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 March 31, 2001

OR

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

Commission File No. 0-21341

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 [ ].

Number of shares of Common Stock, $.01 par value, outstanding as of May 11, 2001: 67,152,363 shares

OCWEN FINANCIAL CORPORATION
FORM 10-Q

I N D E X

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)

	March 31, 2001	December 31, 2000
ASSETS:		
Cash and amounts due from depository institutions	$ 39,413	$ 18,749
Interest earning deposits	9,990	134,987
Federal funds sold and repurchase agreements	155,500	--
Trading securities, at fair value:		
Collateralized mortgage obligations (AAA-rated)	97,196	277,595
Subordinates, residuals and other securities	109,461	112,647
Loans available for sale, at lower of cost or market	10,096	10,610
Real estate held for sale	21,623	22,670
Low-income housing tax credit interests held for sale	100,800	87,083
Investment in real estate	116,125	122,761
Investments in low-income housing tax credit interests	54,213	55,729
Investment securities, at cost	13,257	13,257
Loan portfolio, net	77,983	93,414
Discount loan portfolio, net	439,649	536,028
Match funded loans and securities, net	110,470	116,987
Investments in unconsolidated entities	447	430
Real estate owned, net	136,267	146,419
Premises and equipment, net	42,483	43,152
Income taxes receivable	34,980	30,261
Deferred tax asset, net	82,171	95,991
Advances on loans and loans serviced for others	299,609	227,055
Mortgage servicing rights	67,477	51,426
Other assets	49,479	52,169
	$ 2,068,689	$ 2,249,420
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	$ 1,133,691	$ 1,258,360
Bonds - match funded agreements	99,732	107,050
Obligations outstanding under lines of credit	32,796	32,933
Notes, debentures and other interest bearing obligations	169,130	173,330
Accrued interest payable	26,470	22,096
Excess of net assets acquired over purchase price	32,082	36,665
Accrued expenses, payables and other liabilities	32,070	36,030
Total liabilities	1,525,971	1,666,464
Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	63,685	79,530
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value; 20,000,000 shares authorized; 0 shares issued and outstanding	--	--
Common stock, $.01 par value; 200,000,000 shares authorized; 67,152,363 shares issued and outstanding at March 31, 2001, and December 31, 2000, respectively	672	672
Additional paid-in capital	223,177	223,163
Retained earnings	255,678	279,194
Accumulated other comprehensive (loss) income, net of taxes:		
Net unrealized loss on derivative financial instruments	(20)	--
Net unrealized foreign currency translation (loss) gain	(474)	397
Total stockholders' equity	479,033	503,426
	$ 2,068,689	$ 2,249,420

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)

For the three months ended March 31,	2001	2000
NET INTEREST INCOME:		
Income	$ 24,817	$ 48,090
Expense	26,880	43,396
Net interest income before provision for loan losses	(2,063)	4,694
Provision for loan losses	8,120	2,608
Net interest (loss) income after provision for loan losses	(10,183)	2,086
NON-INTEREST INCOME:		
Servicing and other fees	31,117	24,166
(Loss) gain on interest earning assets, net	(645)	10,994
Unrealized gain on trading and match funded securities, net	4,003	--
Impairment charges on securities available for sale	--	(6,833)
Loss on real estate owned, net	(984)	(7,007)
Gain on other non interest earning assets, net	456	138
Net operating gains on investments in real estate	2,554	5,553
Amortization of excess of net assets acquired over purchase price	4,583	2,794
Other income	2,046	1,139
	43,130	30,944
NON-INTEREST EXPENSE:		
Compensation and employee benefits	20,935	16,583
Occupancy and equipment	3,093	3,263
Technology and communication costs	10,148	5,621
Loan expenses	4,235	3,930
Net operating losses on investments in certain low-income housing tax credit interests	5,062	1,499
Amortization of excess of purchase price over net assets acquired	778	773
Professional services and regulatory fees	4,026	3,839
Other operating expenses	2,579	2,566
	50,856	38,074
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	2,053	3,194
Equity in income (losses) of investments in unconsolidated entities	45	(2,260)
Loss before income taxes and extraordinary gain	(19,917)	(10,498)
Income tax (expense) benefit	(5,762)	3,255
Loss before extraordinary gain	(25,679)	(7,243)
Extraordinary gain on repurchase of debt, net of taxes	2,163	2,145
Net loss	$ (23,516)	$ (5,098)
(LOSS) EARNINGS PER SHARE:		
Basic:		
Loss before extraordinary gain	$ (0.38)	$ (0.10)
Extraordinary gain	0.03	0.03
Net loss	$ (0.35)	$ (0.07)
Diluted:		
Loss before extraordinary gain	$ (0.38)	$ (0.10)
Extraordinary gain	0.03	0.03
Net loss	$ (0.35)	$ (0.07)
Weighted average common shares outstanding:		
Basic	67,152,363	68,222,987
Diluted	67,152,363	68,222,987

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(DOLLARS IN THOUSANDS)

For the three months ended March 31,	2001	2000
Net loss	$ (23,516)	$ (5,098)
Other comprehensive loss, net of taxes:		
Change in unrealized loss on securities available for sale arising during the period (1)	--	(3,792)
Less: Reclassification adjustment	--	544
Net change in unrealized loss on securities available for sale (2)	--	(3,248)
Change in unrealized foreign currency translation adjustment arising during the period (3)	(871)	161
Change in accounting principle for derivative financial instruments	59	--
Adjustment to gain on derivative financial instruments	(79)	--
Change in unrealized gain on derivative financial instruments	(20)	--
Other comprehensive loss	(891)	(3,087)
Comprehensive loss	$ (24,407)	$ (8,185)
Disclosure of reclassification adjustment:		
Unrealized holding gains arising during the period on securities sold or impaired	$ --	$ (4,208)
Add: Adjustment for realized gains and impairment charges on securities available for sale included in net loss	--	4,752
Net reclassification adjustment for gains (losses) recognized in other comprehensive loss in prior years (4)	$ --	$ 544

(1) Net of tax benefit of $1,661 for the three months ended March 31,2000.

(2) Net of a tax (expense) benefit of $1,899 for the three months ended March 31, 2000.

(3) Net of tax (expense) benefit of $ (43) and $74 for the three months ended March 31, 2000.

(4) Net of tax (expense) benefit of $238 for the three months ended March 31, 2000.

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 THREE MONTHS ENDED MARCH 31, 2001
(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, 2000	67,152,363	$ 672	$ 223,163	$ 279,194	$ 397	$ 503,426
Net loss	--	--	--	(23,516)	--	(23,516)
Change in directors' stock plan	--	--	14	--	--	14
Other comprehensive income, net of taxes:						
Change in accounting principle for derivative financial instruments	--	--	--	--	59	59
Adjustment to gain on derivative financial instruments	--	--	--	--	(79)	(79)
Change in unrealized gain on derivative financial instruments	--	--	--	--	(20)	(20)
Change in unrealized foreign currency translation loss	--	--	--	--	(871)	(871)
Balances at March 31, 2001	67,152,363	$ 672	$ 223,177	$ 255,678	$ (494)	$ 479,033

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

For the three months ended March 31,	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (23,516)	$ (5,098)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Net cash provided by trading securities	184,090	--
Proceeds from sales of loans available for sale	--	2,434
Principal payments received on loans available for sale	287	2,258
Premium amortization on securities, net	1,972	3,263
Depreciation and amortization	15,531	4,893
Provision for loan losses	8,120	2,608
Provision for real estate owned	6,181	9,212
(Loss) gain on interest-earning assets, net	645	(10,994)
Unrealized gain on trading securities	(4,003)	--
Impairment charges on securities available for sale	--	6,833
Extraordinary gain on repurchase of long-term debt	(3,433)	(3,109)
(Gains) loss on sale of low-income housing tax credit interests	(358)	261
Provision for loss on low-income housing tax credits held for investment	4,503	--
Gain on real estate owned, net	(6,376)	(4,556)
Gain on sale of real estate held for investment	(98)	--
Equity in (income) losses of unconsolidated entities	(45)	2,260
Increase in income taxes receivable	(4,719)	(19,567)
Decrease (increase) in deferred tax asset	13,820	(3,630)
Increase in advances on loans and loans serviced for others	(72,554)	(10,438)
Increase in other assets, net	(13,571)	(7,436)
Increase (decrease) in accrued expenses, interest payable and other liabilities	822	(16,246)
Net cash provided (used) by operating activities	107,298	(47,052)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available for sale	--	83,163
Purchase of securities available for sale	--	(449,954)
Maturities of and principal payments received on securities available for sale	--	106,099
Acquisition of Federal Home Loan Bank stock	--	(2,432)
Principal payments received on match funded loans and securities	5,293	12,809
Investment in low-income housing tax credit investments	(6,886)	(16,189)
Proceeds from sales of low-income housing tax credit interests	4,600	10,162
Purchase of mortgage servicing rights	(20,758)	--
Proceeds from sales of discount loans, net	38,195	64,507
Proceeds from sale of real estate held for sale	1,000	--
Proceeds from sale of real estate held for investment	6,266	--
Proceeds from sales of loans held for investment	12,454	227
Purchase and originations of loans held for investment, net of undisbursed loan funds	(16,597)	(9,788)
Purchase of discount loans, net	--	(68,887)
Decrease in investment in unconsolidated entities	28	456
Purchase of and capital improvements to real estate held for investment	--	(153,941)
Principal payments received on loans held for investment	3,872	11,310
Capital improvements to real estate held for sale	--	(5,373)
Principal payments received on discount loans, net	20,311	31,232
Proceeds from sale of real estate owned	46,610	39,728
Purchase of real estate owned in connection with discount loan purchases	--	(3,591)
Additions to premises and equipment	(1,796)	(1,379)
Net cash provided (used) by investing activities	92,592	(351,841)

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 three months ended March 31,	2001	2000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in deposits	$(124,669)	$ (55,927)
Increase in securities sold under agreements to repurchase	--	329,089
Repayment of obligations under lines of credit, net	(137)	(13,396)
Payments on bonds-match funded agreements	(7,535)	(11,057)
Repurchase of Capital Securities	(12,115)	--
Repurchases of notes and subordinate debentures	(4,267)	(16,882)
Repurchase of common stock	--	(8,996)
Net cash (used) provided by financing activities	(148,723)	222,831
Net increase (decrease) in cash and cash equivalents	51,167	(176,062)
Cash and cash equivalents at beginning of period	153,736	354,219
Cash and cash equivalents at end of period	$ 204,903	$ 178,157
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF PERIOD:		
Cash and amounts due from depository institutions	$ 39,413	$ 58,715
Interest-earning deposits	9,990	23,442
Federal funds sold and repurchase agreements	155,500	96,000
	$ 204,903	$ 178,157
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash received (paid) during the period for:		
Interest	$ (22,506)	$ (36,284)
Income taxes	$ 2,271	$ (18,721)
Supplemental schedule of non-cash investing and financing activities:		
Real estate owned acquired through foreclosure	$ 30,903	$ 54,595
Reclassification of properties from investment in real estate to real estate held for sale	$ --	$ 183,435
Reclassification of investments in low-income housing tax credit interests to low-income housing tax credit interests held for sale	$ 15,809	$ --

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

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited 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. The Company's consolidated financial statements include the accounts of Ocwen Financial Corporation ("OCN" or the "Company") and its subsidiaries. The Company 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 ("IMI"), Ocwen Technology Xchange, Inc. ("OTX") and Ocwen Asset Investment Corp. ("OAC"). The Company also owns 99.6% of Ocwen Financial Services, Inc. ("OFS"), with the remaining 0.4% owned by the shareholders of Admiral Home Loan. All significant intercompany transactions and balances have been eliminated in consolidation.

The Bank is a federally chartered savings bank regulated by the Office of Thrift Supervision ("OTS"). The Company 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 the opinion of management, the accompanying financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the Company's financial condition at March 31, 2001 and December 31, 2000, the results of its operations for the three months ended March 31, 2001 and 2000, its comprehensive income (loss) for the three months ended March 31, 2001 and 2000, its changes in stockholders' equity for the three months ended March 31, 2001 and its cash flows for the three months ended March 31, 2001 and 2000. The results of operations and other data for the three month period ended March 31, 2001 and 2000, are not necessarily indicative of the results that may be expected for any other interim periods or the entire year ending December 31, 2001. The unaudited consolidated financial statements presented herein should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. Certain reclassifications have been made to the prior period's consolidated financial statements to conform to the March 31, 2001 presentation.

In preparing the consolidated financial statements, management is 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. Actual results could differ from those estimates and assumptions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments for the purpose of managing its exposure to adverse fluctuations in interest and foreign currency exchange rates. While these instruments are subject to fluctuations in value, such fluctuations are generally offset by the change in value of the underlying exposures being hedged. The Company does not enter into any derivative financial instruments for trading purposes.

All derivative instruments are recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction and the effectiveness of the hedge.

For cash-flow hedge transactions in which the Company is hedging the variability of cash flows related to a variable-rate asset, liability or a forecasted transaction, the effective portion of the changes in the fair value of the derivative instrument are reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income are reclassified to earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item.

For hedge transactions of net investments in foreign operations, the effective portion of the changes in fair value of the derivative instrument are recorded as a cumulative translation adjustment and included as a component of accumulated other comprehensive income in stockholders' equity.

The ineffective portion of all hedges is recognized in current period earnings.

All other derivative instruments used by the Company for risk management purposes that do not meet the hedge accounting criteria and, therefore, do not qualify for hedge accounting are accounted for at fair value with changes in fair value recorded in the income statement.

The Company manages its exposure to interest rate movements by seeking to match asset and liability balances within maturity categories, both directly and through the use of derivative financial instruments. These derivative instruments include interest rate swaps ("swaps"), and caps and floors that are designated and effective as hedges, as well as swaps that are designated and effective in modifying the interest rate and/or maturity characteristics of specified assets or liabilities.

The net interest received or paid on the contracts is reflected as interest income or expense of the related hedged position. Gains and losses resulting from the termination of contracts are recognized over the original period hedged as long as the underlying cash flows are still probable of occurring. If the hedged positions are sold, or the underlying cash flows are no longer probable of occurring, any unrealized gains or losses are recognized in the current period as gains on sales of interest-earning assets, net.

