brokered and non-brokered deposits as a source of funding.

The following discussion of our consolidated financial condition, results of operations, capital resources and liquidity should be read in conjunction with the Interim Consolidated Financial Statements and related Notes included in Item 1 herein.

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Selected Consolidated Financial Information Balance Sheet Data	September 30, 2003	December 31, 2002	Increase (Decrease) $	Increase (Decrease) %
Total assets	$ 1,300,324	$ 1,222,242	$ 78,082	6%
Trading securities, at fair value	48,489	58,895	(10,406)	(18)%
Investments in real estate	55,631	58,676	(3,045)	(5)%
Affordable housing properties	9,578	15,319	(5,741)	(37)%
Loans, net	28,196	76,857	(48,661)	(63)%
Match funded assets, net	133,767	167,744	(33,977)	(20)%
Real estate owned, net	53,380	62,039	(8,659)	(14)%
Advances on loans and loans serviced for others	390,952	266,356	124,596	47%
Mortgage servicing rights	181,905	171,611	10,294	6%
Receivables	71,565	78,944	(7,379)	(9)%
Other assets	36,991	29,286	7,705	26%
Total liabilities	988,831	853,497	135,334	16%
Deposits	430,460	425,970	4,490	1%
Escrow deposits on loans and loans serviced for others	129,457	84,986	44,471	52%
Bonds-match funded agreements	113,785	147,071	(33,286)	(23)%
Lines of credit and other secured borrowings	176,746	82,746	94,000	114%
Notes and debentures	99,724	76,975	22,749	30%
Minority interest in subsidiary	1,470	1,778	(308)	(17)%
Capital Securities (1)	--	56,249	(56,249)	(100)%
Stockholders' equity	310,023	310,718	(695)	--%

Operations Data	At or for the Three Months Ended September 30, 2003	2002	Favorable/(Unfavorable) $	Favorable/(Unfavorable) %
Net income (loss)	$ 4,615	$ (4,007)	$ 8,622	215%
Net interest income (expense) (1)	(6,752)	(4,313)	(2,439)	(57)
Provision for loan losses	415	(901)	(1,316)	(146)
Non-interest income	47,064	38,010	9,054	24
Non-interest expense	35,248	37,076	1,828	5
Distributions on Capital Securities (1)	--	1,529	1,529	100
Income tax expense	6	--	(6)	--
Per Common Share				
Net income (loss)				
Basic and diluted	$ 0.07	$ (0.06)	$ 0.13	217%
Stock price				
High	$ 5.09	$ 5.80	$ (0.71)	(12)%
Low	4.12	2.67	1.45	54%
Close	4.55	2.90	1.65	57%
Key Ratios				
Annualized return on average assets	1.38%	(1.17)%	N/A	218%
Annualized return on average equity	6.01%	(4.96)%	N/A	221%
Efficiency ratio (2)	88.35%	107.16%	N/A	18%
Tier 1 (core) capital ratio	13.75%	14.58%	N/A	(6)%
Total risk-based capital ratio	13.68%	22.34%	N/A	(39)%

(1) Effective with our adoption of SFAS No. 150 on July 1, 2003, we reclassified our $56,249 balance of Capital Securities to notes and debentures. Distributions for the third quarter of 2003 amounted to $1,529 and are included with interest expense. See Notes 2 and 3 to the Interim Consolidated Financial Statements.

(2) The efficiency ratio represents non-interest expense divided by the sum of net interest income or expense after provision for loan losses and non-interest income.

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Operations Data	At or for the Nine Months Ended September 30, 2003	2002	Favorable/(Unfavorable) $	%
Net income (loss)	$ 318	$ (58,697)	$ 59,015	101%
Net interest income (expense) (1)	(11,728)	(13,903)	2,175	16
Provision for loan losses	(2,670)	10,510	13,180	125
Non-interest income	129,417	92,092	37,325	41
Non-interest expense	116,673	136,618	19,945	15
Distributions on Capital Securities (1)	3,058	4,758	1,700	36
Income tax expense	618	1,166	548	47
Effect of change in accounting principle, net of taxes	--	16,166	(16,166)	(100)
Per Common Share				
Net (income) loss				
Basic and diluted	$ 0.005	$ (0.87)	$ 0.875	101%
Stock price				
High	$ 5.09	$ 8.48	$ (3.39)	(40)%
Low	2.71	2.67	0.04	1%
Key Ratios				
Annualized return on average assets	0.03%	(5.29)%	N/A	101%
Annualized return on average equity	0.14%	(21.98)%	N/A	101%
Efficiency ratio (2)	96.94%	201.86%	N/A	52%

(1) Effective with our adoption of SFAS No. 150 on July 1, 2003, we reclassified our $56,249 balance of Capital Securities to notes and debentures. Distributions for the third quarter of 2003 amounted to $1,529 and are included with interest expense. See Notes 2 and 3 to the Interim Consolidated Financial Statements.

(2) The efficiency ratio represents non-interest expense divided by the sum of net interest income or expense after provision for loan losses and non-interest income.

Overview of Risks and Related Critical Accounting Policies

For the past several years, we have been undergoing a fundamental transition in the nature of our business. In late 1999 and early 2000, we began to execute a strategic plan to shift our business activities away from capital-intensive businesses involving the purchase or origination of loans, real estate and related assets toward less capital-intensive businesses that generate fee-based revenues. As a result, we generally ceased to originate loans or invest in assets in certain of our business segments ("non-core businesses") unless we were contractually committed to do so. However, we continue actively to manage and resolve the remaining assets in these segments. As of September 30, 2003, our core and non-core businesses were as follows:

Core Businesses	Non-Core Businesses
Residential Loan Servicing	Commercial Finance
Ocwen Technology Xchange ("OTX")	Affordable Housing
Ocwen Realty Advisors ("ORA")	Subprime Finance
Unsecured Collections	
Global Outsourcing	
International Operations	

In addition to our business segments, we use our Corporate Items and Other segment to account for certain items of revenue and expense that are not directly related to a business unit. We include in our Corporate Items and Other segment interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases and general corporate expenses.

Principal Risk Factors. We included a discussion of the principal risk factors that relate to our businesses and may affect future results on pages 16 through 19 of Management's Discussion and Analysis of Operations and Financial Conditions in our Annual Report on Form 10-K for the year ended December 31, 2002.

Critical Accounting Policies. Our strategies to exit non-core businesses and expand our core businesses are affected by risks in the marketplace. Further, our ability to measure and report our operating results and financial position is heavily influenced by the need to estimate the impact or outcome of these risks, or other future events. Our critical accounting policies are those that relate to the estimation and measurement of these risks, and an understanding of these policies is fundamental to understanding Management's Discussion and Analysis of Results of Operations and Financial Condition. We summarize our more subjective and complex accounting policies as they relate to our overall business stategy on pages 19 and 20 of Management's Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the year ended December 31, 2002. We discuss our significant accounting policies in detail in Note 1 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

Results of Operations

General. We recorded net income of $4,615 for the third quarter of 2003, as compared to a net loss of $(4,007) for the third quarter of 2002. Our earnings per share were $0.07 for the third quarter of 2003, as compared to a loss per share of $(0.06) for the third quarter of 2002. For the nine months ended September 30, 2003 we recorded net income of $318 or $0.005 per share as compared to a loss of $(58,697) or $(0.87) per share for the same period of 2002.

Our core businesses recorded combined pre-tax income of $8,770 in the third quarter of 2003, an increase of $6,046 or 222% as compared to the third quarter of 2002. Year to date through September 30, 2003, pre-tax income for our core businesses was $23,433, an increase of $12,099 or 107% compared to the same period of 2002. The improvement in combined pre-tax income from our core business segments in 2003 as compared to 2002 is primarily due to declines in OTX losses and an increase in Residential Loan Servicing income. Our non-core business segments incurred a pre-tax loss of $(1,082) in the third quarter of 2003 as compared to pre-tax income of $200 for the third quarter of 2002. Year to date through September 30, 2003 our non-core businesses incurred a pre-tax loss of $(13,311), an improvement of $52,362 over the same period of 2002. The improvement in the combined results of our non-core segments in 2003 as compared to 2002 is largely due to a reduction in loss provisions and impairment charges on Commercial and Affordable Housing assets. Results of our Corporate Items and Other segment have also improved over 2002 as losses have continued to decline in 2003 largely due to reduced interest expense, resulting from debt repurchases in the fourth quarter of 2002 and a reduction in brokered deposits, and reduced technology expenses. We discuss these segment results in detail in our review of segment profitability, which follows.

Segment Profitability. In general, we have ceased conducting any new business actvities related to our non-core businesses, although we are actively engaged in the sale or other resolution of the remaining non-core assets. These assets are comprised of loans, real estate owned (REO), investments in real estate, securities held in our residual and subordinate trading portfolio and affordable housing properties.

(Dollars in thousands, except share data)

The following tables present the income (loss) and total assets for each of our reportable segments at and for the dates indicated:

	Pre Tax Income (Loss) (1)			
	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Core businesses:				
Residential Loan Servicing	$ 8,159	$ 7,157	$ 25,808	$ 22,788
OTX	(2,353)	(5,993)	(8,325)	(16,179)
Ocwen Realty Advisors	1,157	902	3,766	1,921
Unsecured Collections	1,141	1,057	3,422	3,140
Global Outsourcing	1,003	--	1,007	--
International Operations	(337)	(399)	(2,245)	(336)
	8,770	2,724	23,433	11,334
Non-core businesses:				
Residential Discount Loans	--	(565)	--	1,103
Commercial Finance	(2,798)	(1,370)	(9,723)	(44,114)
Affordable Housing	(4)	(1,329)	(3,608)	(30,987)
Subprime Finance	1,720	3,464	20	8,325
	(1,082)	200	(13,311)	(65,673)
Corporate Items and Other	(3,039)	(6,931)	(9,494)	(19,358)
	$ 4,649	$ (4,007)	$ 628	$ (73,697)

(1) Income (loss) before minority interest, income taxes and effect of change in accounting principle.

	Total Assets	
	September 30, 2003	December 31, 2002
Core businesses:		
Residential Loan Servicing	$ 699,423	$ 579,114
OTX	6,257	6,172
Ocwen Realty Advisors	814	532
Unsecured Collections	426	296
Global Outsourcing	1,814	6
International Operations	4,907	5,366
	713,641	591,486
Non-Core Businesses:		
Residential Discount Loans	--	44,833
Commercial Finance	138,531	196,269
Affordable Housing	52,528	62,093
Subprime Finance	38,235	41,949
	229,294	345,144
Corporate Items and Other	357,389	285,612
	$ 1,300,324	$ 1,222,242

(Dollars in thousands, except share data)

The following table summarizes our remaining investment in non-core assets, which are included in the total asset amounts presented above:

	Non-Core Assets	
	September 30, 2003	December 31, 2002
Non-Core Businesses:		
Residential Discount Loans	$ --	$ 4,633
Commercial Finance	131,653	190,602
Affordable Housing	15,997	21,548
Subprime Finance (1)	37,901	33,447
Corporate Items and Other	3,027	--
	$ 188,578	$ 250,230

(1) The increase in non-core assets of the Subprime Finance segment in 2003 is in large part due to the transfer of securities formerly classified as "Match Funded Assets" to "Trading Securities" during the second quarter as a result of the repurchase and retirement of the associated match funded debt. See "Changes in Financial Condition - Match Funded Assets." These securities had a fair value of $5,606 and $8,057 at September 30, 2003 and December 31, 2002, respectively.

The following is a discussion of pre-tax income (loss) before minority interest, income taxes and effect of change in accounting principle for each of our reportable business segments.

Residential Loan Servicing. Through this core business we provide loan servicing, including asset management and resolution services, to third party owners of subprime residential mortgage and "high loan to value" loans for a fee. We acquire the rights to service loans and obtain such rights by purchasing them outright or by entering into sub-servicing contracts. Results for the third quarter and the nine months ended September 30, 2003 as compared to the same periods of 2002 reflect growth in the volume of mortgage loans serviced, as shown in the table below, and cost reduction efforts. In spite of the current low interest rate environment, pre-tax income of this segment increased by $1,002 in the third quarter of 2003 as compared to 2002. For the nine months ended September 30, 2003, pre-tax income improved to $25,808, an increase of $3,020 or 13% as compared to the same period of 2002.

	2003	2002
Number of loans at September 30	355,181	338,349
Unpaid principal balance at September 30	$ 37,071,916	$ 29,832,033
Average unpaid principal balance for the following periods:		
Three months ended September 30	$ 35,746,464	$ 28,066,309
Nine months ended September 30	$ 32,438,558	$ 25,322,853

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ 8,159	$ 7,157	$ 25,808	$ 22,788
Net interest expense	5,300	4,724	15,125	13,461
Servicing and other fees	29,213	28,234	87,723	87,700
Non-interest expense	16,832	16,783	48,752	53,001

- Servicing fees have increased during both the three and nine months ended September 30, 2003 as compared to the same periods of 2002 as a result of volume growth. Offsetting the increase in servicing fees in 2003 was an increase in amortization of servicing rights due to increased purchases of servicing rights and increased projected prepayment volumes. Additionally, we continue to experience low earnings on float balances due to the ongoing decline in short-term interest rates. See "Non-Interest Income - Servicing and Other Fees" for a detail of the principal components of servicing and other fees.

- The trend of increasing net interest expense in 2003 reflects increased average balances of advances and mortgage servicing rights, which do not earn interest. See "Net interest Income (Expense)" for additional information regarding average balances.

- Year to date, non-interest expense declined $4,249 or 8% in 2003 as compared to 2002. This decline in non-interest expense occurred in spite of the fact that the number of assets we serviced actually increased during 2003. The decline in such expenses was primarily the result of cost reduction efforts in the areas of compensation and employee benefits and technology and communication costs.

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

OTX. Through this core segment we provide technology solutions for the mortgage and real estate industries. OTX products include a residential loan servicing system (REALServicing), a commercial loan servicing system (REALSynergy) and an internet-based mortgage loan processing application and vendor management system (REALTrans). The losses incurred by this segment, which began its operations in 1998, are a result of our continuing investment in the development and marketing of these technology products. For the third quarter of 2003 the pre-tax loss was $(2,353), a $3,640 or 61% improvement over the third quarter of 2002. For the year to date periods, the 2003 loss declined by $7,854 or 49% as compared to the 2002 loss. The significant declines in the losses incurred in 2003 as compared to 2002 is largely the result of ongoing cost reduction initiatives and an increase in software revenues.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ (2,353)	$ (5,993)	$ (8,325)	$ (16,179)
Non-interest income	2,891	1,780	7,898	4,924
Non-interest expense	5,244	7,773	16,222	21,102

- The increase in non-interest income for the three and nine months ended September 30, 2003 as compared to the same periods of 2002 is primarily due to an increase in transaction fees resulting from an increase in REALTrans transaction volumes.
- The $2,529 or 33% decline in non-interest expense in the third quarter of 2003 as compared to 2002 primarily reflects a $1,774 decline in technology and communication costs and a $698 decline in compensation and benefits. Year to date 2003, non-interest expense declined by $4,880 primarily due to a $2,070 decline in compensation and benefits and a $2,383 decline in technology and communication costs.

Ocwen Realty Advisors. Through ORA we provide residential property valuation services. Results for the third quarter of 2003 reflect an improvement in pre-tax earnings of $254 or 28% over the third quarter of 2002. Year to date, pre-tax earnings improved by $1,845 or 96% in 2003 as compared to 2002.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ 1,157	$ 902	$ 3,766	$ 1,921
Non-interest income	4,687	3,232	13,414	10,860
Non-interest expense:				
Valuation fees	2,865	1,886	7,697	7,391
Other	661	444	1,937	1,548
Gross margin	1,823	1,356	5,717	3,469
Valuation expenses as a % of revenues	61%	58%	57%	68%

Unsecured Collections. This core business conducts collection activities for third party owners of unsecured receivables and for a portfolio of unsecured credit card receivables that we acquired at a discount in 1999 and 2000. We accounted for collections of our unsecured credit card receivables portfolio under the cost recovery method through the end of 2001, when we reduced the net book value of these unsecured receivables to zero as a result of collections and additional reserves.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ 1,141	$ 1,057	$ 3,422	$ 3,140
Non-interest income:				
Third-party fees	2,232	1,808	6,127	4,780
Collections	691	969	2,273	3,462
Other	29	--	57	--
Non-interest expense	1,812	1,747	5,035	5,381

Global Outsourcing. This new business segment began operations in December 2002 and recorded pre-tax income of $1,003 in the third quarter of 2003 and $1,007 for the nine months ended September 30, 2003. These results primarily reflect the initiation of new outsourcing contracts in the third quarter. Global Outsourcing provides business process outsourcing services to third parties and leverages the operational capacity of our facilities in India.

(Dollars in thousands, except share data)

International Operations. This segment, which is being reported as a core business segment for the first time this year, recorded a pre-tax loss of $(337) in the second quarter and $(2,245) for the nine months ended September 30, 2003. In 2002, International Operations reported a pre-tax loss of $(399) for the third quarter and $(336) year to date. In 2003, this segment primarily represents the results of operations of Global Servicing Solutions, LLC, our new joint servicing venture with Merrill Lynch for the servicing of assets in various countries. GSS offices in Tokyo and Taiwan are now operational. Results for 2002 primarily reflect a one time consulting project for the government of Jamaica as well as other precedent ventures.

Residential Discount Loans. Based on the relative insignificance of the non-core assets remaining in this segment, the remaining assets of this business and any related income or loss arising from their resolution have been included in the Corporate Items and Other segment beginning January 1, 2003. This segment consisted of operations to acquire at a discount and subsequently resolve sub-performing and non-performing residential mortgage loans. We completed our last acquisition of residential discount loans in 2000. See "Changes in Financial Condition - Loans, Net." This business held non-core assets of $4,633 at December 31, 2002.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ --	$ (565)	$ --	$ 1,103
Net interest income	--	1,254	--	5,303
Provision for loan losses	--	(2)	--	(2,304)
Non-interest income:				
Gain (loss) on interest earning assets, net	--	(1)	--	(2,437)
Gain (loss) on REO, net	--	(113)	--	387
Other	--	(328)	--	(160)
Non-interest expense	--	1,380	--	4,294

- Loss on interest earning assets is primarily comprised of losses from the sale of loans.

Commercial Finance. Results for this non-core segment reflect our continuing exit from loan and real estate businesses. We have not purchased any commercial assets since 2000. With the exception of loans made to facilitate the sale of our own assets, we have also not originated any loans since 2000. See "Changes in Financial Condition - Loans, Net." Since then, this business has consisted of the management, repositioning, and resolution of the remaining non-core assets. At September 30, 2003, the $131,653 of non-core assets remaining in this business consisted of 13 loan and real estate assets and an unrated subordinate security with a fair value of $2,577. These 13 assets consisted of four loans totaling $21,005, four REO properties totaling $52,440 and five investments in real estate totaling $55,631. Of the 13 remaining assets, the five largest amounted to $103,002 or 80% of the total. During the third quarter of 2003, one loan was sold with a net book value prior to sale of $6,360. While we believe that additional sales will occur during 2003, it is probable that some properties will not be sold until 2004 or later.

We regularly assess the value of our remaining assets and provide additional loss reserves or impairment charges as appropriate. Combined reserves on our remaining commercial loans and REO balances at September 30, 2003 amounted to 28% of the book value of such assets, consistent with reserve levels of 24% at December 31, 2002.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ (2,798)	$ (1,370)	$ (9,723)	$ (44,114)
Net interest expense	1,853	1,249	6,250	4,837
Provision for loan losses	393	(879)	(3,064)	9,147
Non-interest income:				
Gain (loss) on REO, net	(371)	(132)	(174)	(16,463)
Servicing and other fees	303	874	2,028	2,195
Net operating gain (loss) on investments in real estate	702	494	(2,999)	(8,844)
Other	713	23	781	(235)
Non-interest expense	1,899	2,259	6,173	6,782

- The negative provision for loan losses year to date in 2003 primarily resulted from the recovery of excess reserves on loan sales during the second quarter. Reserve levels on our remaining commercial loans were 15% of book value at September 30, 2003 as compared to 19% at December 31, 2002 and 12% at September 30, 2002. See "Provision for Loan Losses."

- The loss on REO for the third quarter of 2003 included a provision for loss in fair value of $578 as compared to $553 for the third quarter of 2002. For the year to date periods, the provision for loss in fair value amounted to $914 and $18,305 for 2003 and 2002, respectively. The provision for loss in fair value year to date 2002 reflects an increase in reserves on REO properties held for more than one year. Reserves on our four remaining commercial REO properties at September 30, 2003 amounted to 32% of book value. This compares to reserve levels of 30% of book value at both December 31, 2002 and September 30, 2002.

(Dollars in thousands, except share data)

- Year to date operating losses on investments in real estate for 2003 and 2002 included impairment charges of $5,526 and $15,317, respectively, recorded in the second quarter. There were no impairment charges in the third quarter of 2003 or 2002. Earnings on loans accounted for as investments in real estate declined to $371 year to date 2003 from $3,870 for the same period of 2002 as a result of sales and resolutions. See "Changes in Financial Condition - Investments in Real Estate".

Affordable Housing. Historically, we invested in affordable housing properties primarily through a series of limited partnerships. Except to complete those projects in which an investment had already been made, we ceased making investments in properties in 2000 as part of our shift in strategy to fee-based businesses and because the volume of tax credits being generated was exceeding our ability to utilize them effectively. Since that time, we have been marketing each of these properties for sale. Primarily as a result of sales, our investment in affordable housing properties had been reduced to $9,578 at September 30, 2003 from $15,319 at December 31, 2002. In addition, this segment has $6,419 of loans outstanding including $5,645 to our limited partnership properties that we do not consolidate in our financial statements. Assets of this segment also included $27,082 and $40,299 of receivables at September 30, 2003 and December 31, 2002, respectively, arising from sales of affordable housing properties. While we cannot project sales with certainty, we believe that it is unlikely that we will sell the remaining properties before the end of 2003. However, we believe that it is possible that new sources of financing will be established to repay the remaining loan balances before the end of 2003. We regularly assess the carrying value of our remaining assets and provide additional loss reserves as appropriate. At September 30, 2003, our combined reserves associated with affordable housing properties and loans amounted to 54% of the remaining book value of such assets as compared to 48% at December 31, 2002.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ (4)	$ (1,329)	$ (3,608)	$ (30,987)
Net interest expense	630	1,054	2,278	3,926
Provision for loan losses	1	8	149	3,946
Net operating losses on investments in certain affordable housing properties	226	225	1,109	22,135

- Net interest expense has declined primarily because of a decline in the assets of this segment, most of which do not earn interest.

- The provision for loan losses in 2002 reflects an increase in reserves during the second quarter in response to revisions in estimated permanent financing proceeds. Reserve levels on these loans were 42% of book value at both September 30, 2003 and December 31, 2002.

- Year to date net operating losses have declined in 2003 primarily because of a decline in charges we recorded for estimated losses on the sale of the properties. These charges amounted to $21,294 during the nine months ended September 30, 2002, none during the third quarter. Losses for 2003 included $432 of such charges recorded in the first quarter. The reserves associated with our remaining properties amounted to 60% at September 30, 2003 as compared to 50% at December 31, 2002. See "Changes in Financial Condition - Affordable Housing Properties."

Subprime Finance. We were engaged in domestic subprime residential loan origination prior to ceasing originations in August of 1999; however, we have continued to manage and resolve the remaining non-core assets. At September 30, 2003, the non-core assets remaining in this business consisted primarily of trading securities with a fair value of $37,813, including $5,606 of securities reported as match funded assets prior to the second quarter of 2003. These securities are presently generating income and return of principal through cash flows.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ 1,720	$ 3,464	$ 20	$ 8,325
Interest income	2,501	3,658	11,987	9,845
Interest expense	493	436	1,120	2,481
Gain (loss) on trading securities, net	111	1,191	2,577	4,529
Non-interest expense	395	1,202	13,417	3,653

(Dollars in thousands, except share data)

- The increase in interest income year to date 2003 as compared to 2002 is largely the result of an increase in cash flow distributions received on unrated single family subprime residual securities. Cash flow distributions on our U.K. unrated subprime residual securities were lower in the third quarter of 2003 as compared to 2002, resulting in a $1,291 decline in interest income on those securities.

- The year to date 2003 decline in interest expense is consistent with the decline in the average balances of loans and securities, including match funded securities and related match-funded debt.

- Year to date gains on trading securities for 2002 included $4,406 of realized gains from sales during the second quarter.

- The $9,764 increase in non-interest expense year to date 2003 compared to 2002 is primarily due to the $10,000 reserve related to the Admiral Home Loan arbitration recorded during the first quarter of 2003. See Note 8 to the Interim Consolidated Financial Statements for additional information regarding this litigation.

Corporate Items and Other. Pre-tax results for this segment include business activities that are individually insignificant, interest income on cash and cash equivalents, interest expense on corporate assets, gains and losses from debt repurchases, and general corporate expenses. The table below presents the more significant amounts included in each of the periods indicated.

Selected information	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Pre-tax income (loss)	$ (3,039)	$ (6,931)	$ (9,494)	$ (19,358)
Net interest expense	1,817	3,876	5,338	11,232
Technology and other corporate expenses	1,152	2,886	4,409	8,839
Gain (loss) on debt repurchases	(441)	(35)	(445)	1,039

- As discussed in Note 2 to the Interim Consolidated Financial Statements, distributions on our Capital Securities are reported in the consolidated statement of operations as interest expense beginning in the third quarter of 2003. For purposes of this analysis, net interest expense includes distributions on Capital Securities for all periods. These distributions amounted to $1,529 for both the third quarter of 2003 and 2002. Year to date distributions on Capital Securities were $4,587 and $4,758 for 2003 and 2002, respectively. Net interest expense declined in 2003 as compared to 2002 primarily as a result of significant debt repurchases during the fourth quarter of 2002 and the ongoing reduction in brokered deposits.

- Corporate expenses declined in 2003 as compared to 2002 primarily as a result of a reduction in technology and other operating expenses retained in this segment. The decline in technology and other corporate expenses retained in this segment resulted primarily from cost savings initiatives that we completed in the fourth quarter of 2002.

- The $441 loss on debt repurchases in the third quarter of 2003 resulted from our redemption of the remaining $33,065 balance of our 12% subordinated debentures on September 30, 2003 at a price of 101.333%.

See Note 7 to the Interim Consolidated Financial Statements, for additional information related to our operating segments.

Net Interest Income (Expense). Net interest income (expense) is the difference between the interest income earned from our interest-earning assets and the interest expense incurred on our interest-bearing liabilities. Net interest income (expense) is determined by net interest spread (i.e., the difference between the yield earned on our interest-earning assets and the rates incurred on our interest-bearing liabilities), the relative amount of interest-earning assets and interest-bearing liabilities and the degree of mismatch in the maturity and repricing characteristics of our interest-earning assets and interest-bearing liabilities.

In addition to interest income reported in this caption, we also earn interest on the balance of custodial accounts we hold in connection with our Residential Loan Servicing business. These amounts are reported as servicing fees and are not included in the following information. See "Non-Interest Income - - Servicing and Other Fees".

Our net interest income and net interest margin began declining in 2000 and have been negative since 2001. This trend reflects a decline in the ratio of interest-earning assets to interest-bearing liabilities, which has fallen from 98% in 1999 to 37% in the third quarter of 2003 (57% in the third quarter of 2002). Both our acquisition of OAC in 1999 and our change in strategic direction from capital-intensive businesses to fee-based sources of income have contributed to an increase in the relative amount of non-interest-earning assets (such as real estate, advances on loans serviced for others and mortgage servicing rights) that are funded by interest-bearing liabilities. We expect this trend to continue as we dispose of our remaining non-core assets, a portion of which are interest-bearing, and increase non-interest-earning assets of our core businesses. While it has no impact on consolidated net income, the reclassification of our 10.875% Capital Securities to interest-bearing liabilities (notes and debentures) on July 1, 2003 as a result of our adoption of SFAS No. 150 does have a negative impact on net interest income, margin and spread. Our net interest income, spread and margin will however be positively impacted in future periods by our redemption of the remaining $33,065 balance of 12% subordinated debentures on September 30, 2003, the maturity of the remaining $43,475 of 11.875% notes on October 1, 2003 and the continuing maturity of brokered certificates of deposit.

The following tables set forth, for the periods indicated, information regarding the total amount of income from our interest-earning assets and the resultant average yields, the interest expense associated with our interest-bearing liabilities, expressed in dollars and rates, and the net interest spread and net interest margin. Information is based on average daily balances for the indicated periods:

(Dollars in thousands, except share data)

	Three Months Ended September 30,					
	2003			2002		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average Assets						
Interest earning cash and other	$ 46,556	$ 79	0.68%	$ 9,864	$ 59	2.39%
Federal funds sold and repurchase agreements	136,617	341	1.00	174,642	783	1.79
Trading securities						
U.S. Treasury Securities and CMOs (AAA-rated)	6,909	(4)	(0.23)	69,280	23	0.13
Subordinates, residuals and other	41,663	2,753	26.43	38,055	3,484	36.62
Loans (1)	42,974	212	1.97	127,234	3,075	9.67
Match funded loans and securities	29,845	690	9.25	63,321	1,188	7.50
Total interest earning assets	304,564	4,071	5.35	482,396	8,612	7.14
Non-interest earning cash	100,290			69,203		
Affordable housing properties	11,963			37,260		
Real estate owned, net	53,652			83,238		
Investment in real estate	55,594			59,669		
Advances on loans and loans serviced for others	337,463			259,024		
Mortgage servicing rights	187,848			150,005		
Match funded advances on loans serviced for others ..	124,513			97,983		
Receivables	75,614			78,165		
Other assets	83,805			49,607		
Total assets	$1,335,306			$1,366,550		
Average Liabilities and Stockholders Equity						
Interest-bearing demand deposits	$ 16,788	49	1.17%	$ 15,311	58	1.52%
Savings deposits	1,618	3	0.74	1,641	5	1.22
Certificates of deposit	387,470	3,956	4.08	433,326	5,927	5.47
Total interest-bearing deposits	405,876	4,008	3.95	450,278	5,990	5.32
Securities sold under agreements to repurchase	--	--	--	6,589	32	1.94
Bonds-match funded agreements	129,572	1,076	3.32	144,754	1,445	3.99
Lines of credit and other secured borrowings	148,573	1,927	5.19	88,308	925	4.19
Notes and debentures	132,422	3,812	11.51	151,754	4,533	11.95
Total interest-bearing liabilities	816,443	10,823	5.30	841,683	12,925	6.14
Non-interest bearing deposits	4,159			6,300		
Escrow deposits	119,126			96,587		
Excess of net assets acquired over purchase price ...	--			1,478		
Other liabilities	86,944			39,871		
Total liabilities	1,026,672			985,919		
Capital Securities (2)	--			56,249		
Minority interest	1,411			1,335		
Stockholders' equity	307,223			323,047		
Total liabilities and stockholders' equity	$1,335,306			$1,366,550		
Net interest income (expense)		$ (6,752)			$ (4,313)	
Net interest spread			0.05%			1.00%
Net interest margin			(8.87)%			(3.58)%
Ratio of interest-earning assets to interest-bearing liabilities	37.30%			57.31%		

(1) The average balances include non-performing loans, interest on which is recognized on a cash basis.

(2) Effective with our adoption of SFAS No. 150 on July 1, 2003, Capital Securities are classified as an interest-bearing liability with notes and debentures. Distributions are reported as interest expense beginning in the third quarter of 2003.