The Company enters into foreign currency futures to hedge its investments in foreign entities. Currency futures are commitments to either purchase or sell foreign currency at a future date for a specified price. The Company periodically adjusts the amount of foreign currency derivative contracts it has entered into in response to changes in its recorded investment.

NOTE 3: CURRENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138 (collectively, "SFAS No. 133"). SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; accordingly, the Company adopted SFAS No. 133 on January 1, 2001.

SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction.

- For fair-value hedging transactions in which the Company is hedging changes in fair value of an asset, liability or firm commitment, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value.

- For cash-flow hedging transactions in which the Company is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified to earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item.

- For hedge transactions of net investments in foreign operations, changes in fair value of the derivative instrument will be recorded in the cumulative translation adjustment account within equity.

The ineffective portion of all hedges will be recognized in current period earnings.

For other derivative instruments used by the Company for risk management purposes which do not meet the hedge accounting criteria and, therefore, do not qualify for hedge accounting, these derivative instruments will be accounted for at fair value with changes in fair value recorded in the income statement.

On January 1, 2001, the Company recorded a net of tax, cumulative effect adjustment of $59 (gain) in accumulated other comprehensive income to recognize at fair value the interest rate swap that is designated as a cash-flow hedging of an outstanding line of credit. The Company expects to reclassify to earnings during the next twelve months all of this transition adjustment.

Adoption of FAS 133 did not have a material impact on the Company's use of futures contracts to hedge the net investments in its foreign subsidiaries, as the FAS 133 accounting is similar to the pre-existing accounting. In addition, adoption of FAS 133 did not have an impact on the Company's other risk management instruments that do not meet the hedge criteria as these derivatives were already accounted for at fair value with changes in fair value recognized currently in earnings.

The FASB has also issued Statement of Financial Accounting Standards No. 140 ("FAS 140"), Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, as a replacement for the similarly titled FAS 125. FAS 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. However, it was effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions, mortgage servicing rights and collateral for fiscal years ending after December 15, 2000.

FAS 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. The standards are based on consistent application of a financial-components approach that focuses on control. FAS 140 provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings.

This Statement requires an entity that has securitized financial assets to disclose information about accounting policies, volume, cash flows, key assumptions made in determining fair values of retained interests and sensitivity of those fair values to changes in key assumptions. It also requires that entities that securitize assets disclose certain information about the securitized assets and any other financial assets it manages together with them, including: (a) the total principal amount outstanding, the portion that has been derecognized and the portion that continues to be recognized in each category reported in the statement of financial position, at the end of the period; (b) delinquencies at the end of the period; and (c) credit losses during the period.

As of December 31, 2000, the Company adopted the disclosure provisions of FAS 140 as they relate to recognition and reclassification of collateral and for disclosures relating to securitization transactions, mortgage servicing rights and collateral.

As of April 1, 2001, the Company adopted the provisions of FAS 140 as they relate to for transfers and servicing of financial assets and extinguishments of liabilities.

The Emerging Issues Task Force issued EITF 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Assets" effective for fiscal quarters beginning after March 15, 2001. On April 1, 2001, the Company adopted the provisions of EITF 99-20. Adoption of EITF 99-20 did not have a material impact on the Company's results of operations, financial position or cash flows.

NOTE 4: 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 (the "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, OCT has repurchased $61,315 of its Capital Securities. During the three months ended March 31, 2001, OCT repurchased $15,845 of its Capital Securities in the open market, resulting in extraordinary gains of $3,336 ($2,102 net of taxes).

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 the Company to the extent OCT has funds available. If the Company 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 $1,099 and $3,533 at March 31, 2001 and December 31, 2000, respectively, and are included in accrued interest payable.

The Company 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, the Company 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 the Company may not, and may not permit any subsidiary of the Company to (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, the Company's 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.

The Junior Subordinated Debentures are redeemable prior to maturity at the option of the Company, 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

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

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 the Company and, accordingly, the accounts of OCT are included in the consolidated financial statements of the Company. Intercompany transactions between OCT and the Company, including the Junior Subordinated Debentures, are eliminated in the consolidated financial statements of the Company. The Capital Securities are presented as a separate caption between liabilities and stockholders' equity in the consolidated statement of financial condition of the Company as "Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely Junior Subordinated Debentures of the company." Distributions on the Capital Securities are recorded as a separate caption immediately following non-interest expense in the consolidated statements of operations of the Company. The Company intends to continue this method of accounting going forward.

In connection with the issuance of the Capital Securities, the Company 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 $2,233 and $2,815 at March 31, 2001 and December 31, 2000, respectively, and is included in other assets.

NOTE 5: SECURITIZATION OF ASSETS

The residual and subordinate securities classified as trading securities at March 31, 2001 include retained interests with a fair value of $40,448 from securitizations of loans completed by the Company in prior years. The Company has not completed a securitization since 1999.

The key economic assumptions used to estimate the fair value of these retained interests as of March 31, 2001 were as follows:

	Weighted Average
Discount rate	18.58%
Projected prepayments	18.70%
Projected average life	2.71 years
Projected annual loss rates	3.12%
Static pool losses	14.47%

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

As of March 31, 2001, the effect on the fair value of the retained interests caused by immediate adverse changes in the assumptions shown above would be as follows:

	Decrease
Discount rate:	
Impact of a +10% change	$(2,774)
Impact of a +20% change	(5,911)
Prepayments:	
Impact of a -10% change	(701)
Impact of a -20% change	(1,400)
Loss rates:	
Impact of a +10% change	(3,307)
Impact of a +20% change	(6,060)

These sensitivities are hypothetical and are presented for illustrative purposes only. The changes in the assumptions regarding prepayments and loss rates were applied to the cash flows of the loans underlying the retained securities. Changes in assumptions regarding discount rates were applied to the cash flows of the securities. Changes in fair value based upon a change in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. The changes in assumptions presented in the table above were calculated without changing any other assumption. In reality, changes in one assumption may result in changes in another, which may magnify or offset the sensitivities presented. For example, changes in market interest rates may simultaneously impact prepayments, losses and the discount rate.

As of and for the three months ended March 31, 2001, the following information is provided regarding securitized loans and related financial assets managed by the Company:

Current unpaid principal balance of securitized loans	$1,768,249
Delinquencies of securitized loans (30 days past due)	765,936
Losses, net of recoveries, on securitized loans	19,082

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments for the purpose of managing its exposure to adverse fluctuations in interest and foreign currency exchange rates.

INTEREST RATE MANAGEMENT

In managing its interest rate risk, the Company enters into interest rate swaps. The interest rate swaps are used to alter the interest rate on current LIBOR rate debt incurred to fund the Company's acquisitions of real estate. The terms of the outstanding interest rate swaps at March 31, 2001 and December 31, 2000, respectively, are as follows:

Maturity	Notional Amount	LIBOR Index	Fixed Rate	Floating Rate	Fair Value
MARCH 31, 2001:					
April 2001	$33,000	1-Month	6.00%	5.21%	$ (20)
DECEMBER 31, 2000:					
April 2001	$33,000	1-Month	6.00%	6.80%	$ 59

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company has purchased amortizing caps and floors to hedge its interest rate exposure relating to its match funded loans and securities. The terms of these outstanding caps and floors at March 31, 2001 and December 31, 2000 are as follows:

	Notional Amount	Maturity	Index	Strike Rate	Fair Value
MARCH 31, 2001:					
Caps	$137,578	October 2003	LIBOR 1-Month	7.00%	$ 148
Floors	$ 36,826	October 2003	CMT 2-Year	4.35	241
					$ 389
DECEMBER 31, 2000:					
Caps	$141,674	October 2003	LIBOR 1-Month	7.00%	$ 345
Floors	$ 37,787	October 2003	CMT 2-Year	4.35	154
					$ 499

To hedge the economic risk associated with mortgage servicing assets, the Company entered into a floor contract during the first quarter of 2001. This contract did not qualify for hedge accounting and, therefore, changes in fair value are recorded in the income statement. The fair values of the mortgage servicing assets and the floor contract are subject to variability as interest rates change. The terms of this floor are as follows:

	Notional Amount	Maturity	Index	Strike Rate	Fair Value
MARCH 31, 2001:					
Floor	$ 11,600	February 2011	CMS 10-Year	5.60%	$ 264

FOREIGN CURRENCY MANAGEMENT

The Company enters into foreign currency derivatives to hedge its investments in foreign subsidiaries which own residual interests backed by residential loans originated in the UK ("UK residuals") and in the shopping center located in Halifax, Nova Scotia (the "Nova Scotia Shopping Center"). It is the Company's policy to periodically adjust the amount of foreign currency derivative contracts it has entered into in response to changes in its recorded investments in these assets. The following table sets forth the terms and values of these foreign currency financial instruments at March 31, 2001 and December 31, 2000:

	Position	Maturity	Notional Amount		Strike Rate	Fair Value
MARCH 31, 2001:						
Canadian Dollar currency futures ...	Short	June 2001	C$	33,000	0.6463	$ 386
British Pound currency futures	Short	June 2001	(pound)	14,688	1.4590	634
						$ 1,020
DECEMBER 31, 2000:						
Canadian Dollar currency futures ...	Short	March 2001	C$	33,000	0.6795	$ (242)
British Pound currency futures	Short	March 2001	(pound)	14,688	1.5139	(339)
						$ (581)

NOTE 7: 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 March 31, 2001, the minimum regulatory capital requirements were:

- Tangible and core capital of 1.50% and 3.00% of total adjusted assets, respectively, consisting principally of stockholders' equity, but excluding most intangible assets, such as goodwill and any net unrealized gains or losses on debt securities available for sale. The OTS minimum core capital ratio provides that only those institutions with a Uniform Financial Institution Rating System rating of "1" are subject to a 3% minimum core capital ratio. All other institutions are subject to a 4% minimum core capital ratio.

- Risk-based capital consisting of core capital plus certain subordinated debt and other capital instruments and, subject to certain limitations, general valuation allowances on loans receivable, equal to 8.00% of the value of risk-weighted assets.

At March 31, 2001, 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 following table. The Bank's capital amounts and classification are subject to review by federal regulators about components, risk-weightings and other factors. There are no conditions or events since March 31, 2001 that management believes have changed the institution's category.

Following an examination by the OTS in late 1996 and early 1997, the Bank committed to the OTS to maintain a core capital (leverage) ratio and a total risk-based capital ratio of at least 9% and 13%, respectively. The Bank continues to be in compliance with this commitment and with the regulatory capital requirements of general applicability (as indicated below). Based on discussions with the OTS, the Bank believes that this commitment does not affect its status as a "well-capitalized" institution, assuming the Bank's continued compliance with the regulatory capital requirements required to be maintained by it pursuant to such commitment.

As a result of its most recent examination, the Bank was required to submit a written plan to the OTS by October 16, 2000 to address issues raised by the agency under Part 570 of the rules and regulations. Under the plan, the Bank will take certain actions regarding its operations with respect to asset reviews and the management of interest rate risk exposure and will have periodic reporting obligations to the OTS. In addition, as part of the plan, the Bank submitted a business plan and budget outlining the Bank's operations through 2003. The business plan submitted reflects proposed changes in the Bank's deposit gathering strategies and potential future sources of revenue as the Bank continues its shift away from capital-intensive businesses into fee-based sources of income. On November 9, 2000 the OTS requested the Bank to supply additional information regarding the plan. The Bank responded to this request on November 29, 2000, December 28, 2000 and January 10, 2001, and the OTS approved the plan on February 2, 2001.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table summarizes the Bank's actual and required regulatory capital at March 31, 2001:

	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	16.52%	$ 256,872					
Non-includable subsidiary		(2,589)					
Acquired real estate		(571)					
Disallowed deferred tax assets		(33,542)					
Disallowed servicing assets		(6,652)					
Tangible capital, and ratio to adjusted total assets ...	14.13%	$ 213,518	1.50%	$ 22,673			
Tier 1 (core) capital, and ratio to adjusted total assets	14.13%	$ 213,518	4.00%	$ 60,461	5.00%	$ 75,576	9.00%
Tier 1 capital, and ratio to risk-weighted assets	16.44%	$ 213,518			6.00%	$ 77,949	
Allowance for loan and lease losses		12,714					
Qualifying subordinated debentures		53,600					
Tier 2 capital		66,314					
Total risk-based capital, and ratio to risk-weighted assets	21.54%	$ 279,832	8.00%	$ 103,932	10.00%	$ 129,915	13.00%
Total regulatory assets		$1,554,702					
Adjusted total assets		$1,511,518					
Risk-weighted assets		$1,299,151					

NOTE 8: NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES

For the three months ended March 31,	2001	2000
INTEREST INCOME:		
Federal funds sold and repurchase agreements	$ 1,644	$ 1,709
Trading securities	5,700	--
Securities available for sale	--	12,869
Loans available for sale	221	807
Investment securities and other	346	327
Loan portfolio	1,883	3,968
Discount loan portfolio	12,540	25,099
Match funded loans and securities	2,483	3,311
	24,817	48,090
INTEREST EXPENSE:		
Deposits	18,071	24,685
Advances from the Federal Home Loan Bank	4	--
Securities sold under agreements to repurchase	2	2,640
Bonds - match funded agreements	2,966	3,356
Obligations outstanding under lines of credit	720	3,471
Notes, debentures and other interest bearing obligations	5,117	9,244
	26,880	43,396
Net interest (loss) income before provision for loan losses ...	$ (2,063)	$ 4,694

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 9: 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. The Company conducts a variety of business activities within the following segments:

	Net Interest Income (1)	Non-Interest Income	Non-Interest Expense	Net (Loss) Income	Total Assets
AT OR FOR THE THREE MONTHS ENDED MARCH 31, 2001:					
Single family residential discount loans	$ 1,520	$ (1,422)	$ 1,855	$ (1,089)	$ 347,908
Commercial loans	(6,731)	3,101	4,485	(5,031)	480,490
Domestic residential mortgage loan servicing(2).	(3,671)	26,910	14,727	5,278	315,898
Investment in low-income housing tax credits ...	(2,079)	579	6,412	(4,610)	171,905
OTX	(153)	739	14,353	(8,535)	17,767
Commercial real estate	(853)	1,275	261	100	78,713
Subprime single family residential lending	(98)	2,304	487	1,066	129,097
Unsecured collections(2)........................	(747)	445	1,898	(1,364)	5,701
Ocwen Realty Advisors (2)	--	2,724	2,583	87	1,396
Corporate items and other	2,629	6,475	3,795	(9,418)	519,814
	$ (10,183)	$ 43,130	$ 50,856	$ (23,516)	$ 2,068,689
AT OR FOR THE THREE MONTHS ENDED MARCH 31, 2000:					
Single family residential discount loans	$ 7,074	$ 750	$ 2,847	$ 3,086	$ 607,246
Commercial loans	1,168	3,630	3,753	694	1,620,221
Domestic residential mortgage loan servicing(2).	280	19,042	13,304	3,731	144,873
Investment in low-income housing tax credits ...	(2,506)	720	2,243	1,217	174,484
OTX	(194)	313	7,338	(4,475)	22,417
Commercial real estate	(5,057)	6,585	411	693	245,485
UK operations	(285)	--	(133)	(1,542)	35,001
Subprime single family residential lending	38	(7,311)	84	(4,561)	193,967
Unsecured collections(2)........................	(1,524)	1	1,981	(2,173)	17,319
Ocwen Realty Advisors (2)	--	4,631	4,401	142	--
Corporate items and other	3,092	2,583	1,845	(1,910)	409,596
	$ 2,086	$ 30,944	$ 38,074	$ (5,098)	$ 3,470,609

(1) After provision for loan losses.

(2) Non-interest income for the three months ended March 31, 2001 and 2000 included $1,955 and $2,980, respectively, of intercompany and intrasegment revenues, which have been eliminated in consolidation.

NOTE 10: COMMITMENTS AND CONTINGENCIES

At March 31, 2001, the Company had commitments of $4,052 to fund construction loans (including loans accounted for as investments in real estate) secured by multi-family and commercial properties. In addition, the Company, through the Bank, had commitments under outstanding letters of credit in the amount of $6,868. The Company, through its investment in subordinated securities and subprime residuals, which had a fair value of $109,461 at March 31, 2001, supports senior classes of securities. At March 31, 2001, the Company had $7,035 outstanding in guarantees to third parties related to debt obligations and lease commitments of its subsidiaries.

On April 20, 1999, a complaint was filed on behalf of a putative class of public shareholders of the Company 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 are for damages for alleged breaches of common law fiduciary duties. On January 10, 2001, OAC was granted a protective order limiting the scope of discovery. Discovery is ongoing.

On June 3, 1999, Walton Street Capital, L.L.C. ("Walton") filed suit against OAC and Ocwen Partnership, L.P. in the Circuit Court of Cook County, Illinois. Walton has alleged that OAC committed an anticipatory breach of contract with respect to the proposed sale by OAC of all of its interest in its commercial mortgage-backed securities portfolio to Walton. Walton has claimed damages in an amount in excess of $20,000. As of October 20, 2000, both Walton and OAC filed motions for Summary Judgement. On December 21, 2000, the Circuit Court granted Walton's Limited Motion for Summary Judgement concerning liability. Ocwen filed a Motion for Certification of an Interlocutory Appeal and is seeking an Entry of Stay pending appeal. OAC believes this suit is without merit and continues to vigorously defend against the same.

The Company is subject to various other pending legal proceedings. In management's 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

The Company's primary businesses are the servicing and special servicing of nonconforming, subperforming and nonperforming residential and commercial mortgage loans, as well as the development of related loan servicing technology and software for the mortgage and real estate industries.

The Company 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 (the "FDIC") as a result of its membership in the Savings Association Insurance Fund, which is administered by the FDIC and which insures the Banks' 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 the 12 regional banks that comprise the FHLB System.

The following discussion of the Company's 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 (which is incorporated herein by reference).

RECENT DEVELOPMENTS

On April 18, 2001, the Company acquired the servicing rights to more than $1,800,000 in mortgage loans from Metropolitan Mortgage & Securities Co., Inc. The servicing rights to approximately 31,000 loans will be transferred to the Company.

On April 18, 2001, the Company executed a Receivables Financing Facility agreement with Greenwich Capital Financial Products, Inc. ("Greenwich"), whereby the Company borrowed $23,907 collateralized by certain of the Company's servicing advances. According to a Commitment Letter signed in connection with the execution of the Agreement, the Company has agreed to finance at least $200,000 of servicing advances with Greenwich over the course of the next two years.

On April 20, 2001, the Company executed a Loan and Security Agreement with Credit Suisse First Boston ("CSFB") whereby the Company may borrow up to $100,000 over the next year collateralized by certain of the Company's servicing advances. The Company borrowed approximately $38,082 on this credit line on the date of execution.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

SELECTED CONSOLIDATED FINANCIAL INFORMATION	March 31, 2001	December 31, 2000	Increase (Decrease)
BALANCE SHEET DATA			
Total assets	$2,068,689	$2,249,420	(8)%
Trading securities, at fair value:			
Collateralized mortgage obligations (AAA-rated)	97,196	277,595	(65)
Subordinates, residuals and other securities	109,461	112,647	(3)
Real estate held for sale	21,623	22,670	(5)
Low-income housing tax credits held for sale	100,800	87,083	16
Investments in real estate	116,125	122,761	(5)
Investment in low-income housing tax credit interests	54,213	55,729	(3)
Loan portfolio, net	77,983	93,414	(17)
Discount loan portfolio, net	439,649	536,028	(18)
Match funded loans and securities, net	110,470	116,987	(6)
Real estate owned, net	136,267	146,419	(7)
Deferred tax asset, net	82,171	95,991	(14)
Advances on loans and loans serviced for others	299,609	227,055	32
Mortgage servicing rights	67,477	51,426	31
Total liabilities	1,525,971	1,666,464	(8)
Deposits	1,133,691	1,258,360	(10)
Bonds-match funded agreements	99,732	107,050	(7)
Obligations outstanding under lines of credit	32,796	32,933	(1)
Notes, debentures and other interest bearing obligations	169,130	173,330	(2)
Company-obligated, manditorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	63,685	79,530	(20)
Stockholders' equity	479,033	503,426	(5)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

	At or for the Three Months Ended March 31,				
		2001		2000	Favorable (Unfavorable)
OPERATIONS DATA					
Net interest (loss) income	$	(2,063)	$	4,694	(144)%
Provision for loan losses		8,120		2,608	(211)
Non-interest income		43,130		30,944	39
Non-interest expense		50,856		38,074	(34)
Capital securities		2,053		3,194	36
Equity in income (losses) of investment in unconsolidated entities		45		(2,260)	102
Income tax (expense) benefit		(5,762)		3,255	(277)
Extraordinary gain on repurchase of debt, net of taxes		2,163		2,145	1
Net (loss) income		(23,516)		(5,098)	(361)
PER COMMON SHARE					
Net (loss) income:					
Basic	$	(0.35)	$	(0.07)	(400)%
Diluted		(0.35)		(0.07)	(400)
Stock price:					
High	$	9.90	$	9.25	7%
Low		6.19		5.25	18
Close		8.49		8.00	6
KEY RATIOS					
Annualized return on average assets		(4.32)%		(0.61)%	(608)%
Annualized return on average equity		(18.93)		(4.07)	(365)
Efficiency ratio (1)		123.70		114.07	8
Core (leverage) capital ratio		14.13		9.33	51
Risk-based capital ratio		21.54		17.67	22

(1) The efficiency ratio represents non-interest expense divided by the sum of net interest income before provision for loan losses, non-interest income and equity in income (losses) of investment in unconsolidated entities.

RESULTS OF OPERATIONS: THREE MONTHS ENDED MARCH 31, 2001 VERSUS THREE MONTHS ENDED MARCH 31, 2000

GENERAL. The Company recorded a net loss of $(23,516), or $(0.35) per share, for the first quarter of 2001, as compared to a net loss of $(5,098), or $(0.07) per share, for the first quarter of 2000. There were a number of key factors and transactions that contributed to the results for the first quarter of 2001 as compared to the first quarter of 2000, including: an increase in net losses incurred by OTX from $(4,475) in the first quarter of 2000 to $(8,535) in the first quarter of 2001, reflecting the continuing investment in the development of the Company's technology businesses; impairment charges of $4,503 on low-income housing tax credit investments held for investment recorded during the first quarter of 2001; and a $10,000 provision recorded in the first quarter of 2001 for an additional valuation allowance on the deferred tax asset.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

SEGMENT PROFITABILITY. The following is a discussion of the contribution by business segment to the Company's net income (loss) for the periods indicated:

- Single Family Residential Discount Loans. The segment had a net loss for the three months ended March 31, 2001 of $(1,089) as compared to income of $3,086 for the three months ended March 31,2000. Results for three months ended March 31, 2000 included gains of $7,794 from the sale of loans. There were no such gains during the three months ended March 31, 2001. Impairment charges on residential subordinate securities amounted to $599 for the three months ended March 31, 2000. Net unrealized trading gains on residential subordinate securities amounted to $1,682 for the first quarter of 2001. Losses from the sale and operation of real estate owned amounted to $3,560 for the three months ended March 31, 2001, as compared to $6,516 for the three months ended March 31, 2000. The results for the three months ended March 31, 2001 also reflect an increase of $1,224 in the provision for loan losses, as compared to the same period in the prior year. See "Results of Operations - Non-Interest Income."

- Commercial Loans. Segment net income declined from $694 for the three months ended March 31, 2000 to a loss of $(5,031) for the three months ended March 31, 2001. The results for the three months ended March 31, 2001 reflect an increase of $2,612 in gains from the sale and operation of real estate owned as compared to the same period of 2000. Loss on loan sales increased from $99 for the three months ended March 31, 2000 to $1,898 for the three months ended March 31, 2001. The results for the three months ended March 31, 2001 also reflect increases in the provision for loan losses of $4,793 primarily related to discount loans.

- Domestic Residential Mortgage Loan Servicing. Segment net income was $5,278 and $3,731 for the three months ended March 31, 2001 and 2000, respectively. Domestic residential servicing and other fees amounted to $26,955 for the three months ended March 31, 2001 as compared to $18,987 for the three months ended March 31 2000. The increase in servicing fees reflects an increase in the average balance of loans serviced for others. See "Results of Operations - Non-Interest Income."

- Investment in Low-Income Housing Tax Credits. Segment net income declined from $1,217 for the three months ended March 31, 2000 to a loss of $(4,610) for the three months ended March 31, 2000. Contributing to the loss in 2001 were impairment charges of $4,503 provided on four projects held for investment. See "Changes in Financial Condition - Investment in Low-Income Housing Tax Credit Interests."

- UK Operations. Losses for 2000 relate to the Company's equity investment in Kensington, which was sold November 22, 2000. See "Results of Operations - Equity in Losses of Investments in Unconsolidated Entities."

- OTX. Segment losses were $(8,535) and $(4,475) for the three months ended March 31, 2000 and 2001, respectively. The net losses incurred by OTX reflect the Company's ongoing commitment to the development of its technology business. In addition, in 2001, the Company provided $3,185 for the final payment due in connection with the acquisition of Amos, Inc. in 1997.

- Commercial Real Estate. Segment net income was $100 and $693 for the three months ended March 31, 2001 and 2000, respectively. Results for the three months ended March 31, 2001 included $1,265 of net operating gains on investments in real estate, which compared to $3,790 for the three months ended March 31, 2000. Results for the three months ended March 31, 2000 also included a $2,768 gain on the sale of a subordinate security. In addition, net interest (loss), including interest on lines of credit and transfer pricing, declined by $4,204 during the three months ended March 31, 2001 as compared to the same period in 2000. See "Results of Operations - Non-Interest Income."

- Subprime Single Family Residential Lending. Segment results improved from a loss of $(4,561) for the three months ended March 31, 2000 to $1,066 of income for the three months ended March 31, 2001. Results for the three months ended March 31, 2000 included $6,234 of impairment charges on subprime residual securities. The results for 2001 included $2,541 of net unrealized trading gains on subprime residual securities during the first quarter. The Company closed its domestic subprime origination business, which had been conducted primarily through OFS, in 1999.

- Unsecured Collections. Segment losses were $(1,364) and $(2,173) for the three months ended March 31, 2001 and 2000, respectively. Unsecured collections is primarily comprised of activities related to the Company's charged-off unsecured credit card receivables which were acquired at a discount. Collections of unsecured credit card receivables are accounted for under the cost recovery method. Results for the three months ended March 31, 2001 included provisions for loan losses of $740 as compared to $1,486 for the three months ended March 31, 2000.

- Ocwen Realty Advisors. Segment income was $87 and $142 for the three months ended March 31, 2001 and 2000, respectively. Ocwen Realty Advisors ("ORA") provides property valuation services and real estate research for residential and commercial properties.

- Corporate Items and Other. Segment losses were $(9,418) and $(1,910) for the three months ended March 31, 2001 and 2000, respectively. This segment consists of extraordinary gains on repurchases of debt, business activities that are individually insignificant, amounts not allocated to the operating segments, distributions on the Capital Securities, transfer pricing mismatches, other general corporate expenses and the results of the securities portfolio excluding subprime residual and subordinate securities. Net loss for the three months ended March 31, 2000 includes $2,163 of extraordinary gains, net of taxes, on repurchases of debt as compared to $2,145 of such gains, net of taxes, during the same period of the prior year. Results for 2001 also include a provision of $10,000 for an additional valuation allowance on the deferred tax asset.

See Note 9 to the Consolidated Financial Statements, included in Item 1 herein (which is incorporated herein by reference), for additional information related to the Company's operating segments.