(Dollars in thousands, except share data)

	Nine Months Ended September 30,					
	2003			2002		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average Assets						
Interest earning cash and other	$ 29,396	$ 225	1.02%	$ 12,540	$ 220	2.34%
Federal funds sold and repurchase agreements	125,697	1,078	1.14	154,407	2,055	1.77
Trading securities						
U.S. Treasury Securities and CMOs (AAA-rated)	11,176	(92)	(1.10)	106,554	2,168	2.71
Subordinates, residuals and other	38,340	12,463	43.34	47,556	9,856	27.63
Loans (1)	79,264	1,321	2.22	156,476	10,588	9.02
Match funded loans and securities	41,319	2,831	9.14	69,607	5,245	10.05
Total interest earning assets	325,192	17,826	7.31	547,140	30,132	7.34
Non-interest earning cash	91,048			63,628		
Affordable housing properties	13,415			67,089		
Real estate owned, net	55,514			97,268		
Investment in real estate	58,104			86,483		
Real estate held for sale	--			4,425		
Advances on loans and loans serviced for others	302,718			265,700		
Mortgage servicing rights	176,972			125,617		
Match funded advances on loans serviced for others	121,013			99,432		
Receivables	78,738			63,250		
Other assets	63,448			59,513		
Total assets	$1,286,162			$1,479,545		
Average Liabilities and Stockholders Equity						
Interest-bearing demand deposits	$ 16,808	170	1.35%	$ 14,170	184	1.73%
Savings deposits	1,533	9	0.78	1,605	14	1.16
Certificates of deposit	397,664	13,229	4.44	493,730	21,491	5.80
Total interest-bearing deposits	416,005	13,408	4.30	509,505	21,689	5.68
Securities sold under agreements to repurchase	333	3	1.20	16,476	230	1.86
Bonds-match funded agreements	136,470	3,640	3.56	148,781	5,161	4.63
Lines of credit and other secured borrowings	121,495	4,103	4.50	95,185	3,257	4.56
Notes and debentures	95,422	8,400	11.74	152,236	13,698	12.00
Total interest-bearing liabilities	769,725	29,554	5.12	922,183	44,035	6.37
Non-interest bearing deposits	4,941			6,299		
Escrow deposits	101,867			86,636		
Excess of net assets acquired over purchase price	--			1,478		
Other liabilities	63,198			48,263		
Total liabilities	939,731			1,064,859		
Capital Securities (2)	37,499			58,333		
Minority interest	1,529			292		
Stockholders' equity	307,403			356,061		
Total liabilities and stockholders' equity	$1,286,162			$1,479,545		
Net interest income (expense)		$ (11,728)			$ (13,903)	
Net interest spread			2.19%			0.97%
Net interest margin			(4.81)%			(3.39)%
Ratio of interest-earning assets to interest-bearing liabilities	42.25%			59.33%		

(1) The average balances include non-performing loans, interest on which is recognized on a cash basis.

(2) Effective with our adoption of SFAS No. 150 on July 1, 2003, Capital Securities are classified as an interest-bearing liability with notes and debentures. Distributions are reported as interest expense beginning in the third quarter of 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousands, except share data)

The following table describes the extent to which changes in interest rates and changes in volume of interest-earning assets and interest-bearing liabilities have affected our interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (change in volume multiplied by prior rate), (ii) changes in rate (change in rate multiplied by prior volume) and (iii) total change in rate and volume. Changes attributable to both volume and rate have been allocated proportionately to the change due to volume and the change due to rate.

For the period ended September 30,	Three Months 2003 vs. 2002 Favorable (Unfavorable) Variance Due To			Nine Months 2003 vs. 2002 Favorable (Unfavorable) Variance Due To		
	Rate	Volume	Total	Rate	Volume	Total
Interest Income from Interest-Earning Assets						
Interest earning cash and other	$ (68)	$ 88	$ 20	$ (173)	$ 178	$ 5
Federal funds sold and repurchase agreements	(296)	(146)	(442)	(642)	(335)	(977)
Trading securities:						
U.S. Treasury Securities and CMOs (AAA-rated)	(20)	(7)	(27)	(1,380)	(880)	(2,260)
Subordinates, residuals and other	(1,038)	307	(731)	4,793	(2,186)	2,607
Loans	(1,563)	(1,300)	(2,863)	(5,600)	(3,667)	(9,267)
Match funded loans and securities	231	(729)	(498)	(441)	(1,973)	(2,414)
Total interest income from interest-earning assets	(2,754)	(1,787)	(4,541)	(3,443)	(8,863)	(12,306)
Interest Expense on Interest-Bearing Liabilities						
Interest-bearing demand deposits	14	(5)	9	45	(31)	14
Savings deposits	2	--	2	4	1	5
Certificates of deposit	1,391	580	1,971	4,526	3,736	8,262
Total interest-bearing deposits	1,407	575	1,982	4,575	3,706	8,281
Securities sold under agreements to repurchase	--	32	32	60	167	227
Bonds-match funded agreements	227	142	369	1,120	401	1,521
Lines of credit and other secured borrowings	(259)	(743)	(1,002)	43	(889)	(846)
Notes and debentures	160	561	721	291	5,007	5,298
Total interest expense on interest-bearing liabilities	1,535	567	2,102	6,089	8,392	14,481
Favorable (unfavorable) variance, net	$ (1,219)	$ (1,220)	$ (2,439)	$ 2,646	$ (471)	$ 2,175

We incurred net interest expense before provision for loan losses of $(6,752) for the three months ended September 30, 2003 as compared to $(4,313) for the same period of the prior year, an unfavorable variance of $2,439 or 57%. This unfavorable variance was due to a decrease in the balance of our average interest-bearing assets and a decrease in the net interest spread, offset by a decrease in the balance of our average interest-bearing liabilities. The net interest spread decreased 95 basis points as a result of a 179 basis-point decrease in the weighted average yield on our interest-earning assets, offset by an 84 basis-point decline in the weighted average rate on our interest-bearing liabilities. The net impact of these rate changes was a $1,219 unfavorable variance. The average balance of our interest-earning assets decreased by $177,832 or 37% during the third quarter of 2003 and reduced interest income by $1,787. The average balance of our interest-bearing liabilities decreased by $25,240 or 3% during the third quarter of 2003 and decreased interest expense by $567. The net impact of these volume changes resulted in a $1,220 unfavorable variance.

Year to date 2003 we incurred net interest expense before provision for loan losses of $(11,728) as compared to $(13,903) for the same period of the prior year, a favorable variance of $2,175 or 16%. This favorable variance was due to a decrease in the balance of our average interest-bearing liabilities and an increase in the net interest spread, offset by a decrease in the balance of our average interest-earning assets. The net interest spread increased 122 basis points as a result of a 125 basis-point decrease in the weighted average rate on our interest-bearing liabilities, offset by a 3 basis-point decline in the weighted average yield on our interest-earning assets. The net impact of these rate changes was a $2,646 favorable variance. The average balance of our interest-earning assets decreased by $221,948 or 41% during the nine months ended September 30, 2003 and reduced interest income by $8,863. The average balance of our interest-bearing liabilities decreased by $152,458 or 17% year to date 2003 and decreased interest expense by $8,392. The net impact of these volume changes resulted in a $471 unfavorable variance.

(Dollars in thousands, except share data)

For the three months ended September 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $	Annualized Average Yield 2003	Annualized Average Yield 2002	Increase (Decrease) Basis Points
Interest earning cash and other	46,556	$ 9,864	$ 36,692	0.68%	2.39%	(171)
Federal funds sold and repurchase agreements ..	136,617	174,642	(38,025)	1.00%	1.79%	(79)
Trading securities:						
CMOs (AAA-rated) and U.S. Treasury securities	6,909	69,280	(62,371)	(0.23)%	0.13%	(36)
Subordinates, residuals and other	41,663	38,055	3,608	26.43%	36.62%	(1,019)
Loans	42,974	127,234	(84,260)	1.97%	9.67%	(770)
Match funded loans and securities	29,845	63,321	(33,476)	9.25%	7.50%	175
	$ 304,564	$ 482,396	$ (177,832)	5.35%	7.14%	(179)

For the nine months ended September 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $	Annualized Average Yield 2003	Annualized Average Yield 2002	Increase (Decrease) Basis Points
Interest earning cash and other	$ 29,396	$ 12,540	$ 16,856	1.02%	2.34%	(132)
Federal funds sold and repurchase agreements...	125,697	154,407	(28,710)	1.14%	1.77%	(63)
Trading securities:						
CMOs (AAA-rated)	11,176	106,554	(95,378)	(1.10)%	2.71%	(381)
Subordinates, residuals and other	38,340	47,556	(9,216)	43.34%	27.63%	1,571
Loans	79,264	156,476	(77,212)	2.22%	9.02%	(680)
Match funded loans and securities	41,319	69,607	(28,288)	9.14%	10.05%	(91)
	$ 325,192	$ 547,140	$ (221,948)	7.31%	7.34%	(3)

Interest income we earned on loans decreased by $2,863 or 93% during the three months ended September 30, 2003 as compared to the same period of the prior year primarily as a result of a $84,260 or 66% decline in the average balance and a 770 basis-point decline in the average yield. Year to date 2003, interest income on loans declined $9,267 or 88% as compared to the same period of 2002 primarily as a result of a $77,212 or 49% decline in the average balance and a 680 basis point decline in the average yield. Sales, resolutions, foreclosures and the absence of acquisitions have resulted in the declines in the average balance of loans during 2003. Resolution income declined from $3,295 for the nine months ended September 30, 2002 to $57 for the same period of 2003. In addition, there was an increase in the proportion of non-performing loans in the portfolio, on which we do not accrue interest. The yield on loans is likely to fluctuate from period to period as a result of the timing of resolutions, particularly the resolution of large multi-family residential and commercial real estate loans, and the mix of the overall portfolio between performing and non-performing loans. See "Changes in Financial Condition - Loans, Net."

Interest income we earned on match funded loans and securities decreased $498 or 42% in the third quarter of 2003 as compared to the third quarter of 2002. This decrease was due to a $33,476 or 53% decline in the average balances, offset by a 175 basis-point increase in the average yield. Year to date 2003, interest income on match funded loans and securities declined $2,414 or 46% compared to the same period of 2002 due to a $28,288 or 41% decline in the average balance and a 91 basis point decline in the average yield. The decline in the average balances during 2003 was primarily the result of principal repayments received on both the loans and securities, as well as the transfer of the match funded securities to residual trading securities during the second quarter as a result of the repurchase and retirement of the related match funded debt. See "Changes in Financial Condition - Match Funded Assets".

Interest income we earned from our combined trading securities portfolio decreased from $3,507 during the third quarter of 2002 to $2,749 in the third quarter of 2003, a $758 or 22% decrease. Subordinates and residuals accounted for $731 of this decline in interest income as a result of a 1,019 basis-point decline in the average yield earned, offset in part by a $3,608 or 9% increase in the average balance. The decline in the average yield is largely the result of lower interest related to our U.K. unrated single family subprime residual securities. For the nine months ended September 30, 2003, interest income on trading securities increased $347 or 3% as compared to the same period of 2002. Interest income on subordinates and residuals increased $2,607 while interest income on CMOs and U.S. Treasury securities decreased by $2,260. The increase in interest income on subordinates and residuals is the result of a 1,571 basis-point increase in the average yield earned, offset in part by a $9,216 or 19% decline in the average balance. The increase in the average yield on subordinate and residual securities year to date 2003 is largely the result of sales of low-yielding unrated subprime residuals during 2002 and an increase in interest on unrated single family subprime residuals. The decline in our average investment in subordinates and residuals during 2003 is primarily the result of sales, principal repayments and amortization, offset in part by the transfer in the second quarter of securities previously reported as match funded. The decrease in interest income on CMOs and U.S. Treasury securities year to date 2003 is due to a 381 basis-point decline in the average yield earned and a $95,378 or 90% decrease in the average balance. The declines in our average investment in CMOs and U.S. Treasury securities during 2003 is primarily the result of principal maturities, principal repayments and amortization of premium related to CMOs. This trend reflects the fact that we no longer need to hold these securities to meet the Qualified Thrift Lender requirements. Our investment in CMOs declined to $0 in July 2003. See "Changes in Financial Condition - Trading Securities". The decline in the average yield on CMOs and U.S. Treasury securities is primarily the result of declining interest rates and increased prepayments of the underlying mortgages that back the CMO bonds. When prepayments occur faster than anticipated, the amortization of premiums paid when the CMO bonds were purchased is accelerated resulting in a lower or negative yield.

(Dollars in thousands, except share data)

For the three months ended September 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $
Interest-bearing deposits	$ 405,876	$ 450,278	$ (44,402)
Securities sold under agreements to repurchase	--	6,589	(6,589)
Bonds-match funded agreements	129,572	144,754	(15,182)
Lines of credit and other secured borrowings	148,573	88,308	60,265
Notes and debentures	132,422	151,754	(19,332)
	$ 816,443	$ 841,683	$ (25,240)

For the three months ended September 30,	Annualized Average Rate 2003	Annualized Average Rate 2002	Increase (Decrease) Basis Points
Interest-bearing deposits	3.95%	5.32%	(137)
Securities sold under agreements to repurchase	--%	1.94%	(194)
Bonds-match funded agreements	3.32%	3.99%	(67)
Lines of credit and other secured borrowings	5.19%	4.19%	100
Notes and debentures	11.51%	11.95%	(44)
	5.30%	6.14%	(84)

For the nine months ended September 30,	Average Balance 2003	Average Balance 2002	Increase (Decrease) $
Interest-bearing deposits	$ 416,005	$ 509,505	$ (93,500)
Securities sold under agreements to repurchase	333	16,476	(16,143)
Bonds-match funded agreements	136,470	148,781	(12,311)
Lines of credit and other secured borrowings	121,495	95,185	26,310
Notes and debentures	95,422	152,236	(56,814)
	$ 769,725	$ 922,183	$ (152,458)

For the nine months ended September 30,	Annualized Average Rate 2003	Annualized Average Rate 2002	Increase (Decrease) Basis Points
Interest-bearing deposits	4.30%	5.68%	(138)
Securities sold under agreements to repurchase	1.20%	1.86%	(66)
Bonds-match funded agreements	3.56%	4.63%	(107)
Lines of credit and other secured borrowings	4.50%	4.56%	(6)
Notes and debentures	11.74%	12.00%	(26)
	5.12%	6.37%	(125)

Interest expense we incurred on our interest-bearing deposits decreased $1,982 or 33% during the three months ended September 30, 2003 as compared to the same period of the prior year due to a $44,402 or 10% decrease in the average balance and a 137 basis-point decline in the average rate. Year to date 2003, interest expense on deposits declined $8,281 or 38% as compared to the same period of 2002 as a result of a $93,500 or 18% decline in the average balance and a 138 basis point decline in the average rate. The decline in the average balance of deposits during 2003 resulted primarily from maturing brokered certificates of deposit. We have not issued any new brokered certificates of deposit since 2000 and, at this time, do not intend to issue any such deposits in the foreseeable future. We do however plan to retain non-brokered deposits as a source of financing. The declines in the average rates in 2003 reflects the replacement of maturing brokered certificates of deposit with non-brokered certificates of deposit which have a lower rate of interest. See "Changes in Financial Condition - Deposits."

Interest expense on notes and debentures declined by $721 or 16% during the third quarter of 2003 as compared to the third quarter of 2002. This decline was primarily due to a $19,332 or 13% decline in the average outstanding balance. For the nine months ended September 30, 2003, interest expense on notes and debentures declined $5,298 or 39% as compared to the same period of 2002 primarily due to a $56,814 or 37% decline in the average balances outstanding. The declines in average balance outstanding resulted primarily from our November

2002 call redemption of $40,000 of our 11.875% notes and $33,500 of our 12% subordinated debentures. We redeemed the remaining $33,065 outstanding balance of our 12% subordinated debentures on September 30, 2003. This decline was offset in part by the transfer of our 10.875% Capital Securities to notes and debentures effective with the adoption of SFAS No. 150 on July 1, 2003. Distributions on Capital Securities amounted to $1,529 for the third quarter of 2003 and are included in interest expense on notes and debentures. See "Changes in Financial Condition - Notes and Debentures."

Interest expense we incurred on bonds-match funded agreements declined $369 or 26% during the three months ended September 30, 2003 as compared to the same period of the prior year as a result of a 67 basis-point decline in the average rate and a $15,182 or 10% decrease in the average balance outstanding. For the nine months ended September 30, 2003 interest expense on match funded agreements declined $1,521 or 29% due to a 107 basis point decline in the average rate and a $12,311 or 8% decline in the average outstanding balance. The decline in the average rates during the 2003 is largely due to declines in LIBOR. The decrease in the average balances during 2003 is due to principal repayments, as well as the redemption of bonds-match funded agreements secured by residual securities during the second quarter. See "Changes in Financial Condition - Bonds - Match Funded Agreements."