NET INTEREST INCOME: Net interest income is the difference between interest income earned from interest-earning assets and interest expense incurred on interest-bearing liabilities. Net interest income is determined by net interest spread (i.e., the difference between the yield earned on interest-earning assets and the rates incurred on 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 its interest-earning assets and interest-bearing liabilities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

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

	Three Months Ended March 31,					
	2001			2000		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements	$ 129,705	$ 1,644	5.07%	$ 121,953	$ 1,709	5.61%
Trading securities (1)	308,799	5,700	7.38	--	--	--
Securities available for sale (1)	--	--		655,283	12,869	7.86
Loans available for sale (2)	11,450	221	7.72	44,493	807	7.26
Investment securities and other	16,579	346	8.35	28,936	327	4.52
Loan portfolio (2)	96,301	1,883	7.82	161,919	3,968	9.80
Match funded loans and securities	123,771	2,483	8.02	157,068	3,311	8.43
Discount loan portfolio	533,068	12,540	9.41	987,427	25,099	10.17
Total interest earning assets	1,219,673	24,817	8.14	2,157,079	48,090	8.92
Non-interest earning cash	46,666			55,289		
Allowance for loan losses	(21,829)			(27,418)		
Investment in low-income housing tax credit interests	46,672			155,710		
Investment in unconsolidated entities	421			35,091		
Real estate owned, net	134,499			181,880		
Tax credits held for sale	94,861			--		
Investment in real estate	121,786			306,884		
Real estate held for sale	21,740			2,030		
Escrow advances on loans and loans serviced for others	245,292			180,631		
Mortgage servicing rights, net	50,933			11,806		
Other assets	217,963			264,801		
Total assets	$ 2,178,677			$ 3,323,783		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits	$ 14,470	$ 137	3.79%	$ 16,510	$ 178	4.31%
Savings deposits	1,313	7	2.13	1,451	10	2.76
Certificates of deposit	1,108,578	17,927	6.47	1,568,476	24,497	6.25
Total interest-bearing deposits	1,124,361	18,071	6.43	1,586,437	24,685	6.22
Securities sold under agreements to repurchase	--	--	--	166,559	2,640	6.34
Bonds-match funded agreements	104,873	2,966	11.31	138,177	3,356	9.72
Obligations outstanding under lines of credit	32,885	720	8.76	179,230	3,471	7.75
Notes, debentures and other	175,530	5,123	11.67	298,592	9,244	12.38
Total interest-bearing liabilities	1,437,649	26,880	7.48	2,368,995	43,396	7.33
Non-interest bearing deposits	12,361			8,958		
Escrow deposits	52,013			206,937		
Excess of net assets acquired over purchase price	35,103			55,961		
Other liabilities	70,033			71,301		
Total liabilities	1,607,159			2,712,152		
Capital Securities	74,581			110,000		
Stockholders' equity	496,937			501,631		
Total liabilities and stockholders' equity	$ 2,178,677			$ 3,323,783		
Net interest income		$ (2,063)			$ 4,694	
Net interest spread			0.66%			1.59%
Net interest margin			(0.68)%			0.87%
Ratio of interest-earning assets to interest-bearing liabilities	85%			91%		

(1) Excludes effect of unrealized gains or losses on securities.

(2) The average balances of loans available for sale and the loan portfolio include non-performing loans, interest on which is recognized on a cash basis.

(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 the Company's 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.

	2001 vs. 2000		
	Increase (Decrease) Due To		
For the three months ended March 31,	Rate	Volume	Total
Interest-Earning Assets:			
Federal funds sold and repurchase agreements	$ (170)	$ 105	$ (65)
Securities available for sale	(492)	(12,377)	(12,869)
Trading securities	(242)	5,942	5,700
Loans available for sale	49	(635)	(586)
Investment securities and other	199	(180)	19
Loan portfolio	(694)	(1,391)	(2,085)
Match funded loans and securities	(154)	(674)	(828)
Discount loan portfolio	(1,751)	(10,808)	(12,559)
Total interest-earning assets	(3,255)	(20,018)	(23,273)
Interest-Bearing Liabilities:			
Interest-bearing demand deposits	(21)	(20)	(41)
Savings deposits	(2)	(1)	(3)
Certificates of deposit	840	(7,410)	(6,570)
Total interest-bearing deposits	817	(7,431)	(6,614)
Securities sold under agreements to repurchase	--	(2,640)	(2,640)
Bonds-match funded agreements	498	(888)	(390)
Obligations outstanding under lines of credit	402	(3,153)	(2,751)
Notes, debentures and other interest-bearing obligations	(502)	(3,619)	(4,121)
Total interest-bearing liabilities	1,215	(17,731)	(16,516)
	$ (4,470)	$ (2,287)	$ (6,757)

The Company's net interest loss before provision for loan losses amounted to $(2,063) for the three months ended March 31, 2001 as compared to net interest income of $4,694 for the three months ended March 31, 2000, a decline of $6,757 or 144%. The decrease was due to a decrease in average interest-earning assets and a decrease in the net interest spread, offset by a decrease in average interest-bearing liabilities. Average interest-earning assets decreased by $937,406 or 43% during the three months ended March 31, 2001 and reduced interest income by $20,018. Average interest-bearing liabilities decreased by $931,346 or 39% during the three months ended March 31, 2001 and decreased interest expense by $17,731. The impact of these volume changes resulted in a $2,287 decrease in net interest income. The net interest spread decreased 93 basis points as a result of a 78 basis-point decrease in the weighted average rate on interest-earning assets and a 15 basis-point increase in the weighted average rate on interest-bearing liabilities. The impact of these rate changes resulted in a $4,470 decrease in net interest income.

(Dollars in thousands, except share data)

For the three months ended March 31,	Average Balance 2001	Average Balance 2000	Increase (Decrease) $	Average Yield 2001	Average Yield 2000	Increase (Decrease) Basis Points
Federal funds sold and repurchase agreements	$ 129,705	$ 121,953	$ 7,752	5.07%	5.61%	(54)
Trading securities	308,799	--	308,799	7.38	--	738
Securities available for sale	--	655,283	(655,283)	--	7.86	(786)
Loans available for sale	11,450	44,493	(33,043)	7.72	7.26	46
Investment securities and other	16,579	28,936	(12,357)	8.35	4.52	383
Loan portfolio	96,301	161,919	(65,618)	7.82	9.80	(198)
Match funded loans and securities	123,771	157,068	(33,297)	8.02	8.43	(41)
Discount loan portfolio	533,068	987,427	(454,359)	9.41	10.17	(76)
	$ 1,219,673	$ 2,157,079	$ (937,406)	8.14	8.92	(79)

Interest income on trading securities amounted to $5,700 during the first quarter of 2001 as compared to $0 during the first quarter of 2000. This increase resulted from the Company's change in its policy for securities available for sale on September 30, 2000 to account for them as trading. The table below indicates the composition of the portfolio of trading securities during three months ended March 31, 2001:

	Average Balance Amount	Average Balance Percent	Annualized Average Yield
CMOs (AAA-rated)	$200,631	65%	6.56%
Subordinates and residuals	108,168	35	8.90
	$308,799	100%	7.38%

Interest income on securities available for sale amounted to $0 and $12,869 during the first quarter of 2001 and 2000, respectively. As noted above, on September 30, 2000 the Company changed its policy for securities available for sale and transferred those securities to the trading category. The following table indicates the composition of the portfolio of securities available for sale during the three months ended March 31, 2000:

	Average Balance Amount	Average Balance Percent	Average Yield
CMOs (AAA-rated)	$489,503	75%	6.25%
Subordinates and residuals	165,780	25	12.60
	$655,283	100%	7.86%

The decline in the average balance of CMOs held for trading as compared to the average balance of CMOs available for sale reflects a planned reduction in these securities, which were originally acquired primarily to meet the Qualified Thrift Lender requirements but are no longer needed for that purpose.

Interest income on the loan portfolio decreased by $2,085 or 53% during the three months ended March 31, 2001 versus the same period in 2000 due to a $65,618 or 41% decrease in the average balance and a 198 basis-point decrease in the average yield. During 1999, the Company ceased origination of multifamily and commercial loans. See "Changes in Financial Condition - Loan Portfolio."

Interest income on match funded loans and securities is comprised of income earned on match funded loans acquired in connection with the acquisition of OAC in October 1999 and on four unrated residual securities transferred by the Company to Ocwen NIMS Corp. in exchange for non-recourse notes. The loans were previously securitized by OAC under a securitization accounted for as a financing transaction. See "Changes in Financial Condition - Match Funded Loans and Securities."

(Dollars in thousands, except share data)

Interest income on discount loans decreased by $12,559 or 50% during the three months ended March 31, 2001 as compared to the same period in 2000 as a result of a $454,359 or 46% decline in the average balance and a 76 basis-point decrease in the average yield. See "Changes in Financial Condition - Discount Loans, Net." The yield on the discount loan portfolio 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.

For the three months ended March 31,	Average Balance 2001	Average Balance 2000	Increase (Decrease) $	Average Rate 2001	Average Rate 2000	Increase (Decrease) Basis Points
Interest-bearing deposits	$ 1,124,361	$ 1,586,437	$ (462,076)	6.43%	6.22%	21
Securities sold under agreements to repurchase	--	166,559	(166,559)	--	6.34	(634)
Bonds-match funded agreements	104,873	138,177	(33,304)	11.31	9.72	159
Obligations outstanding under lines of credit	32,885	179,230	(146,345)	8.76	7.75	101
Notes, debentures and other	175,530	298,592	(123,062)	11.67	12.38	(71)
	$ 1,437,649	$ 2,368,995	$ (933,066)	7.48	7.33	15

Interest expense on interest-bearing deposits decreased $6,614 or 27% during the three months ended March 31, 2001 as compared to the same period in 2000 primarily due to a $462,076 or 29% decrease in the average balance. The decline in the average balance was primarily related to certificates of deposit. The decline in average deposits is consistent with the decline in average assets as the Company moves from capital-intensive businesses to fee-based businesses. See "Changes in Financial Condition - Deposits."

The Company held no securities sold under agreements to repurchase during the three months ended March 31, 2001. During the three months ended March 31, 2000, securities sold under agreements to repurchase were used primarily to fund the purchase of CMOs, the average balance of which declined significantly for the first quarter of 2001 as compared to the first quarter of 2000.

Interest expense on bonds-match funded agreements is comprised of interest incurred on bonds-match funded agreements acquired as a result of the OAC acquisition in October 1999 and on non-recourse notes which resulted from the Company's transfer of four unrated residual securities in December 1999 to Ocwen NIMS Corp. in exchange for non-recourse notes. See "Changes in Financial Condition - Bonds - Match Funded Agreements."

Interest expense on obligations outstanding under lines of credit decreased $2,751 or 79% during the three months ended March 31, 2001 as compared to the same period in 2000 due to a $146,345 or 82% decrease in the average balance offset in part by a 101 basis-point increase in the weighted average interest rate. During the three months ended March 31, 2001, lines of credit were used to fund the investment in real estate and construction loans at OAC. See "Changes in Financial Condition - Obligations Outstanding Under Lines of Credit."

Interest expense on notes, debentures and other decreased $4,121 or 45% during the three months ended March 31, 2001 as compared to the same period in 2000 primarily due to a $123,062 or 41% decrease in the average balance. The decrease in the average balances is primarily due to the Company's repurchases of debt during 2001 and 2000. See "Changes in Financial Condition - Notes, Debentures and Other."

PROVISIONS FOR LOAN LOSSES. Provisions for losses on loans are charged to operations to maintain an allowance for losses on the loan portfolio, the discount loan portfolio and match funded loans at a level which management considers adequate based upon an evaluation of known and inherent risks in such portfolios. Management's periodic evaluation is based on an analysis of the discount loan portfolio, the loan portfolio and match funded loans, historical loss experience, current economic conditions and trends, collateral values and other relevant factors.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following table presents the provisions for loan losses by the discount loan, loan portfolio and match funded loans for the periods indicated:

For the three months ended March 31,	2001	2000
Discount loan portfolio	$ 6,730	$ 2,732
Loan portfolio	1,211	(155)
Match funded loans	179	31
	$ 8,120	$ 2,608

The increase in the provisions for loan losses is primarily attributable to certain non-performing commercial loans.

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

	March 31, 2001		December 31, 2000		March 31, 2000	
	Allowance	Allowance as a % of loans	Allowance	Allowance as a % of loans	Allowance	Allowance as a % of loans
Discount loan portfolio	$ 18,790	4.10%	$ 20,871	3.75%	$ 20,189	2.34%
Loan portfolio	2,652	3.29	2,408	2.51	7,104	4.35
Match funded loans	268	0.36	285	0.35	526	0.53
	$ 21,710	3.43	$ 23,564	3.21	$ 27,819	2.47

For additional information regarding the Company's allowance for loan losses on the above portfolios, see "Changes in Financial Condition - Allowance for Loan Losses." For information relating to the Company's 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 the Company's non-interest income during the periods indicated:

	Three Months	
For the periods ended March 31,	2001	2000
Servicing and other fees	$ 31,117	$ 24,166
(Loss) gain on interest-earning assets, net	(645)	10,994
Unrealized loss on trading and match funded securities, net	4,003	--
Impairment charges on securities available for sale	--	(6,833)
Loss on real estate owned, net	(984)	(7,007)
Gain on other non-interest earning assets, net	456	138
Net operating gains on investments in real estate	2,554	5,553
Amortization of excess of net assets acquired over purchase price ...	4,583	2,794
Other income	2,046	1,139
Total	$ 43,130	$ 30,944

Servicing and other fees are primarily comprised of fees from investors for servicing mortgage loans. Servicing and other fees for the three months ended March 31, 2001 increased $6,951 largely due to the growth in loans serviced for others. The average unpaid principal balance of loans serviced for others amounted to $11,308,486 during the three months ended March 31, 2001 as compared to $10,787,325 for the three months ended March 31, 2000. In addition to servicing fees, the increase in servicing and other fees during 2001 included increases in interest earned on custodial accounts during the holding period between collection of borrower payments and remittance to investors, in late charges on residential loans and in other miscellaneous servicing related fees. Servicing fees for the three months ended March 31, 2001 included $2,245 of special servicing fees as compared to $3,790 for the three months ended March 31, 2000. Under special servicing arrangements, the Company services loans for third parties, typically as part of a securitization, that become greater than 90 days past due and receives incentive fees to the extent certain loss mitigation parameters are achieved.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following table sets forth the Company's loans serviced for others at the dates indicated:

	Discount Loans		Subprime Loans		Other Loans		Total	
	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans
MARCH 31, 2001 (1):								
Loans securitized:								
Residential loans	$ 821,389	13,696	$ 646,609	6,810	$ --	--	$ 1,467,998	20,506
Commercial loans	5,672	32	--	--	--	--	5,672	32
	$ 827,061	13,728	$ 646,609	6,810	$ --	--	$ 1,473,670	20,538
Loans serviced for third parties:								
Residential loans	$ 613,107	12,573	$ 8,716,041	155,723	$ 37,040	404	$ 9,366,188	168,700
Commercial loans	75,639	73	1,154	13	778,684	66	855,477	152
	$ 688,746	12,646	$ 8,717,195	155,736	$ 815,724	470	$10,221,665	168,852
Total loans serviced for others:								
Residential loans	$ 1,434,496	26,269	$ 9,362,650	162,533	$ 37,040	404	$10,834,186	189,206
Commercial loans	81,311	105	1,154	13	778,684	66	861,149	184
	$ 1,515,807	26,374	$ 9,363,804	162,546	$ 815,724	470	$11,695,335	189,390
DECEMBER 31, 2000 (2):								
Loans securitized:								
Residential loans	$ 858,549	14,232	$ 719,231	7,456	$ --	--	$ 1,577,780	21,688
Commercial loans	6,884	38	--	--	--	--	6,884	38
	$ 865,433	14,270	$ 719,231	7,456	$ --	--	$ 1,584,664	21,726
Loans serviced for third parties:								
Residential loans	$ 668,736	13,397	$ 8,210,658	128,964	$ 37,510	402	$ 8,916,904	142,763
Commercial loans	77,551	81	1,422	16	779,983	167	858,956	264
	$ 746,287	13,478	$ 8,212,080	128,980	$ 817,493	569	$ 9,775,860	143,027
Total loans serviced for others:								
Residential loans	$ 1,527,285	27,629	$ 8,929,889	136,420	$ 37,510	402	$10,494,684	164,451
Commercial loans	84,435	119	1,422	16	779,983	167	865,840	302
	$ 1,611,720	27,748	$ 8,931,311	136,436	$ 817,493	569	$11,360,524	164,753

(1) Does not include approximately 90,900 loans with an aggregate unpaid principal balance of $8,254,300 that were acquired under servicing agreements during the first quarter of 2001, but had not been boarded in the Company's loan servicing system as of March 31, 2001.