(Dollars in thousands, except share data)

Provisions for Loan Losses. At September 30, 2003, our total net loan balance was $28,196 or 2.2% of total assets. Of the balance remaining at September 30, 2003, $21,005 represents four loans held in our Commercial Finance segment and $6,419 represents three multi-family loans held in our Affordable Housing segment. Because of the small number of remaining loans, we are able to perform a specific risk assessment on each Commercial Finance and Affordable Housing loan. Our risk assessment of Commercial Finance loans includes a review of the underlying loan collateral, general and local economic conditions, property type risk, borrower's capacity and willingness to pay, and projections of prospective cash flows based on property-specific events. For loans held in our Affordable Housing business, we project the amounts to be realized from the disposition of the property to determine the appropriate allowance for loan losses. We also analyze the historical trends in the gains or losses on disposition and resolution of loans as compared to the allowance for loan losses at the time of disposition and resolution. The results of this analysis are also taken into consideration in evaluating the allowance for loan losses on the remaining loans. The allowance for loan losses is management's best estimate of probable inherent loan losses incurred as of September 30, 2003. Provisions we record for losses on our loans are charged to operations to maintain an allowance for losses on our loans at a level we consider adequate based upon an evaluation of known and inherent risks in such portfolios, as described above.

The following table presents the provisions for loan losses by business segment for the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Loans:				
Unsecured Collections	$ --	$ (28)	$ --	$ (279)
Residential Discount Loans	--	54	--	(2,296)
Commercial Finance	393	(879)	(3,065)	9,147
Affordable Housing	1	8	149	3,946
Corporate Items and Other	65	--	286	--
	459	(845)	(2,630)	10,518
Match funded loans:				
Residential Discount Loans	--	(56)	--	(8)
Corporate Items and Other	(44)	--	(40)	--
	$ 415	$ (901)	$ (2,670)	$ 10,510

The provision we recorded on loans during the three months ended September 30, 2003 results primarily from a $450 increase in reserves on a hotel loan in our Commercial Finance segment. The negative loan loss provision for 2003 year to date resulted primarily from the recovery of reserves on sales of commercial loans, which were non-performing, during the second quarter. Our allowance for loan losses as a percentage of non-performing loans has increased from 27.5% at December 31, 2002 to 38.8% at September 30, 2003. For additional information regarding non-performing loans, see "Changes in Financial Condition - - Loans, Net." As indicated in the table below, our allowance as a percentage of loans increased from 14.6% at September 30, 2002 to 21.3% at December 31, 2002 and to 23.2% at September 30, 2003.

(Dollars in thousands, except share data)

The following table sets forth the allowance for loan losses as a percentage of the respective loan balances by business segment at the dates indicated:

	Allowance	Loan Balance	Allowance as a % of Loans
September 30, 2003			
Loans:			
Commercial Finance	$ 3,822	$ 24,827	15.4%
Affordable Housing	4,578	10,997	41.6%
Corporate Items and Other	107	879	12.2%
	8,507	36,703	23.2%
Match funded loans:			
Corporate Items and Other	104	27,173	0.4%
	$ 8,611	$ 63,876	13.5%
December 31, 2002			
Loans:			
Residential Discount Loans	$ 154	$ 1,584	9.7%
Commercial Finance	16,179	85,377	19.0%
Affordable Housing	4,428	10,657	41.6%
	20,761	97,618	21.3%
Match funded loans:			
Residential Discount Loans	144	38,129	0.4%
	$ 20,905	$ 135,747	15.4%
September 30, 2002			
Loans:			
Residential Discount Loans	$ 157	$ 1,467	10.7%
Commercial Finance	12,500	101,410	12.3%
Affordable Housing	4,982	17,595	28.3%
	17,639	120,472	14.6%
Match funded loans:			
Residential Discount Loans	162	41,174	0.4%
	$ 17,801	$ 161,646	11.0%

For additional information regarding our allowance for loan losses on the above portfolios, see "Changes in Financial Condition - Allowance for Loan Losses." For information relating to our valuation allowance on real estate owned, see "Changes in Financial Condition - Real Estate Owned."

Non-Interest Income. The following table sets forth the principal components of our non-interest income during the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Servicing and other fees	$ 40,339	$ 34,024	$ 115,117	$ 105,598
Gain (loss) on interest earning assets, net	--	--	27	(2,773)
Gain (loss) on trading and match funded securities, net	159	944	2,924	3,897
Gain (loss) on real estate owned, net	147	(337)	124	(16,307)
Gain (loss) on other non-interest earning assets, net	150	508	624	(333)
Net operating gains (losses) on investments in real estate	702	495	(3,000)	(8,844)
Gain (loss) on repurchase of debt	(441)	(35)	(445)	1,039
Other income	6,008	2,411	14,046	9,815
	$ 47,064	$ 38,010	$ 129,417	$ 92,092

(Dollars in thousands, except share data)

Servicing and Other Fees. Our servicing and other fees are primarily comprised of fees we earned from investors for servicing residential mortgage loans on their behalf. The following table sets forth the principal components of our servicing and other fees by segment for the periods indicated:

For the three months ended September 30,	2003			2002		
	Residential Loan Servicing	Other Segments	Total	Residential Loan Servicing	Other Segments	Total
Loan servicing and related fees:						
Loan servicing fees (1)	$ 44,059	$ 2,666	$ 46,725	$ 35,394	$ 1,813	$ 37,207
Late charges	9,188	(196)	8,992	6,896	370	7,266
Interest on custodial accounts (float) (2)	3,255	1	3,256	2,109	--	2,109
Special servicing fees	434	--	434	806	--	806
Compensating interest expense (3)	(8,658)	--	(8,658)	(5,552)	--	(5,552)
Amortization of servicing rights (4)	(25,272)	--	(25,272)	(15,283)	--	(15,283)
Other, net	(174)	3,085	2,911	355	326	681
	22,832	5,556	28,388	24,725	2,509	27,234
Other fees:						
Property valuation fees (ORA)	--	4,688	4,688	--	3,242	3,242
Default servicing fees	1,014	205	1,219	1,052	--	1,052
Retail banking fees	1,982	2	1,984	1,084	6	1,090
Other	3,385	675	4,060	1,373	33	1,406
	$ 29,213	$ 11,126	$ 40,339	$ 28,234	$ 5,790	$ 34,024

For the Nine months ended September 30,	2003			2002		
	Residential Loan Servicing	Other Segments	Total	Residential Loan Servicing	Other Segments	Total
Loan servicing and related fees:						
Loan servicing fees (1)	$ 122,021	$ 7,134	$ 129,155	$ 100,443	$ 5,026	$ 105,469
Late charges	27,234	658	27,892	20,476	824	21,300
Interest on custodial accounts (float) (2)	7,529	1	7,530	5,845	--	5,845
Special servicing fees	1,613	--	1,613	3,079	--	3,079
Compensating interest expense (3)	(22,278)	--	(22,278)	(14,331)	--	(14,331)
Amortization of servicing rights (4)	(68,290)	--	(68,290)	(39,367)	(109)	(39,476)
Other, net	3,100	4,991	8,091	1,335	877	2,212
	70,929	12,784	83,713	77,480	6,618	84,098
Other fees:						
Property valuation fees (ORA)	--	13,414	13,414	--	10,984	10,984
Default servicing fees	3,007	387	3,394	3,464	--	3,464
Retail banking fees	5,531	15	5,546	3,157	26	3,183
Other	8,256	794	9,050	3,599	270	3,869
	$ 87,723	$ 27,394	$ 115,117	$ 87,700	$ 17,898	$ 105,598

(1) The increase in loan servicing fees during 2003 as compared to 2002 is largely due to the growth in residential loans we serviced for others. The average unpaid principal balance of all loans we serviced during the three months ended September 30, 2003 and 2002 amounted to $36,699,157 and $29,503,115, respectively. The average unpaid principal during the nine months ended September 30, 2003 and 2002 was $33,458,387 and $26,761,093, respectively.

(2) Interest we earned on custodial accounts during the holding period between collection of borrower payments and remittance to investors. These custodial accounts are held by an unaffiliated bank and are excluded from our statement of financial condition. The average balances held in these custodial accounts were approximately $1,142,000 and $507,000 for the third quarters of 2003 and 2002, respectively, and $890,000 and $464,000 for the nine months ended September 30, 2003 and 2002, respectively.

(3) A servicer of securitized loans is typically obligated to pay the securitization trust the difference between a full month of interest and the interest collected on loans that are repaid before the end of a calendar month.

(Dollars in thousands, except share data)

(4) The increase in amortization expense during 2003 as compared to 2002 reflects an increase in our purchases of rights to service loans for others and an increase in our rate of amortization to reflect increased projected prepayment volumes. See "Changes in Financial Condition - Mortgage Servicing Rights".

The following table sets forth loans we serviced at the dates indicated:

	Subprime Loans (1)		Other Loans		Total	
	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans
September 30, 2003						
Performing: (2)						
Residential servicing	$ 32,920,283	302,370	$ 846,422	14,091	$ 33,766,705	316,461
Commercial servicing	--	--	529,463	496	529,463	496
	$ 32,920,283	302,370	$ 1,375,885	14,587	$ 34,296,168	316,957
Non-performing: (2)						
Residential servicing	$ 3,091,154	35,115	$ 214,057	3,605	$ 3,305,211	38,720
Commercial servicing	--	--	362,583	281	362,583	281
	$ 3,091,154	35,115	$ 576,640	3,886	$ 3,667,794	39,001
Total loans serviced for others:						
Residential servicing	$ 36,011,437	337,485	$ 1,060,479	17,696	$ 37,071,916	355,181
Commercial servicing	--	--	892,046	777	892,046	777
	$ 36,011,437	337,485	$ 1,952,525	18,473	$ 37,963,962	355,958
December 31, 2002						
Performing: (2)						
Residential servicing	$ 26,817,731	282,926	$ 1,089,109	17,204	$ 27,906,840	300,130
Commercial servicing	--	--	752,722	407	752,722	407
	$ 26,817,731	282,926	$ 1,841,831	17,611	$ 28,659,562	300,537
Non-performing: (2)						
Residential servicing	$ 2,565,823	31,626	$ 261,014	4,277	$ 2,826,837	35,903
Commercial servicing	--	--	582,964	238	582,964	238
	$ 2,565,823	31,626	$ 843,978	4,515	$ 3,409,801	36,141
Total loans serviced for others:						
Residential servicing	$ 29,383,554	314,552	$ 1,350,123	21,481	$ 30,733,677	336,033
Commercial servicing	--	--	1,335,686	645	1,335,686	645
	$ 29,383,554	314,552	$ 2,685,809	22,126	$ 32,069,363	336,678

(1) Subprime loans represent loans we service which were made by others to borrowers who did not qualify under guidelines of the Fannie Mae and Freddie Mac ("nonconforming loans").

(2) Non-performing loans serviced for others have been delinquent for 90 days of more. Performing loans serviced for others are current or have been delinquent for less than 90 days.

(Dollars in thousands, except share data)

Loss on Interest Earning Assets, Net. Losses for 2002 of $(2,773) resulted primarily from $(2,454) of losses on sales of residential discount loans.

Gain on Trading and Match Funded Securities, Net. The gain on trading and match funded securities, net, includes both unrealized gains and losses on securities and realized gains and losses resulting from sales thereof. Changes in fair value are reported in income in the period of change.

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Unrealized gain (loss):				
Trading securities	$ 159	$ 855	$ 3,172	$ (336)
Match funded securities	--	77	(248)	350
	159	932	2,924	14
Realized gain (loss):				
Trading securities	--	12	--	3,883
	$ 159	$ 944	$ 2,924	$ 3,897

Gain (Loss) on Real Estate Owned, Net. The following table sets forth the results of our real estate owned (which does not include investments in real estate that are discussed below), during the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Gains on sales	$ 266	$ 272	$ 358	$ 2,835
Provision for losses in fair value .	(685)	(783)	(1,169)	(19,859)
Operating income (expense), net (1).	566	174	935	717
	$ 147	$ (337)	$ 124	$(16,307)

(1) Includes rental income and expenses associated with holding and maintaining properties.

The results of our real estate owned for the periods presented above reflect a decline in the number of properties owned. The provision for losses in fair value in 2002 reflects an increase in reserves on commercial properties held for more then one year. See "Changes in Financial Condition - Real Estate Owned" for additional information regarding real estate owned and related reserves for losses in fair value.

Net Operating Gains (Losses) on Investments in Real Estate. The following table sets forth the results of our investment in real estate operations during the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Operating income (expense), net (1)	$ 677	$ 534	$ 2,155	$ 2,603
Equity in earnings of loans accounted for as investments in real estate (2)..	25	(39)	371	3,870
Impairment charges (3)	--	--	(5,526)	(15,317)
	$ 702	$ 495	$ (3,000)	$ (8,844)

(1) Includes rental income, depreciation expense and operating expenses associated with holding and maintaining our properties held for investment.

(2) The decrease in year to date equity in earnings for 2003 related to certain loans accounted for as investments in real estate is primarily the result of significant resolution gains earned in connection with the repayment of loans during the first quarter of 2002. Only one such loan remains as of September 30, 2003.

(3) Impairment charges during 2003 and 2002 included write-downs totaling $5,526 and $14,549, respectively, of the carrying value of our remaining properties held for investment to our estimate of their realizable values. See "Changes in Financial Condition - Investments in Real Estate".

(Dollars in thousands, except share data)

Other Income. The following table sets forth the principal components of other income for the periods indicated:

For the periods ended September 30,	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
Software revenue (1)	$ 2,886	$ 672	$ 7,916	$ 1,674
Collections of credit card receivables	691	973	2,237	3,463
Brokerage commissions (2)	695	480	1,636	1,732
Consulting fees(3)	28	--	170	1,398
Other	1,708	286	2,087	1,548
	$ 6,008	$ 2,411	$ 14,046	$ 9,815

(1) Software revenues earned by OTX from unaffiliated customers. These amounts exclude revenues earned from other consolidated affiliates, which have been eliminated in consolidation. See Note 7 to the Interim Consolidated Financial Statements.

(2) Commissions earned from sales of REO properties.

(3) For 2002, these fees consisted principally of consulting fees earned during the first quarter as advisor to Jamaica's Financial Sector Adjustment Company in the resolution or liquidation of non-performing loans and real estate assets.

Non-Interest Expense. The following table sets forth the principal components of our non-interest expense during the periods indicated:

For the periods ended September 30,	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
Compensation and employee benefits	$ 17,667	$ 19,594	$ 52,505	$ 60,375
Occupancy and equipment	3,254	2,914	8,769	8,959
Technology and communication costs	5,583	6,899	14,577	17,960
Loan expenses	3,835	2,437	10,835	9,808
Net operating losses on investments in affordable housing properties	226	225	1,109	22,135
Professional services and regulatory fees	2,511	2,573	21,855	10,341
Other operating expenses	2,172	2,434	7,023	7,040
	$ 35,248	$ 37,076	$ 116,673	$ 136,618

Compensation and Employee Benefits. The following table presents the principal components of compensation and benefits we incurred for the periods indicated:

For the periods ended September 30,	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
Salaries (1)	$ 12,487	$ 13,227	$ 36,116	$ 41,074
Bonuses (2)	2,364	2,171	7,607	6,753
Payroll taxes	837	946	2,861	3,554
Commissions	597	780	1,398	2,802
Insurance	554	668	1,628	2,055
Severance	89	1,051	906	1,652
Other	739	751	1,989	2,485
	$ 17,667	$ 19,594	$ 52,505	$ 60,375

(1) Salaries include fees paid for the services of temporary employees.

(2) Bonus expense includes compensation related to employee incentive awards of restricted stock and stock options.