(2) Does not include approximately 38,500 loans with an unpaid principal balance of approximately $1,027,600 that were acquired on December 31, 2000 but were not boarded in the Company's loan servicing system until 2001.

For the three months ended March 31, 2001, net loss on interest-earning assets of $(645) was primarily comprised of $1,898 of losses on the sale of loans partially offset by $1,186 of gains on the sale of trading securities. Net gains on interest-earning assets for the three months ended March 31, 2000 of $10,994 was primarily comprised of a $7,794 gain recognized in connection with the sale of single family residential discount loans and a gain of $2,768 on the sale of a commercial subordinate security.

The unrealized gain on trading securities of $4,003 for the three months ended March 31, 2001 resulted from the Company's change, on September 30, 2000, in its policy for securities available for sale and match-funded securities to account for them as trading securities. For trading securities, changes in fair value are reported in income in the period of change. See "Changes in Financial Condition - Trading Securities."

Impairment charges on securities available for sale represent declines in fair value that were deemed to be other-than-temporary. See "Changes in Financial Condition - Securities Available for Sale."

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following table sets forth the results of the Company's real estate owned (which does not include investments in real estate, as discussed below) during the periods indicated:

For the three months ended March 31,	2001	2000
Gains on sales	$ 6,376	$ 4,556
Provision for losses in fair value	(6,181)	(9,212)
Carrying costs, net	(1,179)	(2,351)
(Loss) income on real estate owned, net	$ (984)	$(7,007)

See "Changes in Financial Condition - Real Estate Owned" for additional information regarding real estate owned.

Net operating gains on investments in real estate during the three months ended March 31, 2001 included $1,248 of operating income from investments in real estate as compared to $3,792 during the three months ended March 31, 2000. The decrease is principally the result of the sales of properties that occurred during 2000. The three months ended March 31, 2001 also included $1,306 of equity in earnings related to certain loans that are accounted for as investments in real estate as compared to $1,761 for the three months ended March 31, 2000. See "Changes in Financial Condition - Investments in Real Estate."

The amortization of excess of net assets acquired over purchase price resulted from the Company's acquisition of OAC on October 7, 1999. The acquisition resulted in an excess of net assets acquired over the purchase price of $60,042, which is being amortized on a straight-line basis. Effective October 1, 2000, the amortization period was reduced from 60 months to 39 months, which accounts for the increase in amortization to $4,583 for the first quarter of 2001 as compared to $2,794 for the first quarter of 2000. The unamortized balance of the excess of net assets acquired over purchase price at March 31, 2001 was $32,082, as compared to $36,665 at December 31, 2000.

Other income for the three months ended March 31, 2001 increased by $907 during the three months ended March 31, 2001 as compared to the three months ended March 31, 2000 largely due to an increase in consulting fee income of $913. These fees result from advisory services provided to Jamaica's Financial Sector Adjustment Company related to the resolution and liquidation of non-performing loans and real estate assets.

NON-INTEREST EXPENSE. The following table sets forth the principal components of the Company's non-interest expense during the periods indicated:

For the three months ended March 31,	2001	2000
Compensation and employee benefits	$20,935	$16,583
Occupancy and equipment	3,093	3,263
Technology and communication costs	10,148	5,621
Loan expenses	4,235	3,930
Net operating losses on investments in certain low-income housing tax credit interests	5,062	1,499
Amortization of excess of purchase price over net assets acquired	778	773
Professional services and regulatory fees	4,026	3,839
Other operating expenses	2,579	2,566
Total	$50,856	$38,074

The $4,352 increase in compensation and employee benefits for the three months ended March 31, 2001 as compared to the same periods in 2000 was due in large part to the reversal of accrued profit sharing expense in the amount of $6,012 during the first quarter of 2000 as a result of the Company's decision to suspend its long-term incentive plan. Excluding the $6,012 accrual reversal, compensation and employee benefits decreased $1,660 during the three months ended March 31, 2001. This decrease is primarily due to a $1,284 decline in compensation expense related to contract programmers.

Technology and communication costs consists primarily of depreciation expense on computer hardware and software, technology-related consulting fees (primarily OTX) and telephone expense. The $4,527 increase in technology and communication costs for the three months ended March 31, 2001 is primarily due to a $3,185 charge to record the final payment due on the acquisition of AMOS, Inc.

Net operating losses on investments in certain low-income housing tax credit interests increased $3,563 during the three months ended March 31, 2001 as compared to the same period in 2000 largely because of the provision to record $4,503 of impairment charges on four projects offset in part by a reduction in operating losses resulting from the sale of projects. See "Changes in Financial Condition - Investment in Low-Income Housing Tax Credit Interest."

Other operating expenses are primarily comprised of marketing costs and travel expense.

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%. The Company recorded $2,053 and $3,194 of distributions to holders of the Capital Securities during the three months ended March 31, 2001 and 2000, respectively. The decline in distributions is the result of repurchases during the second, third and fourth quarters of 2000 and the first quarter of 2001. See Note 4 to the Consolidated Financial Statements included in Item 1 (which is incorporated herein by reference) and "Changes in Financial Condition - Company-Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company."

EQUITY IN LOSSES OF INVESTMENTS IN UNCONSOLIDATED ENTITIES. During the three months ended March 31, 2001, the Company recorded equity in the income of investments in unconsolidated entities of $45. This compares to losses of $(2,260) for the three months ended March 31, 2000. The three months ended March 31, 2000 included equity in losses of Kensington Group plc of $(2,334), including goodwill amortization. The Company sold its equity investment in Kensington on November 22, 2000.

INCOME TAX (EXPENSE) BENEFIT. Income tax (expense) benefit amounted to $(5,762) and $3,255 during the three months ended March 31, 2001 and 2000, respectively. The Company's effective tax rates reflect tax credits resulting from the Company's investment in low-income housing tax credit interests of $296 and $3,715 during the first quarter of 2001 and 2000, respectively. The decline in tax credits reflects the sale of projects during the third and fourth quarters of 2000 and the first quarter of 2001. The Company's provision in the first quarter of 2001 also includes a charge of $10,000 related to the deferred tax asset valuation allowance. Exclusive of the provision for the deferred tax asset valuation allowance, the Company's income taxes for 2001 and 2000 reflect expected effective tax rates of 18% and 31%, respectively. See "Changes in Financial Condition - Investments in Low-Income Housing Tax Credit Interests" and "- Deferred Tax Asset."

EXTRAORDINARY GAIN ON REPURCHASE OF DEBT, NET OF TAXES. Extraordinary gains on repurchases of debt, net of taxes, for the three months ended March 31, 2001 of $2,163 is comprised of $2,102 ($3,433 before taxes) of gains recognized in connection with the repurchase of $15,845 face amount of Capital Securities and $61 of gains recognized in connection with the repurchase of $4,200 face amount of 11.875% Notes due October 1, 2003. For the first quarter of 2000, extraordinary gains, net of taxes, amounted to $2,145 ($3,109 before taxes) and resulted from the repurchase of $19,550 of the 11.5% of Redeemable Notes due July 1, 2005. See "Changes in Financial Condition - Notes, Debentures and Other Interest-Bearing Obligations" and "- Company Obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company."

CHANGES IN FINANCIAL CONDITION

TRADING SECURITIES. On September 30, 2000, the Company reclassified its portfolio of securities available for sale, which had a fair value of $496,295 on that date, to trading.

(Dollars in thousands, except share data)

The following table sets forth the fair value of the Company's trading securities at the dates indicated:

	March 31, 2000	December 31, 2000
Mortgage-related securities:		
Collateralized mortgage obligations (AAA-rated)...	$ 97,196	$ 277,595
Subordinates, residuals and other securities:		
Single family residential:		
BB-rated subordinates	4,488	4,563
B-rated subordinates	2,494	2,911
Unrated subordinates	9,536	9,361
Unrated subprime residuals	90,366	93,176
	106,884	110,011
Multi-family residential and commercial:		
Unrated subordinates	2,577	2,636
	109,461	112,647
Trading securities	$ 206,657	$ 390,242

During the three months ended March 31, 2001, trading securities declined $183,585. This decline was primarily due to $79,827 of maturities and principal repayments, $103,464 of sales and $1,972 of net premium amortization, offset in part by a $2,737 increase in fair value.

Residual and subordinate securities at March 31, 2001 and December 31, 2000 include retained interests with a fair value of $40,448 and $43,016, respectively, from securitizations of loans completed by the Company in prior years. The Company determines the present value of anticipated cash flows at the time each securitization transaction closes, utilizing valuation assumptions appropriate for each particular transaction. The significant valuation assumptions have included the anticipated prepayment speeds and the anticipated credit losses related to the underlying mortgages. In order to determine the present value of this estimated excess cash flow, the Company currently applies a discount rate of 17% to 20% to the projected cash flows on the unrated classes of securities. The annual prepayment rate of the securitized loans is a function of full and partial prepayments and defaults. The Company makes assumptions as to the prepayment rates of the underlying loans, which the Company believes are reasonable, in estimating fair values of the subordinate securities and residual securities retained. During 2001, the Company utilized proprietary prepayment curves (reaching an approximate range of annualized rates of 11% to 36%). During 2001, the Company estimated annual losses of between 0.5% and 7% of the unpaid principal balance of the underlying loans. See Note 5 to the Interim Consolidated Financial Statements included in Item 1 herein.

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 overcollateralization or the balance in the reserve account reaches a specified level. 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.

The Company periodically assesses the carrying value of its subordinate securities and residual securities retained. There can be no assurance that the Company's estimates used to determine the value of the subordinate securities and residual securities retained will remain appropriate for the life of each securitization. If actual loan prepayments or defaults exceed the Company's estimates, the carrying value of the Company's subordinate securities and residual securities retained may be decreased during the period management recognizes the disparity. Other factors may also result in a write-down of the Company's subordinate securities and residual securities in subsequent months. During the three months ended March 31, 2000, which was prior to the transfer of securities available for sale to trading, the Company recorded $6,833 of impairment charges on its portfolio of subordinate and residual securities as a result of declines in value that were deemed to be "other-than-temporary."

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following tables detail the Company's trading securities portfolio at March 31, 2001, and its estimates of expected yields on such securities, taking into consideration expected prepayment and loss rates together with other factors:

SECURITIZATION (ISSUER)	SECURITY	ISSUE DATE	RATING	RATING AGENCIES	CLASS SIZE ISSUANCE	CLASS SIZE 3/31/01	INTEREST %	SUBORDI-NATION/OC LEVEL AT: 3/31/01	ANTICIPATED YIELD TO MATURITY AT PURCHASE	ANTICIPATED YIELD TO MATURITY AT 3/31/01	PROSPECTIVE YIELD AT 3/31/01
SINGLE-FAMILY RESIDENTIAL											
Subordinates:											
BCF 1996 R1(1)............	B3	Oct-96	UR	(a), (b)	$ 70,773	$ 33,866	50.00%	None	15.70%	8.30%	38.67%
CSFB 1996-1R (ITT 94-P1) (2)...........	4B2,	Oct-96	UR	(b), (c)	1,046	105	100.00	None	N/A	N/A	(A)
BCF 1997 R2 (1)...........	B4	Jun-97	Ba2,BB	(b), (c)	6,358	5,502	73.54	7.44%	9.58	10.13	53.44
	B5		B2,B		6,264	5,422	73.54	2.80	10.74	10.51	N/M
	B6		UR		13,883	3,277	73.54	None	15.98	3.47	(A)
SBMS 1997-HUD1 (3)	B5	Apr-97	B2, n.a.	(b), (d)	9,785	6,640	100.00	--	16.87	(7.10)	5.72
	B6	Apr-97	UR		16,998	--	100.00	None	22.86	(8.97)	(A)
ORMBS 1998 R1 (4)..........	B4	Mar-98	UR	(b), (d)	101,774	42,542	82.48	None	20.50	(28.99)	26.80
ORMBS 1998 R2 (4)..........	B4A	Jun-98	Ba2	(b)	1,056	946	100.00	6.05	13.22	4.77	N/M
	B4F		Ba2		937	850	100.00	5.60	19.23	(9.67)	73.65
	B5A		B2		880	775	100.00	3.90	23.78	8.54	N/M
	B5F		B2		937	850	100.00	2.57	11.78	13.73	N/M
	B6A		UR		3,696	1,407	100.00	None	16.72	24.43	N/M
	B6F		UR		3,345	721	100.00	None	19.50	(16.41)	(A)
ORMBS 1998 R3 (4)..........	B4	Sep-98	Ba2,BB	(b), (d)	11,765	10,755	85.87	--	11.71	(45.70)	N/M
	B5		B2,B		9,151	--	85.87	None	16.54	N/A	N/M
	B6		UR		26,145	--	85.87	None	18.00	N/A	(A)
ORMBS 1999 R1 (4)..........	B5A	Mar-99	B2,B	(b), (d)	1,630	1,487	100.00	3.50	17.73	32.93	45.69
	B5F		B2,B		1,843	1,545	100.00	3.46	17.74	40.51	N/M
	B6A		UR		3,586	1,328	100.00	None	18.00	55.40	106.27
	B6F		UR		4,299	1,928	100.00	None	18.00	100.00	(A)
ORMBS 1999 R2 (4)	B4	Jun-99	BB	(a),(c),(d)	10,530	10,083	100.00	5.87	13.45	37.51	67.75
	B5		B		4,680	4,119	100.00	--	18.45	86.67	(A)
	B6 (1B)		UR		7,020	--	100.00	None	18.00	N/A	(A)
Subprime residuals:											
SBMS 1996 3 (5)...........	R	Jun-96	UR	(a), (b)	130,062	21,055	100.00	25.47OC	15.52	4.17	19.02
MLM1 1996 1 (6)...........	R	Sep-96	UR	(a), (b)	81,142	11,293	100.00	42.46OC	15.16	3.74	22.37
MS 1997 1 (7).............	X1	Jun-97	UR	(a), (b)	17,727	7,632	100.00	6.06OC	21.47	16.88	19.48
	X2				87,118	10,785	100.00	25.45OC	20.38	0.95	11.56
1997 OFS 2 (8)............	X	Sep-97	UR	(a), (b)	102,201	18,165	100.00	12.77OC	19.65	(0.44)	20.82
1997 OFS 3 (8)............	X	Dec-97	UR	(a), (b)	208,784	49,389	100.00	15.48OC	19.59	5.91	18.45
1998 OFS 1 (8)............	X	Mar-98	UR	(b), (d)	161,400	39,269	100.00	4.28OC	18.00	(2.34)	6.63
1998 OFS 2 (8)............	X	Jun-98	UR	(a), (b)	382,715	103,638	100.00	3.91OC	19.46	(2.00)	8.80
1998 OFS 3 (8)............	X	Sep-98	UR	(a), (d)	261,649	104,138	100.00	5.70OC	18.00	1.08	10.12
1998 OFS 4 (8)............	X	Dec-98	UR	(a),(b),(c)	349,000	177,140	100.00	2.16OC	18.00	(118.65)	(339.61)
1999 OFS 1 (8)	X	Jun-99	UR	(a), (b)	148,628	103,182	100.00	5.81OC	18.00	(3.72)	(4.88)
PANAM 1997-1 (9)..........	X	Dec-97	UR	(a), (b)	113,544	20,993	100.00	11.31OC	22.45	(0.02)	18.52
	Prepay Pen.		UR						25.69	1.86	(12.03)

(Dollars in thousands, except share data)

SECURITIZATION (ISSUER)	SECURITY	ISSUE DATE	RATING	RATING AGENCIES	CLASS SIZE ISSUANCE	CLASS SIZE 3/31/01	INTEREST %	SUBORDI-NATION/OC LEVEL AT: 3/31/01	ANTICIPATED YIELD TO MATURITY AT PURCHASE	ANTICIPATED YIELD TO MATURITY AT 3/31/01	PROSPECTIVE YIELD AT 3/31/01
SINGLE-FAMILY RESIDENTIAL											
EQUICON 1994-2(10).......	B Fix	Oct-94	UR	(a),(b),(c)	78,846	$ 13,762	100.00%	7.59%OC	18.00%	103.62%	11.73%
	B Var.		UR		32,306	1,680	100.00	48.26OC	18.00	31.21	11.64
EQUICON 1995-1(10).......	B Fix,	May-95	UR	(a),(b),(c)	70,024	9,122	100.00	12.97OC	18.00	27.35	(A)
	B Var.		UR		40,519	4,445	100.00	11.81OC	18.00	104.57	(A)
EQUICON 1995-2(10).......	B Fix	Oct-95	UR	(a),(b)	79,288	14,296	100.00	13.33OC	18.00	26.44	N/M
	B Var.		UR		39,667	2,942	100.00	19.25OC	18.00	108.66	(A)
ACCESS 1996-1(11)........	B Fix,	Feb-96	UR	(a),(b)	120,015	23,717	100.00	7.34OC	18.00	28.93	156.29
	B Var.		UR		55,362	5,022	100.00	14.52OC	18.00	41.47	(A)
ACCESS 1996-2(11)........	B-I,BI-S	May-96	UR	(a),(b)	142,259	28,530	100.00	10.93OC	18.00	29.66	(A)
	B-II BII-S		UR		68,345	6,453	100.00	16.26OC	18.00	15.48	830.83
ACCESS 1996-3(11)........	B-I, BI-S	Aug-96	UR	(a),(b)	107,712	22,321	100.00	17.73OC	18.00	19.00	300.61
	B-II BII-S		UR		99,885	9,564	100.00	25.84OC	18.00	18.51	(A)
ACCESS 1996-4(11)........	B, B-S	Nov-96	UR	(a),(b)	239,778	34,591	100.00	38.57OC	18.00	11.65	21.47
ACCESS 1997-1(11)........	B, B-S	Feb-97	UR	(a),(b)	276,442	53,252	100.00	37.87OC	18.00	10.82	32.84
ACCESS 1997-2(11)........	B, B-S	May-97	UR	(a),(b)	185,197	34,381	100.00	26.96OC	18.00	5.61	25.17
ACCESS 1997-3(11)........	B, B-S	Oct-97	UR	(a),(b)	199,884	40,671	100.00	19.20OC	18.00	11.23	31.78
UK SUBPRIME Subordinates:											
CMR1(12).................	Deferred Comp	Apr-96	UR	(a),(c)	48,450(B)	11,164(C)	100.00	14.60RF	18.69	23.61	27.93
CMR2(12).................	Deferred Comp	Oct-96	UR	(a),(c)	97,627(B)	24,598(C)	100.00	15.50RF	18.69	35.47	45.02
CMR3(12).................	Deferred Comp	Oct-96	UR	(a),(c)	176,047(B)	43,305(C)	100.00	22.70RF	18.69	68.27	150.06
CMR4(12).................	Deferred Comp	Jan-97	UR	(a),(c)	103,031(B)	27,631(C)	100.00	11.30RF	18.69	37.97	52.95
CMR5(12).................	Deferred Comp	Jan-97	UR	(a),(c)	54,686(B)	14,940(C)	100.00	55.40RF	0.00	N/A	(A)
CMR6(12).................	Deferred Comp	Apr-97	UR	(a),(c)	90,498(B)	21,504(C)	100.00	12.80RF	18.69	49.09	94.14
COMMERCIAL Subordinates:											
BT97-SI(13)..............	Equity Cert.	Dec-97	UR	None	57,750	34,842	25.00	--	22.15	12.10	10.09

(Dollars in thousands, except share data)

SECURITIZATION (ISSUER)	WEIGHTED AVERAGE COUPON AT 3/31/01	WEIGHTED AVERAGE LTV AT 3/31/01	TOTAL DELINQUENCY AT 3/31/01	ACTUAL LIFE TO DATE CPR AT 3/31/01	ACTUAL LIFE TO DATE LOSSES AT 3/31/01	PRODUCT TYPE AT 3/31/01	COLLATERAL BALANCE ISSUANCE	COLLATERAL BALANCE 3/31/01
SINGLE-FAMILY RESIDENTIAL								
Subordinates:								
BCF 1996 R1 (1)............	10.01%	84.18%	12.26%	13.51%	$ 32,496	98% Fixed, 2% ARM	$505,513	$ 233,597
CSFB 1996 1R								
(ITT 94-P1) (2)............	8.16	N/A	3.39	N/A	157	100% 1-Year CMT	32,487	3,427
BCF 1997 R2 (1)............	8.72	77.21	17.68	13.74	9,374	26% Fixed, 74% ARM	251,790	116,849
SBMS 1997-HUD1 (3)..........	9.78	67.73	10.60	15.46	18,353	97% Fixed, 3% ARM	326,147	151,350
ORMBS 1998 R1 (4)..........	8.86	91.97	27.04	11.48	54,089	98% Fixed, 2% ARM	565,411	373,955
ORMBS 1998 R2 (4)..........	9.37	79.24	26.47	15.57	4,407	44% Fixed, 56% ARM	123,917	64,101
ORMBS 1998 R3 (4)..........	8.87	91.05	37.12	15.12	34,420	98% Fixed, 2% ARM	261,452	170,210
ORMBS 1999 R1 (4)..........	9.30	76.72	32.59	19.40	3,626	60% Fixed, 40% ARM	147,101	93,665
ORMBS 1999 R2 (4)..........	9.24	88.72	31.95	14.73	6,860	100% Fixed	117,004	70,186
Subprime residuals:								
SBMS 1996 3 (5)............	11.47	67.73	16.97	31.07	3,853	66% Fixed, 34% ARM	130,062	21,055
MLM1 1996 1 (6)............	12.22	71.89	21.87	34.76	2,502	36% Fixed, 64% ARM	81,142	11,293
MS 1997 1 (7) X1...........	11.89	75.44	35.14	36.87	3,128	100% Fixed,	17,727	7,632
MS 1997 1 (7) X2...........						100% ARM	87,118	10,785
1997 OFS 2 (8).............	11.90	78.67	21.52	37.32	3,838	42% Fixed, 58% ARM	102,201	18,165
1997 OFS 3 (8).............	11.68	77.82	25.97	34.94	7,439	27% Fixed, 73% ARM	208,784	49,389
1998 OFS 1 (8).............	11.95	79.86	25.42	36.68	6,913	23% Fixed, 77% ARM	161,400	39,269
1998 OFS 2 (8).............	11.72	74.93	20.99	37.14	12,102	53% Fixed, 47% ARM	382,715	103,638
1998 OFS 3 (8).............	11.27	77.78	29.28	30.09	9,624	42% Fixed, 58% ARM	261,649	104,138
1998 OFS 4 (8).............	10.82	78.82	28.88	24.85	16,582	52% Fixed, 48% ARM	349,000	177,140
1999 OFS 1 (8).............	9.80	77.88	19.01	17.97	3,509	70% Fixed, 30% ARM	148,628	103,182
PANAM 1997-1(9)............	12.45	86.27	30.47	40.41	6,423	5% Fixed, 95% ARM	113,544	20,993
EQUICON 1994-2 (10).........	10.10	81.03	14.78	30.20	2,800	100% Fixed	78,846	13,762
						100% ARM	32,306	1,680
EQUICON 1995-1 (10).........	12.75	109.89	29.53	29.75	5,427	100% Fixed	70,024	9,122
						100% ARM	40,519	4,445
EQUICON 1995-2 (10).........	11.11	81.46	30.71	32.07	3,642	100% Fixed	79,288	14,296
						100% ARM	39,667	2,942
ACCESS 1996-1 (11)..........	11.12	76.25	28.21	30.17	6,201	100% Fixed	120,015	23,717
						100% ARM	55,362	5,622
ACCESS 1996-2 (11)..........	11.23	74.30	31.45	32.20	6,915	100% Fixed	142,259	28,530
						100% ARM	68,345	6,453
ACCESS 1996-3 (11)..........	11.72	77.32	40.07	34.26	5,815	100% Fixed	107,712	22,321
						100% ARM	99,885	9,564
ACCESS 1996-4 (11)..........	12.30	80.14	39.05	36.97	7,553	56% Fixed, 44% ARM	239,778	34,290
ACCESS 1997-1 (11)..........	11.94	80.15	41.49	35.20	12,354	64% Fixed, 36% ARM	276,442	53,252
ACCESS 1997-2 (11)..........	11.94	81.98	37.18	35.20	6,798	64% Fixed, 36% ARM	185,197	34,381
ACCESS 1997-3 (11)..........	12.03	90.04	41.74	38.06	5,451	57% Fixed, 43% ARM	199,884	40,671
UK SUBPRIME								
Subordinates:								
CMR1 (12)..................	13.39	N/A	37.71	23.90	1,019	N/A	48,450(B)	11,164(C)
CMR2 (12)..................	12.69	N/A	30.05	24.45	1,448	N/A	97,627(B)	24,598(C)
CMR3 (12)..................	13.41	N/A	16.89	23.06	3,759	N/A	176,047(B)	43,305(C)
CMR4 (12)..................	13.66	N/A	40.45	24.66	2,245	N/A	103,031(B)	27,631(C)
CMR5 (12)..................	15.77	N/A	63.07	24.15	9,422	N/A	54,686(B)	14,940(C)
CMR6 (12)..................	13.68	N/A	34.70	27.66	1,407	N/A	90,498(B)	21,504(C)
COMMERCIAL								
Subordinates:								
BT97-SI (13)...............	7.88	N/A	57.19	N/A	10,549	N/A	295,925	68,780

(Dollars in thousands, except share data)

ISSUERS:
(1) BlackRock Capital Finance L.P.
(2) Credit Suisse First Boston (ITT Federal Bank, FSB)
(3) Salomon Brothers Mortgage Securities
(4) Ocwen Residential MBS Corporation
(5) Salomon Brothers Mortgage Securities VII
(6) Merrill Lynch Mortgage Investors, Inc.
(7) Morgan Stanley ABS Capital I, Inc.
(8) Ocwen Mortgage Loan Asset Backed Certificates
(9) Pan American Bank, FSB
(10) Equicon Mortgage Loan Trust
(11) Access Financial Mortgage Loan Trust
(12) City Mortgage Receivable
(13) Bankers Trust Corporation Mortgage Investors Trust

RATING AGENCIES:
(a) S&P
(b) Moody's
(c) Fitch
(d) DCR

OTHER:
N/A - Not Available
N/M - As a result of impairment charge write-downs of the security while classified as available for sale, the prospective yield at 3/31/01 is not meaningful.
(A) - As a result of impairment charge write-downs of the security while classified as available for sale, the book value is zero, therefore, there is no prospective yield on the security.
(B) - Dollar equivalent of amounts in British pounds at the rate of exchange that prevailed at the time of issuance.
(C) - Dollar equivalent of amounts in British pounds at the rate of exchange at 3/31/01.