Salary expense has declined during 2003 as compared to 2002 in spite of an increase in the average number of total employees. This is due in large part to our ongoing globalization initiative to reduce labor costs through the migration of certain functions (primarily in support of Residential Loan Servicing and OTX) to our offices in Bangalore and Mumbai, India. This initiative has resulted in a significant increase in the concentration of our workforce in India. During the third quarter of 2003, we had an average of 2,120 total employees, including an average of 1,225 in our India offices. For the third quarter of 2002, our total number of employees averaged 1,813 and included an average of 621 employees in our India locations. Year to date 2003, we had average total employment of 1,983, including 1,054 in India, as compared to 1,757 in total and 452 in India year to date 2002. We may experience additional growth in our India staff during the remainder of 2003, dependent upon the growth of our new business initiatives, primarily Global Outsourcing. The decline in salaries, in spite of the increase in the number of employees, is also the result of a change in the mix of our workforce in the United States to a greater concentration of clerical level employees. This change in mix has occurred as we have exited capital-intensive businesses in favor of fee-based businesses, primarily Residential Loan Servicing.

(Dollars in thousands, except share data)

Occupancy and Equipment. Occupancy and equipment costs consist principally of rents, depreciation, building maintenance, mail and delivery expenses and other costs of our office operations.

Technology and Communication Costs. Technology and communication costs consist primarily of depreciation on our computer hardware and software, telephone expenses and amortization of capitalized software development costs. The decline in technology and communication costs during the three and nine months ended September 30, 2003 as compared to the same periods of 2002 is primarily due to declines in other miscellaneous technology costs of our Residential Loan Servicing and OTX business segments.

Loan Expenses. Loan expenses are largely comprised of appraisal fees incurred in connection with property valuation services we provided through ORA. See "Segment Profitability - Ocwen Realty Advisors" for additional discussion of these costs. Loan expenses also include other miscellaneous expenses incurred in connection with loans we own and those we service for others.

Net Operating Losses on Investments in Affordable Housing Properties. Net operating losses on our investments in affordable housing properties have declined significantly year to date 2003 as compared to 2002. This decline is primarily the result of lower charges that we recorded for expected losses from the sale of properties. These charges reflect revisions to completion cost estimates and modifications to projected sales results and amounted to $21,294 during the nine months ended September 30, 2002. For 2003, $432 of such charges were recorded during the first quarter. See "Changes in Financial Condition - Affordable Housing Properties".

Professional Services and Regulatory Fees. Professional services and regulatory fees are primarily comprised of legal fees and settlements; non-technology related consulting fees, audit fees and insurance. Professional services and regulatory fees increased by $11,514 year to date 2003 as compared to 2002. This increase was primarily due to a $12,564 increase in legal fees and settlements, most significantly a $10,000 reserve established in the first quarter of 2003 in connection with the arbitration award to the former owners of Admiral Home Loan. See Note 8 to the Interim Consolidated Financial Statements for additional information regarding this award. The year to date increase in legal fees and settlements in 2003 was offset in part by a $924 decline in consulting fees.

Other Operating Expenses. Other operating expenses primarily include travel costs; check processing and other deposit related costs, amortization of deferred costs and provisions for uncollectible receivables.

Distributions on Company Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. Cash distributions on the Capital Securities are payable semi-annually in arrears on February 1 and August 1 of each year at an annual rate of 10.875%. We recorded $1,529 of such distributions to holders of the Capital Securities during both the three months ended September 30, 2003 and 2002. Effective July 1, 2003 with our adoption of SFAS No. 150, these distributions are reported in the consolidated statement of operations as interest expense. For the nine-month periods, these distributions amounted to $3,058 and $4,758 during 2003 and 2002, respectively. See Notes 2 and 3 to the Interim Consolidated Financial Statements and "Changes in Financial Condition - Company-Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company."

Income Tax Expense (Benefit). The following table provides details of our income tax expense (benefit) for the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Income tax expense (benefit) on income (loss) before taxes and effect of change in accounting principle	$ 1,035	$ (2,276)	$ (957)	$ (28,156)
Provision for valuation allowance on current year's deferred tax asset	(1,029)	2,276	1,575	29,322
Income tax expense	6	--	618	1,166
Income tax benefit on effect of change in accounting principle.	--	--	--	(1,166)
Total income tax expense	$ 6	$ --	$ 618	$ --

Total income tax expense of $618 for the nine months ended September 30, 2003 primarily represents tax payments related to our investment in non-economic tax residual securities that have no book value. Excluding the effect of these tax payments, our effective tax rate was 0% for the nine months ended September 30, 2003 and 2002. Income tax expense includes the effects of tax credits of $598 and $599 during the three months ended September 30, 2003 and 2002, respectively, and $1,795 and $2,087, respectively during the nine months ended September 30, 2003 and 2002, resulting from our investment in affordable housing properties.

(Dollars in thousands, except share data)

Year to date 2002, our effective tax rate was 0% as income tax expense of $1,166 offset the benefit of $1,166 related to the effect of the change in accounting principle recorded during the second quarter.

The provision for deferred tax asset valuation allowance is a non-cash charge increasing the aggregate valuation allowance based on our estimate under the applicable accounting rules of the amount of the deferred tax asset that we are more likely than not to realize.

Changes in Financial Condition

Trading Securities. The following table sets forth the fair value of our trading securities at the dates indicated:

	September 30, 2003	December 31, 2002
Collateralized mortgage obligations and U.S. Treasury securities:		
Collateralized mortgage obligations (AAA-rated) (1)	$ --	$ 20,540
U.S. Treasury securities	6,696	1,016
	$ 6,696	$ 21,556
Subordinates and residuals:		
Single family residential		
BB-rated subordinates	$ 582	$ 599
B-rated subordinates	583	606
Unrated subordinates	238	344
Unrated subprime residuals (2)	37,813	33,213
	39,216	34,762
Commercial unrated subordinates	2,577	2,577
	$ 41,793	$ 37,339

(1) During the nine months ended September 30, 2003, our investment in CMO trading securities declined to $0 as a result of maturities and principal repayments.

(2) During the nine months ended September 30, 2003, unrated subprime residual trading securities increased by $4,454. This increase was primarily due to due to the transfer of securities formerly classified as "Match Funded Assets" to "Trading Securities" during the second quarter as a result of the repurchase and retirement of the associated match funded debt. These securities had a fair value of $5,606 at September 30, 2003. See "Changes in Financial Condition - Match Funded Assets".

Subordinate and residual interests in mortgage-related securities provide credit support to the more senior classes of the mortgage-related securities. Principal from the underlying mortgage loans generally is allocated first to the senior classes, with the most senior class having a priority right to the cash flow from the mortgage loans until its payment requirements are satisfied. To the extent that there are defaults and unrecoverable losses on the underlying mortgage loans, resulting in reduced cash flows, the most subordinate security will be the first to bear this loss. Because subordinate and residual interests generally have no credit support, to the extent there are realized losses on the mortgage loans comprising the mortgage collateral for such securities, we may not recover the full amount or, indeed, any of our initial investment in such subordinate and residual interests.

Subordinate and residual interests are affected by the rate and timing of payments of principal (including prepayments, repurchase, defaults and liquidations) on the mortgage loans underlying a series of mortgage-related securities. The rate of principal payments may vary significantly over time depending on a variety of factors, such as the level of prevailing mortgage loan interest rates and economic, demographic, tax, legal and other factors. Prepayments on the mortgage loans underlying a series of mortgage-related securities are generally allocated to the more senior classes of mortgage-related securities. Although in the absence of defaults or interest shortfalls all subordinates receive interest, amounts otherwise allocable to residuals generally are used to make payments on more senior classes or to fund a reserve account for the protection of senior classes until over collateralization or the balance in the reserve account reaches a specified level. For residual interests in residential mortgage-backed securities, over collateralization is the amount by which the collateral balance exceeds the sum of the bond principal amounts. Over collateralization is achieved by applying monthly a portion of the interest payments of the underlying mortgages toward the reduction of the senior class certificate principal amounts, causing them to amortize more rapidly than the aggregate loan balance. Over collateralization represents the first tier of loss protection afforded to the non-residual holders. To the extent not consumed by losses on more highly rated bonds, over collateralization is remitted to the residual holders. In periods of declining interest rates, rates of prepayments on mortgage loans generally increase, and if the rate of prepayments is faster than anticipated, then the yield on subordinates will be positively affected and the yield on residuals will be negatively affected.

(Dollars in thousands, except share data)

We periodically assess the carrying value of our subordinate and residual securities. There can be no assurance that our estimates used to determine the value of those securities will remain appropriate for the life of each securitization. If actual loan prepayments or defaults exceed our estimates, the carrying value of the securities may be decreased during the period in which we recognized the disparity.

The following table presents information regarding our subordinate and residual trading securities summarized by classification and rating at September 30, 2003:

Rating/Description (1)	Fair Value	Percent Owned by Ocwen	Anticipated Yield to Maturity at Purchase (2)(3)	Anticipated Yield to Maturity at 09/30/03 (2)(4)	Coupon	Anticipated Weighted Average Remaining Life (2)(5)
Residential:						
BB-rated subordinates	$ 582	100.00%	16.80%	9.04%	6.07%	3.28
B-rated subordinates	583	100.00	17.40	24.89	6.21	1.79
Unrated subordinates	238	100.00	14.60	29.11	6.93	0.05
Unrated subprime residuals....	37,813	100.00	17.16	6.25	N/A	5.33
	39,216					
Commercial:						
Unrated subordinates	2,577	100.00	22.15	12.10	7.37	1.35
	$ 41,793					

(1) Refers to the credit rating designated by the rating agency for each securitization transaction. Classes designated "A" have a superior claim on payment to those rated "B". Additionally, multiple letters have a superior claim to designations with fewer letters. Thus, for example, "BBB" is superior to "BB", which in turn is superior to "B". The lower class designations in any securitization will receive interest payments after senior classes and will experience losses before any senior class. The lowest potential class designation is "unrated" which, if included in a securitization, will always receive interest last and experience losses first.

(2) Subordinate and residual securities do not have a contractual maturity but are paid down over time as cash distributions are received. Because they do not have a stated maturity, we disclose the weighted average life of these securities.

(3) Represents the effective yield from inception to maturity based on the purchase price and anticipated future cash flows under pricing assumptions.

(4) Represents the effective yield based on the purchase price, actual cash flows received from inception until the respective date, and the then current estimate of future cash flows under the assumptions at the respective date. Changes in the September 30, 2003 anticipated yield to maturity from that originally anticipated are primarily the result of changes in prepayment assumptions and loss assumptions.

(5) Represents the weighted average life in years based on the September 30, 2003 book value.

(Dollars in thousands, except share data)

The following table sets forth the principal amount of mortgage loans by the geographic location of the property securing the mortgages that underlie our subordinate and residual trading securities at September 30, 2003:

Description	U.K.	California	New York	Florida	New Jersey	Other (1)	Total
Single family residential ...	$ 68,068	$ 39,099	$ 29,388	$ 26,674	$ 27,343	$ 231,645	$ 422,217
Commercial	--	12,765	--	--	--	40,656	53,421
Multi-family residential	--	594	319	244	683	2,114	3,954
Total	$ 68,068	$ 52,458	$ 29,707	$ 26,918	$ 28,026	$ 274,415	$ 479,592
Percentage of total	14.19%	10.94%	6.19%	5.61%	5.85%	57.22%	100.00%

(1) Consists of properties located in 46 other states, none of which aggregated over $28,411 in any one state.

Investments in Real Estate. Our investments in real estate totaled $55,631 or 4.3% of total assets at September 30, 2003 and consisted of the following at the dates indicated:

	September 30, 2003	December 31, 2002
Properties held for investment:		
Office building	$ 21,443	$ 27,602
Retail shopping center	10,577	9,090
Building improvements	17,749	17,387
Tenant improvements and lease commissions	5,453	2,795
Furniture and fixtures	34	30
	55,256	56,904
Accumulated depreciation	(6,589)	(5,316)
	48,667	51,588
Commercial loans accounted for as investments in real estate ...	1,878	2,188
Investment in real estate partnerships	5,086	4,900
	$ 55,631	$ 58,676

Properties Held for Investment. Properties held for investment at September 30, 2003 and December 31, 2002 consisted of one office building located in Jacksonville, Florida and one shopping center located in Halifax, Nova Scotia. At September 30, 2003 the office building was approximately 63.6% leased and the shopping center was approximately 76% leased. The $1,648 decline in the aggregate gross carrying value of our properties held for investment during the nine months ended September 30, 2003 was primarily due to an impairment charge of $5,526 recorded during the second quarter on our office building investment, offset in part by capitalized improvements of $3,666.

Loans Accounted for as Investments in Real Estate. We acquired certain acquisition, development and construction loans in January 2000 in which we participated in the expected residual profits of the underlying real estate, and where the borrower had not contributed substantial equity to the project. As such, we accounted for these loans under the equity method of accounting as though we had an investment in a real estate limited partnership. Our investment at September 30, 2003 and December 31, 2002 consisted of one loan.

Investments in Real Estate Partnerships. Our investment at September 30, 2003 and December 31, 2002 consisted of interests in two limited partnerships operating as real estate ventures, consisting of multi-family type properties.

Affordable Housing Properties. Historically, we invested in multi-family residential projects that have been allocated low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, by a state tax credit allocating agency. We ceased making new investments in 2000 as part of our shift in strategy to fee-based businesses and because the volume of tax credits being generated was exceeding our ability to utilize them effectively. Since that time, we have been marketing each of these properties for sale. As a result, our investment in affordable housing properties has been declining and consisted of only six investments at September 30, 2003. The carrying values of our affordable housing investments amounted to $9,578 or 0.7% of total assets at September 30, 2003 as compared to $15,319 or 1.3% of total assets at December 31, 2003.

The $5,741 decline in the balances during the nine months ended September 30, 2003 was primarily due to sales of projects with a combined book value at December 31, 2002 of $4,764, including one project sold during the third quarter with a book value of $3,167.

The qualified affordable housing projects underlying our investments in low-income housing tax credit interests are geographically located throughout the United States. At September 30, 2003, our largest single investment was $5,389, which relates to a project located in N. Wildwood, New Jersey.

Low-income housing tax credit partnerships in which we invest both as a limited and, through a subsidiary, as general partner are presented on a consolidated basis and totaled $2,998 and $3,357 at September 30, 2003 and December 31, 2002, respectively. Our investment in partnerships in which we invest only as a limited partner amounted to $6,580 and $11,962 at September 30, 2003 and December 31, 2002, respectively, and are accounted for using the equity method. We recorded a loss from operations after depreciation of $226 and $225 for the three months ended September 30, 2003 and 2002, respectively and $1,109 and $22,135 for the nine months ended September 30, 2003 and 2002, respectively. For the nine months ended September 30, 2002, the loss from operations included $21,294 of provisions for estimated losses on properties. The year to date 2002 provision included a charge of $3,944 to record a discount on a long-term receivable that arose from the sale of seven properties in the second quarter. For the nine months ended September 30, 2003, the loss from operations includes $432 of provisions recorded in the first quarter for estimated losses. There were no provisions for estimated losses for the third quarter of 2003 or 2002. See "Results of Operations - Non-Interest Expense - Net Operating Losses on Investments in Affordable Housing Properties".

Loans, Net. Our total net investment in loans of $28,196 at September 30, 2003 represents 2.2% of total assets. Originations in 2003 and 2002 represent loans we made to facilitate sales of real estate assets we owned and fundings of pre-existing commitments on construction loans. Otherwise, we have not originated or acquired any new loans since 2000. This reflects our strategy to dispose of assets associated with non-core business lines.

(Dollars in thousands, except share data)

Composition of Loans, Net. The following table sets forth the composition of our loans by business segment and type of loan at the dates indicated:

	September 30, 2003	December 31, 2002
Residential Discount Loans: (1)		
Unpaid principal balance		
Single family residential loans	$ --	$ 2,163
Unaccreted discount and deferred fees	--	(579)
Allowance for loan losses	--	(154)
	--	1,430
Affordable Housing:		
Unpaid principal balance		
Multi-family residential loans	10,997	11,003
Undisbursed loan funds	--	(346)
Allowance for loan losses	(4,578)	(4,428)
	6,419	6,229
Commercial Finance:		
Unpaid principal balance		
Office buildings	--	41,215
Hotels	10,600	11,668
Retail properties	--	27,500
Multifamily residential loans	14,964	15,215
Other properties	100	1,188
	25,664	96,786
Unaccreted discount and deferred fees	(837)	(11,409)
Allowance for loan losses	(3,822)	(16,179)
	21,005	69,198
Corporate Items and Other:		
Unpaid principal balance		
Single family residential loans	1,423	--
Unaccreted discount and deferred fees	(544)	--
Allowance for loan losses	(107)	--
	772	--
Loans, net	$ 28,196	$ 76,857

(1) Loans and all other assets of the Residential Discount Loans segment were transferred to the Corporate Items and Other segment, effective January 1, 2003.

Loans are secured by mortgages on property located throughout the United States. The following table sets forth the five states in which the largest amount of properties securing our loans were located at September 30, 2003:

	Corporate Items and Other	Affordable Housing	Commercial Finance	Total
New Jersey	$ --	$ 5,645	$ --	$ 5,645
Michigan	--	--	5,400	5,400
Texas	--	--	4,772	4,772
Pennsylvania	182	--	3,567	3,749
Virginia	--	--	3,609	3,609
Other (1)	590	774	3,657	5,021
Total	$ 772	$ 6,419	$ 21,005	$ 28,196

(1) Consists of properties located in 9 other states, none of which aggregated over $3,567 in any one state.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)
(Dollars in thousands, except share data)

Activity in Loans. The following table sets forth our loan activity during the periods indicated:

	Three Months		Nine Months	
For the period ended September30,	2003	2002	2003	2002
Balance at beginning of period	$ 35,922	$ 122,009	$ 76,857	$ 185,293
Originations (1)				
Affordable Housing	--	1,146	--	1,146
Commercial Finance	148	--	6,148	16,569
Corporate Items and Other	--	118	420	997
	148	1,264	6,568	18,712
Resolutions and repayments (2)	(1,207)	(19,796)	(29,143)	(41,488)
Loans transferred to real estate owned	--	(2,864)	(157)	(16,079)
Sales	(7,068)	--	(49,110)	(64,002)
Decrease in undisbursed loan proceeds	--	246	346	2,008
(Increase) decrease in discount and deferred fees	--	1,083	10,582	25,614
(Increase) decrease in allowance for loan losses	401	891	12,253	(7,225)
Balance at end of period	$ 28,196	$ 102,833	$ 28,196	$ 102,833

(1) Commercial Finance originations represent loans made to facilitate sales of our own assets and fundings of construction loans we originated in prior years. Commercial originations during the nine months ended September 30, 2003 included a loan in the amount of $6,000 made during the first quarter to facilitate the sale of a hotel REO property. Commercial originations during the nine months ended September 30, 2002 included a loan of $9,153 that we made during the first quarter to facilitate the sale of three assisted living facilities. Originations in the Corporate Items and Other segment represent repurchases of single family loans previously sold.

(2) Resolutions and repayments consists of loans that were resolved in a manner that resulted in partial or full repayment of the loan to us, as well as principal payments on loans that have been brought current in accordance with their original or modified terms (whether pursuant to forbearance agreements or otherwise) or on other loans that have not been resolved.

The following table sets forth certain information relating to our non-performing loans at the dates indicated:

	September 30, 2003	December 31, 2002
Non-performing loans: (1)		
Corporate Items and Other	$ 879	$ --
Residential Discount Loans	--	1,345
Affordable Housing	10,477	9,798
Commercial Finance	10,573	64,406
	$ 21,929	$ 75,549
Non-performing loans as a percentage of: (1)		
Total loans (2)	59.7%	77.4%
Total assets	1.7%	6.2%
Allowance for loan losses as a percentage of:		
Total loans (2)	23.2%	21.3%
Non-performing loans (1)	38.8%	27.5%

(1) Loans which are contractually past due 90 days or more in accordance with the original terms of the loan agreement. We do not accrue interest on loans past due 90 days or more. The decline in non-performing loans held in our Commercial Finance Segment occurred because of sales during the second quarter.

(2) Total loans are net of unaccreted discount, unamortized deferred fees and undisbursed loan funds.

(Dollars in thousands, except share data)

See "Changes in Financial Condition - Allowance for Loan Losses" below for additional information regarding the allowance for loan losses.

Match Funded Assets. Match funded assets are comprised of the following at the dates indicated:

	September 30, 2003	December 31, 2002
Single family residential loans (1)	$ 27,173	$ 38,129
Allowance for loan losses	(104)	(144)
Match funded loans, net	27,069	37,985
Match funded securities	--	8,057
Match funded advances on loans serviced for others		
Principal and interest	51,963	66,524
Taxes and insurance	29,177	30,301
Other	25,558	24,877
	106,698	121,702
	$ 133,767	$ 167,744

(1) Includes $2,258 and $3,120 of non-performing loans at September 30, 2003 and December 31, 2002, respectively.

We acquired single family residential match funded loans in connection with our acquisition of OAC. OAC had previously securitized these loans and transferred them to a real estate mortgage investment conduit on November 13, 1998. The transfer did not qualify as a sale for accounting purposes since we retained effective control of the loans transferred. Accordingly, we recorded the proceeds that we received from the transfer as a liability (bonds-match funded agreements). The $10,916 decline in the balance during 2003 year to date was largely due to repayment of loan principal.

The match funded loans are secured by mortgages on properties located throughout the United States. The following table sets forth the five states in which the largest amount of properties securing our loans were located at September 30, 2003:

Michigan	$ 4,006
Texas	2,618
California	1,861
Illinois	1,600
Florida	1,588
Other (1)	15,500
	$ 27,173

(1) Consists of properties located in 35 other states, none of which aggregated over $1,533 in any one state.

Match funded securities resulted from our transfer of four unrated residual securities to a trust on December 16, 1999 in exchange for non-recourse notes. The transfer did not qualify as a sale for accounting purposes since we retained effective control over the securities transferred. Accordingly, we reported the amount of proceeds we received from the transfer as a secured borrowing with pledge of collateral (bonds-match funded agreements). In June 2003, the Ocwen NIM Trust 1999 - OAC1 adopted a plan of complete liquidation, which caused the early redemption of the related bonds-match funded agreements. The match funded securities, which had a fair value of $5,926 at the time of transfer, were transferred to trading securities. See "Changes in Financial Conditions - Trading Securities" and - "Bonds - Match Funded Agreements."

Match funded advances on loans serviced for others resulted from our transfer of certain residential loan servicing related advances to a third party in exchange for cash. The original and subsequent transfers did not qualify as a sale for accounting purposes since we retained effective control of the advances. Accordingly, we report the amount of proceeds we received from the transfers as a secured borrowing with pledge of collateral (bonds-match funded agreements.) See "Bonds-Match Funded Agreements."

(Dollars in thousands, except share data)

Allowances for Loan Losses. As discussed in the "Results of Operations - Provision for Loan Losses" section, we maintain an allowance for loan losses for each of our loans at a level that we consider adequate to provide for probable losses based upon an evaluation of known and inherent risks.

The following table sets forth the breakdown of the allowance for loan losses on our loans and match funded loans and the percentage of allowance and loans in each segment to totals in the respective portfolios at the dates indicated:

	September 30, 2003				December 31, 2002			
	Allowance		Loan Balance		Allowance		Loan Balance	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Loans:								
Residential Discount loans ..	$ --	--%	$ --	--%	$ 154	1%	$ 1,584	2%
Affordable Housing	4,578	54%	10,997	30%	4,428	21%	10,657	11%
Commercial Finance (1)	3,822	45%	24,827	68%	16,179	78%	85,377	87%
Corporate Items and Other ...	107	1%	879	2%	--	--%	--	--%
	$ 8,507	100%	$ 36,703	100%	$ 20,761	100%	$ 97,618	100%
Match funded loans:								
Corporate Items and Other ...	$ 104	100%	$ 27,173	100%	$ 144	100%	$ 38,129	100%

(1) The decline in the allowance on Commercial Finance loans during 2003 is primarily the result of sales. The allowance as a percentage of loan value for this segment was 15.4% at September 30, 2003 as compared to 19.0% at December 31, 2002. See "Results of Operations-Provisions for Loan Losses" for additional information regarding our allowance as a percentage of loans.

The allocation of the allowance to each category is not necessarily indicative of future losses and does not restrict use of the allowance to absorb losses in any other category.

The following table sets forth an analysis of activity in the allowance for loan losses relating to our loans during the three and nine months ended September 30, 2003:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Balance at beginning of period	$ 8,909	$ 18,528	$ 20,761	$ 10,414
Provision for loan losses	459	(845)	(2,630)	10,518
Charge-offs:				
Residential Discount Loans	--	(74)	--	(948)
Commercial Finance	(781)	(3)	(9,292)	(2,552)
Corporate Items and Other	(80)	--	(332)	--
Affordable Housing	--	--	--	(233)
Total charge-offs	(861)	(77)	(9,624)	(3,733)
Recoveries:				
Residential Discount Loans	--	--	--	--
Commercial Finance	--	4	--	161
Unsecured Collections	--	29	--	279
Net charge-offs	(861)	(44)	(9,624)	(3,293)
Balance at end of period	$ 8,507	$ 17,639	$ 8,507	$ 17,639

Real Estate Owned, Net. REO, net, has been declining since 1998 as sales have more than offset loan foreclosures. At September 30, 2003 our portfolio of REO consisted of only 26 properties, including four commercial properties, and totaled $53,380, or 4.1% of total assets. The absence of loan acquisitions since 2000 is the principal reason for the decline in foreclosures. Our REO consists almost entirely of properties we acquired by foreclosure or deed-in-lieu thereof on loans we previously acquired at a discount.

(Dollars in thousands, except share data)

The following table sets forth the composition of our REO at the dates indicated:

	September 30, 2003	December 31, 2002
Residential Discount Loans	$ --	$ 1,887
Commercial Finance	52,440	60,152
Corporate Items and Other	940	--
	$ 53,380	$ 62,039

The following table sets forth certain geographical information at September 30, 2003 related to our REO:

	Corporate Items and Other		Commercial Finance		Total	
	Amount	No. of Properties	Amount	No. of Properties	Amount	No. of Properties
Florida	$ --	--	40,948	1	$ 40,948	1
Michigan	--	--	10,957	2	10,957	2
California	--	--	535	1	535	1
New York	353	2	--	--	353	2
North Carolina	132	1	--	--	132	1
Other (1)	455	19	--	--	455	19
	$ 940	22	$ 52,440	4	$ 53,380	26

(1) Consists of properties located in 14 other states, none of which aggregated over $88 in any one state.

The following tables set forth the activity in REO during the periods indicated:

	Three Months		Nine Months	
For the period ended September 30,	2003	2002	2003	2002
Amount				
Balance at beginning of period	$ 53,781	$ 84,101	$ 62,039	$ 110,465
Properties acquired through foreclosure or deed-in-lieu thereof:				
Loans	21	2,864	178	16,079
Less discount transferred	(21)	(901)	(50)	(6,755)
Add advances transferred	7	43	33	254
	53,788	86,107	62,200	120,043
Capital improvements	633	493	1,691	2,085
Sales	(449)	(27,181)	(11,053)	(48,038)
Decrease (increase) in valuation allowance	(592)	6,013	542	(8,658)
Balance at end of period	$ 53,380	$ 65,432	$ 53,380	$ 65,432

	Three Months		Nine Months	
For the period ended September 30,	2003	2002	2003	2002
Number of Properties				
Balance at beginning of period	32	132	55	389
Properties acquired through foreclosure or deed-in-lieu thereof	1	3	3	22
Sales	(7)	(41)	(32)	(317)
Balance at end of period	26	94	26	94

(Dollars in thousands, except share data)

The following tables set forth the amount of time that we have held our REO at the dates indicated:

September 30, 2003	Commercial Finance		Corporate Items and Other		Total	
Holding Period:	Net Book Value	Count	Net Book Value	Count	Net Book Value	Count
One to six months	$ --	--	$ 68	2	$ 68	2
Seven to 12 months	--	--	88	1	88	1
13 to 24 months	--	--	158	2	158	2
Over 24 months	52,440	4	626	17	53,066	21
	$ 52,440	4	$ 940	22	$ 53,380	26

December 31, 2002	Commercial Finance		Residential Discount Loans		Total	
Holding Period:	Net Book Value	Count	Net Book Value	Count	Net Book Value	Count
One to six months	$ --	--	$ --	--	$ --	--
Seven to 12 months	--	--	176	3	176	3
13 to 24 months	18,616	4	609	19	19,225	23
Over 24 months	41,536	2	1,102	27	42,638	29
	$ 60,152	6	$ 1,887	49	$ 62,039	55

Our sales of REO resulted in losses, net of the provision for loss, of $(419) and $(511) during the third quarter of 2003 and 2002, respectively, which are included in determining our total net gain (loss) on REO. We recorded losses of $(811) and $(17,024), net of provision for loss, for the nine months ended September 30, 2003 and 2002, respectively. Commercial REO that we have held in excess of 24 months at September 30, 2003 consisted primarily of a single large retail shopping mall with a carrying value of $40,948 and two hotels with a combined carrying value of $10,957. As anticipated, the shopping mall property migrated into the over 24 month category in 2000 because it was being repositioned for sale. Commercial properties held for 13 to 24 months as of December 31, 2002 consisted of four hotels, two of which we sold during 2003. The average period during which we held the REO which was sold during the quarters ended September 30, 2003 and 2002, was 40 months and 17 months, respectively.

We value properties acquired through foreclosure or by deed-in-lieu thereof at the lower of amortized cost or fair value less costs of disposition. We periodically reevaluate properties included in the our REO portfolio to determine that we are carrying them at the lower of cost or fair value less estimated costs to sell. We record holding and maintenance costs we incur related to properties as expenses in the period incurred. We recognize decreases in value in REO after acquisition as a valuation allowance. We reflect subsequent increases related to the valuation of REO as a reduction in the valuation allowance, but not below zero. We charge or credit to income increases and decreases in the valuation allowance, respectively.

(Dollars in thousands, except share data)

The following table sets forth the activity, in aggregate, in the valuation allowances on real estate owned during the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Balance at beginning of period	$ 24,510	$ 33,769	$ 25,644	$ 19,098
Provisions for losses	685	783	1,169	19,859
Sales	(105)	(3,673)	(595)	(6,022)
Charge-offs	12	(3,122)	(1,116)	(5,178)
Balance at end of period	$ 25,102	$ 27,757	$ 25,102	$ 27,757
Valuation allowance as a percentage of total gross real estate owned (1)	32.0%	29.8%	32.0%	29.8%

(1) The valuation allowance has not declined proportionately to the decline in the balance of gross REO primarily because of the large retail shopping mall that we are repositioning for sale, as discussed above, which had a valuation allowance of $22,755 at September 30, 2003. Therefore, this ratio has increased in 2003 as compared to 2002. At December 31, 2002, the valuation allowance as a percentage of total gross real estate owned was 29.3%.

Advances on Loans and Loans Serviced for Others. Advances related to our loan portfolios and loans we serviced for others consisted of the following at the dates indicated:

	September 30, 2003	December 31, 2002
Loans:		
Taxes and insurance	$ 133	$ 136
Other	284	502
	417	638
Loans serviced for others:		
Principal and interest	142,926	63,326
Taxes and insurance	139,482	117,937
Other	108,127	84,455
	390,535	265,718
	$ 390,952	$ 266,356

During any period in which the borrower is not making payments, we are required under certain servicing agreements to advance our own funds to meet contractual principal and interest remittance requirements for certain investors, pay property taxes and insurance premiums and process foreclosures. We generally recover such advances from borrowers for reinstated and performing loans and from investors for foreclosed loans. We record a charge to servicing income to the extent that we estimate that advances are uncollectible under provisions of the servicing contracts, taking into consideration historical loss and delinquency experience, length of delinquency and amount of the advance. The balances of advances on loans serviced for others do not include match funded advances that are transferred to a third party in a transaction that does not qualify as a sale for accounting purposes and that we account for as a secured borrowing. See "Changes in Financial Condition - Match Funded Assets".