The following table sets forth the principal amount of mortgage loans by the geographic location of the property securing the mortgages that underlie the Company's subordinate and residual securities at March 31, 2001:

DESCRIPTION	CALIFORNIA	FLORIDA	TEXAS	U.K.	NEW YORK	OTHER (1)	TOTAL
Single family residential..	$ 412,107	$ 194,829	$ 178,153	$ 143,144	$ 132,004	$1,303,745	$2,363,982
Commercial	21,056	--	1,856	--	77	115	23,104
Multi-family	458	80	--	--	4,816	4,218	9,572
Total	$ 433,621	$ 194,909	$ 180,009	$ 143,144	$ 136,897	$1,308,078	$2,396,658
Percentage (2)	18.09%	8.13%	7.51%	5.97%	5.71%	54.59%	100.00%

(1) Consists of properties located in 46 other states, none of which aggregated over $108,217 in any one state.

(2) Based on a percentage of the total unpaid principal balance of the underlying loans.

The following table presents information regarding trading subordinate and residual securities summarized by classification and rating at March 31, 2001:

RATING/DESCRIPTION	FAIR VALUE	PERCENT OWNED	ORIGINAL ANTICIPATED YIELD TO MATURITY	ANTICIPATED YIELD TO MATURITY AT 3/31/01 (1)	COUPON	ANTICIPATED WEIGHTED AVERAGE REMAINING LIFE (2)	PROSPECTIVE YIELD AT 3/31/01
SINGLE-FAMILY RESIDENTIAL:							
BB-rated subordinates............	$ 4,488	89.42%	11.72%	5.03%	7.00%	2.16	41.13%
B-rated subordinates.............	2,494	93.12	15.67	8.70	7.61	1.45	8.97
Unrated subordinates.............	9,536	70.35	17.84	(7.21)	8.06	2.67	33.78
Unrated subprime residuals.......	90,366	100.00	18.41	(2.90)	N/A	7.44	9.71
COMMERCIAL:							
Unrated subordinates.............	2,577	25.00	22.15	12.10	7.88	2.10	10.09
	$ 109,461						

(1) Changes in the March 31, 2001 anticipated yield to maturity from that originally anticipated are primarily the result of changes in prepayment assumptions, loss assumptions and charges taken to reduce the value of the securities while classified as available for sale.

(2) Equals the weighted average life based on the March 31, 2001 book value.

The following is a glossary of terms included in the above tables:

ACTUAL LIFE TO DATE CPR - The Constant Prepayment Rate is used to measure the average prepayment rate for the underlying mortgage pool(s) over the period of time lapsed since the issuance of the securities through the date indicated and is calculated as follows:

$$\text{Actual Life to Date CPR} = 100 \times \left[\left(1 - \frac{\text{Final Aggregate Balance}_{\text{actual}}}{\text{Final Aggregate Balance}_{\text{scheduled}}} \right) \times \left(\frac{12}{\text{Months In Period}} \right) \right]$$

ACTUAL LIFE-TO-DATE LOSSES - Represents cumulative losses of the original collateral at the indicated date.

ANTICIPATED YIELD TO MATURITY AT MARCH 31, 2000- 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.

ANTICIPATED YIELD TO MATURITY AT PURCHASE - Effective yield from inception to maturity based on the purchase price and anticipated future cash flows under pricing assumptions.

CLASS SIZE - Represents the dollar size of a particular class. Class Size for subprime residuals is equal to the Collateral Balance at the respective date.

COLLATERAL BALANCE - Represents the unpaid principal balance including arrearage of the underlying collateral of the entire securities at the indicated date.

INTEREST PERCENTAGE - Represents the percentage of the particular class of security owned by the Company.

ISSUE DATE - Represents the date on which the indicated securities were issued.

OVER-COLLATERIZATION LEVEL - For residual interest in residential mortgage-backed securities, over-collateralization ("OC") is the amount by which the collateral balance exceeds the sum of the bond principal amounts. OC is achieved by applying monthly a portion of the interest payments of the underlying mortgages toward the reduction of the class certificate principal amounts, causing them to amortize more rapidly than the aggregate loan balance. The OC percentage, expressed as a percentage of the outstanding collateral balance, represents the first tier of loss protection afforded to the non-residual holders. The OC percentage also determines whether the over-collateralization target has been satisfied as of a specific date, such that cash flows to the residual holder are warranted. To the extent not consumed by losses on more highly rated bonds, OC is remitted to the residual holders.

PROSPECTIVE YIELD - Effective yield based on the amortized cost of the investment, after impairments, and the then current estimate of the future cash flows under the assumptions at the respective date.

RATING - 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", which are superior to those rated "C." 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 subsequent to senior classes and will experience losses prior to any senior class. The lowest potential class designation is not rated ("UR") which, if included in a securitization, will always receive interest last and experience losses first.

SECURITIZATION - Series description.

SECURITY - Represents the name of the class associated with each securitization held by the Company. This has no relationship to a formal rating but is for identification purposes (although the names are usually in alphabetical or numeric order from the highest rated to the lowest rated).

SUBORDINATION LEVEL - Represents the credit support for each mortgage-backed security by indicating the percentage of outstanding bonds whose right to receive payment is subordinate to the referenced security. The subordinate classes must experience a complete loss before any additional losses would affect the particular referenced security.

(Dollars in thousands, except share data)

TOTAL DELINQUENCY - Represents the total unpaid principal balance of loans more than 30 days delinquent at the indicated date as a percentage of the unpaid principal balance of the collateral at such date.

WEIGHTED AVERAGE COUPON - Represents the interest rate of the underlying mortgage loans weighted by the unpaid principal balance of the underlying mortgage loans at the respective date.

WEIGHTED AVERAGE LTV - Represents the ratio of the unpaid principal balance including arrearage to the value of the underlying collateral and applies to the single-family residential securities.

LOAN PORTFOLIO, NET. Loans held for investment in the Company's loan portfolio are carried at amortized cost, less an allowance for loan losses, because the Company has the ability and presently intends to hold them to maturity.

Composition of Loan Portfolio. The following table sets forth the composition of the Company's loan portfolio by type of loan at the dates indicated:

	March 31, 2001	December 31, 2000
Single family residential loans	$ 649	$ 848
Multi-family residential loans:		
Permanent	2,969	6,083
Construction	23,278	39,123
Total multi-family residential..	26,247	45,206
Commercial real estate:		
Hotels:		
Construction	30,478	38,153
Office buildings	26,788	20,817
Land	1	1
Total commercial real estate ...	57,267	58,971
Consumer	42	48
	84,205	105,073
Undisbursed loan proceeds	(3,324)	(8,879)
Unamortized deferred fees	(246)	(372)
Total loans	80,635	95,822
Allowance for loan losses	(2,652)	(2,408)
Loans, net	$ 77,983	$ 93,414

The loan portfolio is 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 the Company's loans were located at March 31, 2001:

	Single Family Residential	Multi-family Residential	Commercial Real Estate	Consumer	Total
New York	$ 157	$ 2,724	$ 17,746	$ 20	$ 20,647
Delaware	255	--	12,763	--	13,018
Connecticut.....	--	--	12,800	9	12,809
California	--	8,948	1	--	8,949
Virginia	--	--	7,650	--	7,650
Other (1)	237	14,575	6,307	13	21,132
Total	$ 649	$ 26,247	$ 57,267	$ 42	$ 84,205

(1) Consists of properties located in 8 other states, none of which aggregated over $5,563 in any one state.

(Dollars in thousands, except share data)

Activity in the Loan Portfolio. The following table sets forth the activity in the Company's gross loan portfolio during the periods indicated:

For the three months ended March 31,	2001	2000
Balance at beginning of period	$ 93,414	$ 157,408
Originations:		
Commercial non-mortgage and consumer loans	--	970
Commercial real estate loans	11,043	10,213
Total loans originated (1)	11,043	11,183
Sales	(13,485)	(251)
Principal repayments and other	(18,427)	(11,308)
Transfer to real estate owned	--	(274)
Decrease (increase) in undisbursed loan proceeds	5,555	(1,395)
Decrease in unamortized deferred fees	126	601
(Increase) decrease in allowance for loan losses	(243)	155
Net decrease in loans	(15,431)	(1,289)
Balance at end of period	$ 77,983	$ 156,119

(1) Originations for the three months ended March 31, 2001 and 2000 represent loans to facilitate sales of real estate owned and fundings on previously originated construction loans.

The following table sets forth certain information relating to the Company's non-performing loans in its loan portfolio at the dates indicated:

	March 31, 2001	December 31, 2000
Non-performing loans:		
Single family residential loans	$ 299	$ 316
Multi-family residential loans (1)	11,773	13,373
Commercial real estate and other (2)	3,564	4,581
Total	$ 15,636	$ 18,270
Non-performing loans as a percentage of:		
Total loans	19.39%	19.07%
Total assets	0.76%	0.81%
Allowance for loan losses as a percentage of:		
Total loans	3.29%	2.51%
Non-performing loans	16.96%	13.18%

(1) Non-performing multi-family residential loans at March 31, 2001 were comprised of 7 loans, all of which management believes are adequately collateralized and reserved.

(2) Non-performing commercial real estate loans at March 31, 2001 were comprised of 4 loans, all of which management believes are adequately collateralized and reserved.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

MATCH FUNDED LOANS AND SECURITIES. Match funded loans and securities are comprised of the following at the dates indicated:

	March 31, 2001	December 31, 2000
Single family residential loans (1)........	$ 75,345	$ 80,834
Allowance for loan losses.................	(268)	(285)
Match funded loans, net..................	75,077	80,549
Match funded securities....................	35,393	36,438
Total..................................	$ 110,470	$ 116,987

(1) Includes $4,594 and $2,831 of non-performing loans at March 31, 2001 and December 31, 2000, respectively.

Match funded loans were securitized and transferred by OAC to a real estate mortgage investment conduit on November 13, 1998. The transfer did not qualify as a sale for accounting purposes. Accordingly, the proceeds received from the transfer are reported as a liability (bonds-match funded agreements). The $5,472 decline in the balance during the first quarter of 2001 was due to repayment of loan principal.

Match funded securities resulted from the Company's 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. Accordingly, the amount of proceeds from the transfer are reported as a liability (bonds-match funded agreements). The decline of $1,045 in the balance during the first quarter of 2001 was due to principal repayments offset by a decrease in unrealized losses.

For a glossary of the terms included in the tables below, see "Changes in Financial Condition -- Trading Securities."

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 the Company's loans were located at March 31, 2001:

Michigan...	$ 13,595
California...	8,225
Texas..	4,987
Florida..	4,787
Massachusetts..	3,970
Other (1)..	39,781
Total..	$ 75,345

(1) Consists of properties located in 41 other states, none of which aggregated over $3,199 in any one state.

The following tables detail the Company's match funded securities at March 31, 2001, and its estimates of expected yields on such securities, taking into consideration expected prepayment and loss rates together with other factors:

SECURITIZATION	SECURITY	ISSUE DATE	CLASS DESIGNATION LETTER	RATING AGENCIES	COLLATERAL BALANCE ISSUANCE	COLLATERAL BALANCE 3/31/01	OVER COLLATERALIZATION LEVEL AT 3/31/01	PRODUCT TYPE AT 3/31/01
SASCO 1998-2(1)	X	Jan-98	NR	S&P, Fitch	$ 600,052	$ 149,098	1.91% OC	43% Fixed, 57% ARM
SASCO 1998-3(1)	X	Mar-98	NR	S&P, Fitch	769,671	173,433	7.68% OC	21% Fixed, 79% ARM
MLMI 1998-FFI(2)	X	Jun-98	NR	S&P, Fitch	198,155	31,199	9.53% OC	100% ARM
LHELT 1998-2(3)	X	Jun-98	NR	Moody's, Fitch	209,225	79,657	9.88% OC	48% Fixed, 52% ARM
					$ 1,777,103	$ 433,387		

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

SECURITIZATION	SECURITY	WEIGHTED AVERAGE INTEREST RATE AT 3/31/01	WEIGHTED AVERAGE LTV AT 3/31/01	ACTUAL DELINQUENCY AT 3/31/01	ACTUAL LIFE TO DATE CPR AT 3/31/01	ACTUAL LIFE TO DATE LOSSES AT 3/31/01	YIELD TO MATURITY AT PURCHASE	YIELD TO MATURITY AT 3/31/01
SASCO 1998-(2)	X	10.88%	84.27%	23.24%	35.15%	$ 13,457	16.00%	(1.95)%
SASCO 1998-(3)	X	11.69	85.19	26.63	38.78	11,866	17.04	(0.91)
MLMI 1998-FFI	X	11.66	75.48	27.94	47.59	1,500	18.57	2.99
LHELT 1998-(2)	X	10.84	N/A	19.30	28.32	2,826	18.55	13.56

ISSUERS:
(1) Structured Asset Securities Corp.
(2) Merrill Lynch Mortgage Investors, Inc.
(3) Lehman Home Equity Loan Trust

The following table sets forth the principal amount of mortgage loans by the geographic location of the property securing the mortgages that underlie the Company's match-funded securities at March 31, 2001:

DESCRIPTION	CALIFORNIA	FLORIDA	ILLINOIS	WASHINGTON	OREGON	OTHER (1)	TOTAL
Single family residential ..	$ 67,616	$ 48,798	$ 19,370	$ 19,577	$ 18,015	$ 248,240	$ 421,616
Multi-family	2,671	854	1,016	--	--	7,230	11,771
Total	$ 70,287	$ 49,652	$ 20,386	$ 19,577	$ 18,015	$ 255,470	$ 433,387
Percentage (2)..............	16.21%	11.46%	4.71%	4.51%	4.17%	58.94%	100.00%

(1) Consists of properties located in 45 other states, none of which aggregated over $17,118 in any one state.

(2) Based on a percentage of the total unpaid principal balance of the underlying loans.

The following table presents additional information regarding match funded securities at March 31, 2001:

	FAIR VALUE	PERCENT OWNED	ORIGINAL ANTICIPATED YIELD TO MATURITY	ANTICIPATED YIELD TO MATURITY AT 3/31/01 (1)	COUPON	ANTICIPATED WEIGHTED AVERAGE REMAINING LIFE(2)
Match-funded securities......	$ 35,393	100.00%	17.24%	1.67%	N/A	4.31 years

(1) Changes in the March 31, 2001 anticipated yield to maturity from that originally anticipated are primarily the result of changes in prepayment assumptions and, to a lesser extent, loss assumptions.

(2) Equals the weighted average duration based on the March 31, 2001 book value.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

DISCOUNT LOAN PORTFOLIO, NET.