Mortgage Servicing Rights. The unamortized balance of our mortgage servicing rights is predominantly residential and increased by $10,294 during the nine months ended September 30, 2003 as purchases exceeded amortization. The following table sets forth the activity in our mortgage servicing rights during the periods indicated:

	Three Months		Nine Months	
For the periods ended September 30,	2003	2002	2003	2002
Balance at beginning of period	$ 180,789	$ 133,677	$ 171,611	$ 101,107
Purchases	26,388	49,363	78,971	106,360
Amortization	(25,272)	(15,283)	(68,290)	(39,476)
Impairment	--	--	(387)	--
Sales	--	--	--	(234)
Balance at end of period	$ 181,905	$ 167,757	$ 181,905	$ 167,757

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(Dollars in thousands, except share data)

At September 30, 2003, we serviced loans under approximately 400 servicing agreements for 21 clients. Purchases year to date in 2003 were all residential, and $30,037 were acquired under flow agreements with third party lenders whereby we have committed to purchase newly originated mortgage servicing rights up to an agreed upon amount.

Receivables. Receivables consisted of the following at the dates indicated:

	September 30, 2003	December 31, 2002
Affordable housing sales, net (1)	$ 27,082	$ 40,299
Income taxes	21,402	20,841
Trade, net (2)	10,691	10,819
Rent	1,738	1,586
Accrued interest	406	734
Other	10,246	4,665
	$ 71,565	$ 78,944

(1) Represents uncollected proceeds from the sale of affordable housing properties. See "Changes in Financial Conditions - Affordable Housing Properties." Includes reserves for doubtful accounts of $3,843 and $1,340 as of September 30, 2003 and December 31, 2002, respectively, and unaccreted discount of $3,161 and $3,400, respectively.

(2) Trade receivables are principally generated by the operations of our Loan Servicing, OTX, Global Outsourcing, Ocwen Realty Advisors and Unsecured Collections business segments. Includes reserves for doubtful accounts of $2,173 and $2,032 as of September 30, 2003 and December 31, 2002, respectively.

Other Assets. Other assets consisted of the following at the dates indicated:

	September 30, 2003	December 31, 2002
Capitalized software development costs, net	$ 2,956	$ 4,010
Interest earning collateral deposits	8,795	--
Goodwill, net	1,618	1,618
Deferred debt issuance costs, net	3,445	2,946
Investment securities, at cost	4,293	5,361
Deferred tax asset, net (1)	7,805	8,387
Other	8,079	6,964
	$ 36,991	$ 29,286

(1) Deferred tax assets are net of valuation allowances. See "results of Operations - Income Tax Expense (Benefit)."

Deposits. The following table sets forth information related to our deposits at the dates indicated:

	September 30, 2003			December 31, 2002		
	Amount	Weighted Average Rate	% of Total Deposits	Amount	Weighted Average Rate	% of Total Deposits
Non-interest bearing checking accounts	$ 4,824	--%	1.1%	$ 4,378	--%	1.0%
NOW and money market checking accounts	16,057	1.00%	3.7	17,720	1.20%	4.2
Savings accounts	1,636	.75%	0.4	1,592	1.00%	0.4
	22,517		5.2	23,690		5.6
Certificates of deposit	408,179			402,917		
Unamortized deferred fees	(236)			(637)		
Total certificates of deposit	407,943	3.67%	94.8	402,280	4.89%	94.4
Total deposits	$ 430,460		100.0%	$ 425,970		100.0%

(Dollars in thousands, except share data)

Certificates of deposit included $119,957 and $198,248 at September 30, 2003 and December 31, 2002, respectively, of brokered deposits originated through national, regional and local investment banking firms that solicit deposits from their customers, all of which are non-cancelable at September 30, 2003. During the second quarter of 2003, we exercised our right to call brokered certificates of deposit with a face value of $18,194 that carried an interest rate of 6%, in order to further reduce interest expense. We have not issued any new brokered certificates of deposit since 2000 and, at this time, do not intend to issue any such deposits in the foreseeable future. We do however plan to retain non-brokered deposits as a source of financing our operations.

At September 30, 2003 and December 31, 2002, certificates of deposit with outstanding balances of $100 or more amounted to $180,081 and $125,451, respectively. Of those deposits at September 30, 2003, $102,642 were from political subdivision in New Jersey and were secured or collateralized as required under state law. The following table sets forth the remaining maturities of our time deposits with balances of $100 or more at September 30, 2003:

Matures within three months	$ 89,728
Matures after three months through six months	43,213
Matures after six months through twelve months	15,421
Matures after twelve months	31,719
	$ 180,081

Escrow Deposits on Loans and Loans Serviced for Others. Escrow deposits on our loans and loans we serviced for others amounted to $129,457 and $84,986 at September 30, 2003 and December 31, 2002, respectively. The balance consisted principally of custodial deposit balances representing collections that we made from borrowers for the payment of taxes and insurance premiums on mortgage properties underlying loans that we serviced for others. See "Results of Operations - Non-Interest Income - Servicing and Other Fees."

Bonds-Match Funded Agreements. Bonds-match funded agreements represent proceeds received from transfers of loans, residual securities and advances on our loans serviced for others. Because we retained effective control over the assets transferred, these transfers did not qualify as sales for accounting purposes and, therefore, we report them as secured borrowings with pledges of collateral. Bonds-match funded agreements were comprised of the following at the dates indicated:

	September 30, 2003	December 31, 2002
Collateral (Interest Rate)		
Single family loans (LIBOR plus 65-70 basis points) (1)	$ 22,984	$ 32,217
Unrated residual securities (9.50%) (2)	--	8,057
Advances on loans serviced for others (LIBOR plus 160 basis points) (3)..	90,801	106,797
	$ 113,785	$ 147,071

(1) The decline in the balance outstanding during the nine months ended September 30, 2003 was due to principal repayments, offset by amortization of discount.

(2) During the second quarter of 2003, the Ocwen NIM Trust 1999 - OAC1 adopted a plan of complete liquidation and, thereby, caused the early redemption of the bonds-match funded agreements that were secured by residual securities. See "Changes in Financial Condition - Match Funded Assets."

(3) Under the terms of the agreement, we are eligible to sell additional advances on loans serviced for others up to a maximum balance of $200,000.

(Dollars in thousands, except share data)

Lines of Credit and Other Secured Borrowings. We have obtained secured borrowings from unaffiliated financial institutions as follows:

Borrowing Type	Collateral	Maturity	Interest Rate (1)	September 30, 2003	December 31, 2002
Line of credit	Advances on loans serviced for others (2)	March 2004	LIBOR + 200 basis points	$ 100,000	$ 78,511
Mortgage note	Investment in real estate - office building, Jacksonville, Florida	May 2005	LIBOR + 350 basis points, floor of 5.75%	20,000	--
Secured loan	Trading securities - unrated subprime residuals (UK)	June 2004	LIBOR + 275 basis points	15,046	--
Senior secured credit agreement	Purchased mortgage servicing rights and advances on loans serviced for others (3)	April 2004	LIBOR + 162.5 or 225 basis points	32,074	--
Installment notes	Purchased mortgage servicing rights	July 2004	5.19%	6,391	--
Term loan	Loan receivable	March 2005	LIBOR + 250 basis points, floor of 8.00%	3,235	4,235
				$ 176,746	$ 82,746

(1) 1-month LIBOR was 1.12% and 1.38% at September 30, 2003 and December 31, 2002, respectively.

(2) Maximum amount of borrowing under this facility is $100,000.

(3) Maximum amount of borrowing under this facility is $60,000.

During 2003, we have entered in to a number of additional secured borrowing agreements. These actions are consistent with the strategic plan that we adopted in 2000, which included, among other things, a commitment to reduce our reliance on brokered deposits and long-term debt as sources of financing for our operations. See "Liquidity, Commitments and Off-Balance Sheet Risks."

Notes and Debentures. Notes and debentures mature as follows:

	September 30, 2003	December 31, 2002
2003:		
11.875% Notes due October 1	$ 43,475	$ 43,475
2005:		
12% Subordinated Debentures due September 15 (1)	--	33,500
2027:		
10.875% Capital Securities due August 1 (2)	56,249	--
	$ 99,724	$ 76,975

(1) On September 30, 2003 we exercised our redemption option and called the remaining balance of $33,065 at a price of 101.333%, or a premium of $441. During the second quarter of 2003 we repurchased $435 in the open market resulting in a loss of $(4).

(2) Reclassified as a liability effective July 1, 2003 with our adoption of SFAS No. 150. See Notes 2 and 3 to the Interim Consolidated Financial Statements.

Company Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company. As indicated above, the outstanding balance of the 10.875% Capital Securities due August 1, 2027 of $56,249 has been classified as a liability ("Notes and Debentures") effective July 1, 2003 upon our adoption of SFAS No. 150. See Notes 2 and 3 to the Interim Consolidated Financial Statements.

Minority Interest in Subsidiary. Minority interest of $1,470 and $1,778 at September 30, 2003 and December 31, 2002, respectively, represents the investment by others in GSS, which we formed during the third quarter of 2002 to establish, license and operate distressed asset management servicing companies in various countries around the world. At September 30, 2003, the minority interest represents a 30% ownership in GSS held by Merill Lynch and a 10% ownership in a Japanese subsidiary of GSS held by an unrelated third party.

Stockholders' Equity. Stockholders' equity decreased $695 during the nine months ended September 30, 2003. The decrease was primarily due to our repurchase of 500,000 shares of our common stock for $2,262, offset in part by the issuance of 236,461 shares in the amount of $934 as part of our annual incentive awards to employees for service in 2002 and year to date net income of $318. See Consolidated Statements of Changes in Stockholders' Equity of the Interim Consolidated Financial Statements.

Liquidity, Commitments and Off-Balance Sheet Risks

Our primary sources of funds for liquidity are:

- Deposits
- Lines of credit and other secured borrowings
- Match funded debt
- Securities sold under agreements to repurchase
- Payments received on loans and securities
- Proceeds from sales of assets
- Servicing fees

We plan to retain non-brokered deposits as a source of financing our operations while at the same time reducing our reliance on brokered deposits. We plan to reduce this reliance by using proceeds from the sale of non-core assets to pay off maturing brokered deposits and by diversifying our funding sources through obtaining credit facilities for servicing rights and advances. Our ability to continue to attract new non-brokered deposits and rollover existing non-brokered deposits depends largely on our ability to compete with interest rates offered by other banks in the northern New Jersey area. In 2002 and year to date 2003, we were able to increase the amount of non-brokered deposits outstanding. If we are unable to maintain the amount of non-brokered deposits outstanding and must replace them with alternative sources of funds, it is likely that we would have to incur higher interest costs to fund our assets.

In the last several years, our Residential Loan Servicing business has grown through the purchase of servicing rights. Servicing rights entitle the owner to earn servicing fees and other types of ancillary income and impose various obligations on the servicer. Among these are the obligation to make advances for delinquent principal and interest, taxes, insurance and various other items that are required to preserve the assets being serviced.

Our ability to continue to expand our servicing business depends in part on our ability to obtain additional financing to purchase new servicing rights and to fund servicing advances. We currently use a variety of sources of debt to finance these assets, including deposits, credit facilities and other seller financing. Our credit facilities provide financing to us at amounts that are less than the full value of the related servicing advances that serve as the collateral for the credit facilities. If we cannot replace or renew these sources as they mature or obtain additional sources of financing, we may unable to acquire new servicing rights and make the associated advances.

Under a match funding agreement that we entered into on December 20, 2001, we are eligible to sell advances on loans serviced for others up to a maximum debt balance of $200,000 at any one time. At September 30, 2003 we had $90,801 of bonds-match funded agreements outstanding under this facility, which, if not renewed, will mature in December 2003. The sales of advances did not qualify as sales for accounting purposes; therefore, we report them as secured borrowings with pledges of collateral. We have accounted for additional sales under this facility in the same manner.

Under a revolving credit facility executed in April 2001 we have the right to pledge servicing advances as collateral for a loan up to $100,000. The facility will mature in March 2004. The balance outstanding under this facility at September 30, 2003 was $100,000.

In April 2003, we also entered into a $60,000 secured credit agreement that may be used to fund servicing advances and acquisitions of servicing rights. The amount of this agreement may be increased to a maximum of $200,000 if increased commitments from existing lenders or new commitments from prospective lenders can be obtained. The agreement matures April 2004 and bears interest at LIBOR plus 162.5 basis points for funding of servicing advances or 225 basis points for funding of acquisitions of servicing rights. As of September 30, 2003, we had a balance outstanding under this agreement of $32,074.

In June 2003, we entered, for the first time, into an agreement for seller financing of purchased mortgage servicing rights. As of September 30, 2003, we had $6,391 outstanding under two such agreements with a weighted average interest rate of 5.19%.

Also in June, we entered into a secured loan agreement under which we borrowed $18,846. This agreement, which is secured by the assignment of our interest in certain unrated subprime residual securities, matures in June 2004 and bears interest at LIBOR plus 275 basis points. As of September 30, 2003 the outstanding balance had been reduced to $15,046 through the assignment of principal and interest payments received on our unrated subprime residual securities.

At September 30, 2003, we had $234,017 of unrestricted cash and cash equivalents.

We closely monitor our liquidity position and ongoing funding requirements. Among the risks and challenges associated with our funding activities are the following:

- Scheduled maturities of all certificates of deposit for the twelve months ending September 30, 2004, the twelve months ending September 30, 2005 and thereafter amount to $292,130, $104,891 and $11,158, respectively.

- Maturity of existing collateralized lines of credit and other secured borrowings totaling $153,511 at various dates through July 2004, including $100,000 in March 2004.

- Maturity of our match funded servicing advance funding facility in December 2003, as discussed above.

- Maturity of our 11.875% notes on October 1, 2003 in the amount of $43,475.

- Potential extension of resolution and sale timelines for non-core assets in the current weak economic environment.

- Ongoing cash requirements to fund operations of our holding company and OTX.

- Cash requirements to fund our acquisition of additional servicing rights and related advances.

We believe that our existing sources of liquidity, including internally generated funds, will be adequate to fund our planned activities for the foreseeable future, although there can be no assurances in this regard. As discussed above, we continue to evaluate other sources of liquidity, such as lines of credit from unaffiliated parties, match funded debt and other secured borrowings.

Our operating activities provided (used) $(823) and $220,568 of cash flows during the nine months ended September 30, 2003 and 2002, respectively. During the year to date 2002 period, cash was generated from operating activities, despite the net losses recorded, for two reasons. First, the net losses included non-cash reserves and impairment charges, depreciation of premises and equipment and amortization of purchased mortgage-servicing rights in both years. Second, our securities portfolio generated positive cash flow through sales, interest and principal payments. The decline in cash flows provided by operating activities in the first nine months of 2003 as compared to 2002 was primarily the result of a decline in cash provided by our trading securities and an increase in advances on loans we serviced for others.

Our investing activities provided (used) cash flows totaling $(17,975) and $58,535 during the nine months ended September 30, 2003 and 2002, respectively. During the foregoing periods, cash flows from our investing activities were provided primarily from principal payments on our loans and proceeds from sales of loans and real estate. We used cash flows from our investing activities primarily to purchase mortgage servicing rights and fund loans made to facilitate the sales of real estate assets. The decline in net cash provided by investing activities year to date 2003 as compared to 2002 is primarily due to a decline in proceeds from sales of loans, real estate and affordable housing properties, offset in part by a decline in purchases of mortgage servicing rights.

Our financing activities provided (used) cash flows of $73,483 and $(264,076) during the nine months ended September 30, 2003 and 2002, respectively. Cash flows related to our financing activities primarily resulted from changes in deposits, proceeds from lines of credit and other secured borrowings, repayment of match funded debt and repurchases of notes and debentures. The increase in cash provided by financing activities year to date 2003 as compared to the same period of 2002 resulted primarily from an increase in deposits and escrows, an increase in proceeds from lines of credit and other secured borrowings and a decline in repayments of securities sold under agreements to repurchase, offset in part by an increase in repayments of bonds-match funded agreements and the repurchase of the remaining $33,065 balance of our 12% subordinated debentures on September 30, 2003.

See the Consolidated Statements of Cash Flows of the Interim Consolidated Financial Statements for additional details regarding cash flows during the nine months ended September 30, 2003 and 2002.

Commitments. See Note 8 to our Interim Consolidated Financial Statements for a discussion of our commitments as of September 30, 2003. We believe that we have adequate resources to fund all such unfunded commitments to the extent required and that substantially all of such unfunded commitments will be funded during 2003.

Off-Balance Sheet Risks. In addition to commitments to extend credit, we are party to various off-balance sheet financial instruments in the normal course of our business to manage our interest rate risk and foreign currency exchange rate risk. See Note 4 to our Interim Consolidated Financial Statements and "Asset and Liability Management".

We conduct business with a variety of financial institutions and other companies in the normal course of business, including counter parties to our off-balance sheet financial instruments. We are subject to potential financial loss if the counter party is unable to complete an agreed upon transaction. We seek to limit counter party risk through financial analysis, dollar limits and other monitoring procedures.

Regulatory Capital and Other Requirements

See Note 5 to our Interim Consolidated Financial Statements.

Recent Accounting Developments

For information relating to the effects of our adoption of recent accounting standards, see Note 2 to our Interim Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk
(Dollars in thousands)

Asset and Liability Management

Asset and liability management is concerned with the timing and magnitude of the repricing of assets and liabilities. Our objective is to attempt to control risks associated with interest rate and foreign currency exchange rate movements. In general, our strategy is to match asset and liability balances within maturity categories and to manage foreign currency rate exposure related to our investments in non-U.S. dollar functional currency operations in order to limit our exposure to earnings variations and variations in the value of assets and liabilities as interest rates and foreign currency exchange rates change over time. Our Asset/Liability Management Committee (the "Committee"), which is composed of certain directors and officers, formulates and monitors our asset and liability management in accordance with policies approved by OCN's Board of Directors. The Committee meets to review, among other things, the sensitivity of our assets and liabilities to interest rate changes and foreign currency exchange rate changes, the book and market values of assets and liabilities, unrealized gains and losses, including those attributable to hedging transactions, purchase and sale activity, and maturities of investments and borrowings. The Committee also approves and establishes pricing and funding decisions with respect to overall asset and liability composition.

The Committee's methods for evaluating interest rate risk include an analysis of our interest rate sensitivity "gap," which is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market rates or conditions, changes in interest rates may affect net interest income positively or negatively even if an institution were perfectly matched in each maturity category.

The following table sets forth the estimated maturity or repricing of our interest-earning assets and interest-bearing liabilities at September 30, 2003. The amounts of assets and liabilities shown within a particular period were determined in accordance with the contractual terms of the assets and liabilities, except:

- Adjustable-rate loans, performing discount loans and securities are included in the period in which they are first scheduled to adjust and not in the period in which they mature,
- Fixed-rate mortgage-related securities reflect estimated prepayments, which were estimated based on analyses of broker estimates, the results of a prepayment model that we use and empirical data,
- Non-performing discount loans reflect the estimated timing of resolutions that result in repayment to us,
- Mortgage servicing rights reflect estimated prepayments and delinquency rates that are projected at the individual loan level.
- NOW and money market checking deposits and savings deposits, which do not have contractual maturities, reflect estimated levels of attrition, which are based on our detailed studies of each such category of deposit and
- Escrow deposits and other non-interest bearing checking accounts, which amounted to $134,281 at September 30, 2003, are excluded.

Our management believes that these assumptions approximate actual experience and considers them reasonable; however, the interest rate sensitivity of our assets and liabilities in the table could vary substantially if different assumptions were used or actual experience differs from the historical experience on which the assumptions are based.

(Dollars in thousands)

	September 30, 2003				
	Within Three Months	Four to Twelve Months	More Than One Year to Three Years	Three Years and Over	Total
Rate-Sensitive Assets					
Interest-earning deposits......................	$ 28,112	$ --	$ --	$ --	$ 28,112
Federal funds sold and repurchase agreements...	100,000	--	--	--	100,000
Trading securities............................	2,785	11,505	17,164	17,035	48,489
Loans, net (1)................................	5,244	5,781	12,842	4,329	28,196
Investment securities, net.....................	4,293	--	--	--	4,293
Match funded loans (1).........................	444	14,687	7,146	4,792	27,069
Mortgage servicing rights......................	21,398	51,320	66,154	43,033	181,905
Total rate-sensitive assets..................	162,276	83,293	103,306	69,189	418,064
Rate-Sensitive Liabilities					
NOW and money market checking deposits.........	14,343	197	421	1,096	16,057
Savings deposits..............................	115	234	463	824	1,636
Certificates of deposit........................	138,759	155,282	105,923	7,979	407,943
Total interest-bearing deposits................	153,217	155,713	106,807	9,899	425,636
Bond-match funded loan agreements..............	113,785	--	--	--	113,785
Lines of credit and other secured borrowings...	176,746	--	--	--	176,746
Notes and debentures...........................	43,475	--	--	56,249	99,724
Total rate-sensitive liabilities.............	487,223	155,713	106,807	66,148	815,891
Interest rate sensitivity gap excluding financial instruments...................................	(324,947)	(72,420)	(3,501)	3,041	(397,827)
Financial Instruments					
Interest rate floors............................	(66)	--	--	--	(66)
Total rate-sensitive financial instruments.......	(66)	--	--	--	(66)
Interest rate sensitivity gap including financial instruments...................................	$ (325,013)	$ (72,420)	$ (3,501)	$ 3,041	$ (397,893)
Cumulative interest rate sensitivity gap.........	$ (325,013)	$ (397,433)	$ (400,934)	$ (397,893)	
Cumulative interest rate sensitivity gap as a percentage of total rate-sensitive assets......	(77.74)%	(95.07)%	(95.90)%	(95.18)%	

(1) Balances have not been reduced for non-performing loans.

We have experienced a large negative interest rate sensitivity gap in recent years. The negative interest rate sensitivity gap reflects the economics of our residential loan servicing business. Servicing advances, the largest asset class on our balance sheet, is not sensitive to changes in interest rates. However, we finance servicing advances with interest rate sensitive liabilities.

(Dollars in thousands)

The OTS has established specific minimum guidelines for thrift institutions to observe in the area of interest rate risk as described in Thrift Bulletin No. 13a, "Management of Interest Rate Risk, Investment Securities, and Derivative Activities" ("TB 13a"). Under TB 13a, institutions are required to establish and demonstrate quarterly compliance with board-approved limits on interest rate risk that are defined in terms of net portfolio value ("NPV"), which is defined as the net present value of an institution's existing assets, liabilities and off-balance sheet instruments. These limits specify the minimum net portfolio value ratio ("NPV Ratio") allowable under current interest rates and hypothetical interest rate scenarios. An institution's NPV Ratio for a given interest rate scenario is calculated by dividing the NPV that would result in that scenario by the present value of the institution's assets in that same scenario. In the current, low interest rate environment the hypothetical scenarios are represented by immediate, permanent, parallel movements (shocks) in the term structure of interest rates of plus 100, 200 and 300 basis points and minus 100 basis points from the actual term structure observed at quarter end. The current NPV Ratio for each of the five rate scenarios and the corresponding limits approved by OCN's Board of Directors, and as applied to OCN, are as follows at September 30, 2003:

Rate Shock in basis points	Board Limits (minimum NPV Ratios)	Current NPV Ratios
+300	5.00%	30.98%
+200	6.00%	28.99%
+100	7.00%	26.65%
0	8.00%	24.41%
-100	7.00%	21.87%

The Committee also regularly reviews interest rate risk by forecasting the impact of alternative interest rate environments on net interest income and NPV and evaluating such impacts against the maximum potential changes in net interest income and NPV that is authorized by OCN's Board of Directors, and as applied to OCN. The following table quantifies the potential changes in net interest income and net portfolio value should interest rates go up or down (shocked) 300 or 100 basis points, respectively, assuming the yield curves of the rate shocks will be parallel to each other. The cash flows associated with loans and securities are calculated based on prepayment and default rates that vary by asset. Projected losses, as well as prepayments, are generated based upon the actual experience with the subject pool, as well as similar, more seasoned pools. To the extent available, loan characteristics such as loan-to-value ratio, interest rate, credit history, prepayment penalty terms and product types are used to produce the projected loss and prepayment assumptions that are included in the cash flow projections of the assets. When interest rates are shocked, these projected loss and prepayment assumptions are further adjusted. Changes in prepayment rates and delinquency rates under different interest rate shocks for mortgage servicing rights are calculated using third part and proprietary models. Prepayment and delinquency rates are projected at the individual loan level based on characteristics such as borrower credit score, note interest rate and prepayment penalty and aggregated into stratifications of the portfolio based on loan type (Subprime, Alt A, High LTV and 2nd Mortgage) and by year of the origination. The base interest rate scenario assumes interest rates at September 30, 2003. Actual results could differ significantly from the OCN results estimated in the following table:

	Estimated Changes in	
Rate Shock in basis points	Net Interest	NPV
+300	24.19%	34.85%
+200	16.13%	23.77%
+100	8.06%	11.22%
0	0.00%	0.00%
-100	-8.06%	-12.33%

The Committee is authorized to utilize a wide variety of off-balance sheet financial techniques to assist it in the management of interest rate risk and foreign currency exchange rate risk. These techniques include interest rate caps and floors and foreign currency futures contracts.

Interest Rate Risk Management. We have purchased amortizing caps and floors to hedge our interest rate exposure relating to match funded loans and securities. See the "Interest Rate Management" section of Note 4 to the Interim Consolidated Financial Statements for additional disclosures regarding these interest rate derivative financial instruments.

Foreign Currency Exchange Rate Risk Management. We have entered into foreign currency futures to hedge our investments in foreign subsidiaries that own the shopping center located in Halifax, Nova Scotia and residual interests backed by residential loans originated in the UK. See the "Foreign Currency Management" section of Note 4 to the Interim Consolidated Financial Statements for additional disclosures regarding these foreign currency derivative financial instruments.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures

As of the end of the period covered by this report and pursuant to Rule 13a - 15 of the Securities Exchange Act of 1934 (the "Exchange Act"), management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of our disclosure controls and procedures (as that term is defined in Rules 13a - 15(e) and 15d - 15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were effective in recording, processing, summarizing and reporting information required to be disclosed by us, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in internal controls

In addition and as of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a - 15(f) and 15d - 15(f) of the Exchange Act) during the quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Forward-Looking Statements

This quarterly report on Form 10-Q contains 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, including, but not limited to discussions of the future availability of funds, beliefs regarding regulatory compliance, expectations as to resolution of our non-core assets, predictions on loan yield and the adequacy of our funding needs, our intentions with regard to the issuance of brokered deposits, our estimates for loan losses and carrying values, and plans for growth in India. Forward-looking statements are not guarantees of future performance, and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially.

Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the following: general economic and market conditions, prevailing interest or currency exchange rates, governmental regulations and policies, international political and economic uncertainty, availability of adequate and timely sources of liquidity, uncertainty related to dispute resolution and litigation, and real estate market conditions and trends, as well as other risks detailed in OCN's reports and filings with the Securities and Exchange Commission, including its periodic reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003 and Form 10-K for the year ended December 31, 2002. The forward-looking statements speak only as of the date they are made and should not be relied upon. OCN undertakes no obligation to update or revise the forward-looking statements.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

See "Note 8 Commitments and Contingencies" of Ocwen Financial Coporation's Interim Consolidated Financial Statements.

Item 6. Exhibits and Reports on Form 8-K.

(a)3 Exhibits.

2.1	Agreement of Merger dated as of July 25, 1999 among Ocwen Financial Corporation, Ocwen Asset Investment Corp. and Ocwen Acquisition Company (1)
3.1	Amended and Restated Articles of Incorporation (2)
3.2	Amended and Restated Bylaws (3)
4.0	Form of Certificate of Common Stock (2)
4.1	Form of Indenture between OCN and Bank One, Columbus, NA as Trustee (2)
4.2	Form of Note due 2003 (Included in Exhibit 4.1) (2)
4.3	Certificate of Trust of Ocwen Capital Trust I (4)
4.4	Amended and Restated Declaration of Trust of Ocwen Capital Trust I (4)
4.5	Form of Capital Security of Ocwen Capital Trust I (Included in Exhibit 4.4) (4)
4.6	Form of Indenture relating to 10.875% Junior Subordinated Debentures due 2027 of OCN (4)
4.7	Form of 10.875% Junior Subordinated Debentures due 2027 of OCN (Included in Exhibit 4.6) (4)
4.8	Form of Guarantee of the OCN relating to the Capital Securities of Ocwen Capital Trust I (4)
4.9	Form of Indenture between Ocwen Federal Bank FSB and The Bank of New York as Trustee (5)
4.10	Form of Subordinated Debentures due 2005 (5)
10.1	Ocwen Financial Corporation 1996 Stock Plan for Directors, as amended (6)
10.2	Ocwen Financial Corporation 1998 Annual Incentive Plan (7)
10.3	Compensation and Indemnification Agreement, dated as of May 6, 1999, between OAC and the independent committee of the Board of Directors (8)
10.4	Indemnity agreement, dated August 24, 1999, among OCN and OAC's Board of Directors (9)
10.5	Amended Ocwen Financial Corporation 1991 Non-Qualified Stock Option Plan, dated October 26, 1999 (9)
10.6	First Amendment to Agreement, dated March 31, 2000, between HCT Investments, Inc. and OAIC Partnership I, L. P. (9)
10.7	Form of Employment Agreement dated as of April 1, 2001, by and between Ocwen Financial Corporation and Arthur D. Ringwald (10)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of the Chief Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

(1) Incorporated by reference from the similarly described exhibit included with the Registrant's Current Report on Form 8-K filed with the Commission on July 26, 1999.

(2) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-1 (File No. 333-5153), as amended, declared effective by the Commission on September 25, 1996.

(3) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

(4) Incorporated by reference from the similarly described exhibit filed in connection with Ocwen Financial Corporation's Registration Statement on Form S-1 (File No. 333-28889), as amended, declared effective by the Commission on August 6, 1997.

(5) Incorporated by reference from the similarly described exhibit filed in connection with Amendment No. 2 to Offering Circular on Form OC (on Form S-1) filed on September 7, 1995.

(6) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-8 (File No. 333-44999), effective when filed with the Commission on January 28, 1998.

(7) Incorporated by reference from the similarly described exhibit to Ocwen Financial Corporation's Definitive Proxy Statement with respect to Ocwen Financial Corporation's 1998 Annual Meeting of Shareholders filed with the Commission on March 31, 1998.

(8) Incorporated by reference from OAC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999.

(9) Incorporated by reference from the similarly described exhibit included with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000.

(10) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.

(b) Reports on Form 8-K Filed during the Quarter Ended August 30, 2003.

(1) A Form 8-K was filed by OCN on August 7, 2003 that contained a news release announcing Ocwen Financial Corporation's financial results for the second quarter ended June 30, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, thereunto duly authorized.

OCWEN FINANCIAL CORPORATION

By: /s/ Mark S. Zeidman

Mark S. Zeidman,
Senior Vice President and
Chief Financial Officer
(On behalf of the Registrant and as its
principal financial officer)

Date: November 14, 2003

EXHIBIT 31.1

CERTIFICATIONS

I, William C. Erbey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ocwen Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ William C. Erbey

William C. Erbey
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Mark S. Zeidman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ocwen Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (c) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ Mark S. Zeidman

Mark S. Zeidman

Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES OXLEY ACT OF 2002

I, William C. Erbey, state and attest that:

(1) I am the Chief Executive Officer of Ocwen Financial Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Quarterly Report on Form 10-Q of the Registrant for the quarter ended September 30, 2003 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ William C. Erbey

Title: Chief Executive Officer
Date: November 14, 2003

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES OXLEY ACT OF 2002

I, Mark S. Zeidman, state and attest that:

(1) I am the Chief Financial Officer of Ocwen Financial Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Quarterly Report on Form 10-Q of the Registrant for the quarter ended September 30, 2003 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ Mark S. Zeidman

Title: Chief Financial Officer

Date: November 14, 2003