Composition of the Discount Loan Portfolio. The following table sets forth the composition of the Company's discount loan portfolio by type of loan at the dates indicated:

	March 31, 2001	December 31, 2000
Single family residential loans	$ 247,923	$ 289,883
Multi-family residential loans	66,590	105,591
Commercial real estate loans:		
Office buildings	72,482	77,608
Hotels	41,602	63,967
Retail properties	83,838	85,924
Other properties	29,324	36,511
	227,246	264,010
Other loans (1)	15,261	17,188
Discount loans, gross	557,020	676,672
Unaccreted discount:		
Single family residential loans ...	(62,892)	(74,184)
Multi-family residential loans	(1,936)	(5,176)
Commercial real estate loans	(33,753)	(40,413)
	(98,581)	(119,773)
Total discount loans	458,439	556,899
Allowance for loan losses	(18,790)	(20,871)
Discount loans, net	$ 439,649	$ 536,028

(1) Balances represent charged-off unsecured credit card receivables, which were acquired at a discount. Collections are accounted for under the cost recovery method.

The discount loan portfolio is 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 the Company's discount loans were located at March 31, 2001:

	Single Family Residential	Multi-Family Residential	Commercial Real Estate and Other	Total
California	$ 16,118	$ 3,474	$ 59,214	$ 78,806
Illinois	8,610	40,604	1,281	50,495
New York	18,587	--	26,901	45,488
Wisconsin	1,655	--	34,687	36,342
Tennessee	3,309	--	26,906	30,215
Other (1)	136,752	20,576	59,765	217,093
Total	$ 185,031	$ 64,654	$ 208,754	$ 458,439

(1) Consists of properties located in 44 other states, none of which aggregated over $24,513 in any one state.

(Dollars in thousands, except share data)

Activity in the Discount Loan Portfolio. The following table sets forth the activity in the Company's net discount loan portfolio during the periods indicated:

For the three months ended March 31,	2001	2000
AMOUNT:		
Balance at beginning of period	$ 536,028	$ 913,229
Acquisitions (1):		
Single family residential loans	--	58,937
Multi-family residential loans	--	15,317
Commercial real estate loans	--	6,787
Other (2)	--	5,493
	--	86,534
Resolutions and repayments (3)	(25,479)	(41,927)
Loans transferred to real estate owned	(49,908)	(71,435)
Sales	(44,266)	(70,989)
Decrease in discount	21,193	27,774
Decrease (increase) in allowance for loan losses	2,081	(1,008)
Balance at end of period	$ 439,649	$ 842,178

For the three months ended March 31,	2001	2000
NUMBER OF LOANS:		
Balance at beginning of period	4,021	8,064
Acquisitions (1):		
Single family residential loans	--	937
Multi-family residential loans	--	7
Commercial real estate loans	--	4
Other	--	1
	--	949
Resolutions and repayments (3)	(235)	(362)
Loans transferred to real estate owned	(339)	(774)
Sales	(17)	(846)
Balance at end of period	3,430	7,031

(1) Acquisitions during the three months ended March 31, 2000 exclude certain commercial and multi-family loans which are accounted for as investments in real estate. See "Changes in Financial Condition - Investments in Real Estate."

(2) For the three months ended March 31, 2000, consists of charged-off unsecured credit card receivables acquired at a discount.

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

(Dollars in thousands, except share data)

Payment Status of Discount Loans. The following table sets forth certain information relating to the payment status of loans in the Company's discount loan portfolio at the dates indicated:

	March 31, 2001	December 31, 2000
PRINCIPAL AMOUNT		
Loans without Forbearance Agreements:		
Current	$ 242,878	$ 295,616
Past due 31 days to 89 days	4,434	6,295
Past due 90 days or more	237,216	295,226
Subtotal	484,528	597,137
Loans with Forbearance Agreements:		
Current	5,141	3,888
Past due 31 days to 89 days	2,316	2,090
Past due 90 days or more(1)	65,035	73,557
Subtotal	72,492	79,535
Total	$ 557,020	$ 676,672

(1) For loans with forbearance agreements that are contractually past due 90 or more days, the following table indicates the payment status of the loans under the terms of their forbearance agreements:

	March 31, 2001	December 31, 2000
Current	$ 48,160	$ 50,719
Past due 31 days to 89 days	12,094	2,278
Past due 90 days or more	4,781	20,560
	$ 65,035	$ 73,557

	March 31, 2001	December 31, 2000
PERCENTAGE OF LOANS		
Loans without Forbearance Agreements:		
Current	43.60%	43.69%
Past due 31 days to 89 days	0.80	0.93
Past due 90 days or more	42.59	43.63
Subtotal	86.99	88.25
Loans with Forbearance Agreements:		
Current	0.92	0.57
Past due 31 days to 89 days	0.42	0.31
Past due 90 days or more	11.67	10.87
Subtotal	13.01	11.75
Total	100.00%	100.00%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following table sets forth certain information relating to the Company's allowance for loan losses on discount loans at and for the periods indicated:

	March 31, 2001	December 31, 2000
Allowances for loan losses as a percentage of:		
Total loans	4.10%	3.75%
Total assets	0.91%	0.93%

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

ALLOWANCES FOR LOAN LOSSES. The Company maintains an allowance for loan losses for each of its loan, discount loan and match funded loan portfolios at a level which management considers adequate to provide for potential losses in each portfolio based upon an evaluation of known and inherent risks in such portfolios. The following table sets forth the breakdown of the allowance for loan losses on the Company's loan portfolio, discount loans and match funded loans by loan category and the percentage of allowance and loans in each category to totals in the respective portfolios at the dates indicated:

	March 31, 2001				December 31, 2000			
	Allowance		Loan Balance		Allowance		Loan Balance	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Loan portfolio:								
Single family	$ 7	0.2%	$ 635	0.8%	$ 10	0.4%	$ 812	0.8%
Multi-family	1,190	44.9	24,561	30.4	993	41.2	38,942	40.6
Commercial real estate	1,455	54.9	55,439	68.8	1,405	58.4	56,068	58.6
	$ 2,652	100.0%	$ 80,635	100.0%	$ 2,408	100.0%	$ 95,822	100.0%
Discount loans:								
Single family	$ 2,795	14.9%	$185,029	40.4%	$ 3,483	16.7%	$215,698	38.7%
Multi-family	861	4.6	64,655	14.1	1,805	8.6	100,414	18.0
Commercial real estate	5,574	29.6	193,494	42.2	6,813	32.7	223,599	40.2
Other	9,560	50.9	15,261	3.3	8,770	42.0	17,188	3.1
	$ 18,790	100.0%	$458,439	100.0%	$ 20,871	100.0%	$556,899	100.0%
Match funded loans:								
Single family	$ 268	100.0%	$ 75,345	100.0%	$ 285	100.0%	$ 80,834	100.0%

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following table sets forth an analysis of activity in the allowance for loan losses relating to the Company's loan portfolio, discount loan portfolio and match funded loans during the three months ended March 31, 2001:

	Balance December 31, 2000	Provision	Charge-offs	Recoveries	Balance March 31, 2001
Loan portfolio:					
Single family	$ 10	$ 170	$ (173)	$ --	$ 7
Multi-family	993	991	(794)	--	1,190
Commercial real estate ...	1,405	50	--	--	1,455
	$ 2,408	$ 1,211	$ (967)	$ --	$ 2,652
Discount loans:					
Single family	$ 3,483	$ 1,204	$ (1,941)	$ 44	$ 2,790
Multi-family	1,805	(944)	--	--	861
Commercial	6,813	5,680	(6,914)	--	5,579
Other	8,770	790	--	--	9,560
	$ 20,871	$ 6,730	$ (8,855)	$ 44	$ 18,790
Match funded loans:					
Single family	$ 285	$ 179	$ (196)	$ --	$ 268

INVESTMENTS IN LOW-INCOME HOUSING TAX CREDIT INTERESTS. The Company invested in multi-family residential projects which 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.

The carrying values of the Company's investments in low-income housing tax credit interests are as follows at the dates indicated:

	March 31, 2001	December 31, 2000
Investments solely as a limited partner made prior to May 18, 1995	$ 2,718	$ 21,170
Investments solely as a limited partner made on or after May 18, 1995	1,879	6,263
Investments both as a limited and, through subsidiaries, as a general partner ..	49,616	28,296
Total (1)	$ 54,213	$ 55,729

(1) The decrease in the balance during the three months ended March 31, 2001 is due to the transfer to held for sale of three projects with an aggregate carrying value of $15,809 at December 31, 2000. In addition, impairment charges of $4,503 were recorded on four projects. These decreases were offset by additional investment in existing projects. See "Low-Income Housing Tax Credit Interests Held for Sale."

The qualified affordable housing projects underlying the Company's investments in low-income housing tax credit interests are geographically located throughout the United States. At March 31, 2001, the Company's largest single investment was $7,719, which relates to a project located in Sacramento, California.

Investments by the Company in low-income housing tax credit interests made on or after May 18, 1995, in which the Company invests solely as a limited partner, are accounted for using the equity method in accordance with the consensus of the Emerging Issues Task Force as recorded in Issue Number 94-1. Limited partnership investments made prior to May 18, 1995, are accounted for under the effective yield method as a reduction of income tax expense. Low-income housing tax credit partnerships in which the Company invests both as a limited and, through a subsidiary, as general partner are presented on a consolidated basis.

Income on the Company's limited partnership investments made prior to May 18, 1995 is recorded under the level yield method as a reduction of income tax expense, and amounted to $121 and $682 for the first quarter of 2001 and 2000, respectively. For limited partnership investments made after May 18, 1995, and for investments as a limited partner and, through subsidiaries, as a general partner, the Company recognized tax credits of $175 and $3,032 for the first quarter of 2001 and 2000, respectively, which are also reported as a reduction of income tax expense. The Company also recorded a loss from operations on the underlying real estate after depreciation of $5,062 and $1,499 for the first quarter of 2001 and 2000, respectively. The loss for the first quarter of 2001 included the $4,503 of impairment charges noted above. See "Low-Income Housing Tax Credit Interests Held for Sale" below.

(Dollars in thousands, except share data)

LOW-INCOME HOUSING TAX CREDIT INTERESTS HELD FOR SALE. During 2000, the Company entered into transactions to sell twenty-five of its low-income housing tax credit properties, together with the related tax credits. Although this transaction resulted in the transfer of tax credits and operating results for these properties to the purchaser, it did not qualify as a sale for accounting purposes. As a result, the Company has reclassified these properties as "held for sale" and has valued them at the lower of cost or fair value less disposal costs. During the three months ended March 31, 2000, three additional projects with an aggregate carrying value of $15,809 were transferred to held for sale.

The carrying value of the Company's investments in low-income housing tax credit interests held for sale are as follows at the dates indicated:

	March 31, 2001	December 31, 2000
Investments solely as a limited partner made prior to May 18, 1995	$ 47,905	$ 32,229
Investments solely as a limited partner made on or after May 18, 1995	8,922	8,922
Investments both as a limited and, through subsidiaries, as a general partner	43,973	45,932
	$ 100,800	$ 87,083

REAL ESTATE OWNED, NET. Real estate owned consists almost entirely of properties acquired by foreclosure or deed-in-lieu thereof on loans in the Company's discount loan portfolio.

The following table sets forth certain information relating to the Company's real estate owned at the dates indicated:

	March 31, 2001	December 31, 2000
Discount loan portfolio:		
Single family residential	$ 45,926	$ 55,751
Multi-family residential	--	149
Commercial real estate	88,963	88,214
Total	134,889	144,114
Loan portfolio	619	1,384
Loans available for sale	759	921
Total	$ 136,267	$ 146,419

The following table sets forth certain geographical information by type of property at March 31, 2001 related to the Company's real estate owned:

	Single Family Residential		Commercial Real Estate		Total	
	Amount	No. of Properties	Amount	No. of Properties	Amount	No. of Properties
Florida	$ 2,003	34	$ 49,710	4	$ 51,713	38
Michigan	4,681	120	16,701	1	21,382	121
Georgia	1,368	14	14,517	1	15,885	15
Minnesota	444	12	4,504	1	4,948	13
California	2,143	24	1,643	2	3,786	26
Other (1)	36,046	779	2,507	2	38,553	781
Total	$ 46,685	983	$ 89,582	11	$ 136,267	994

(1) Consists of properties located in 42 other states, none of which aggregated over $3,597 in any one state.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

The following tables set forth the activity in the real estate owned during the periods indicated:

For the three months ended March 31,	2001	2000
AMOUNT:		
Balance at beginning of period	$ 146,419	$ 167,506
Properties acquired through foreclosure or deed-in-lieu thereof:		
Discount loans	49,908	71,435
Loans available for sale	227	3,129
Loan portfolio	--	274
Less discount transferred	(19,232)	(20,243)
	30,903	54,595
Acquired in connection with acquisitions of discount loans	--	3,591
Sales	(43,303)	(38,204)
Decrease (increase) in valuation allowance	2,248	(1,990)
Balance at end of period	$ 136,267	$ 185,498

For the three months ended March 31,	2001	2000
NUMBER OF PROPERTIES:		
Balance at beginning of period	1,298	1,672
Properties acquired through foreclosure or deed-in-lieu thereof:		
Discount loans	339	774
Loans available for sale	4	21
Loan portfolio	--	3
	343	798
Acquired in connection with acquisitions of discount loans	--	3
Sales	(647)	(757)
Balance at end of period	994	1,716

The following table sets forth the amount of time that the Company had held its real estate owned at the dates indicated:

	March 31, 2001	December 31, 2000
One to two months	$ 31,239	$ 17,832
Three to four months	8,162	11,450
Five to six months	8,581	9,494
Seven to 12 months	10,481	18,426
Over 12 months	77,804	89,217
	$ 136,267	$ 146,419

The Company actively manages its real estate owned. Sales of real estate owned resulted in gains (losses), net of the provision for loss, of $195 and $(4,656) during the three months ended March 31, 2001 and 2000, respectively, which are included in determining the Company's (loss) income on real estate owned. The average period during which the Company held the $43,303 and $38,204 of real estate owned which was sold during the three months ended March 31, 2001 and 2000 was 8 and 6 months, respectively.

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

For the three months ended March 31,	2001	2000
Balance at beginning of period	$ 18,142	$ 17,181
Provisions for losses	6,181	9,212
Charge-offs and sales	(8,429)	(7,222)
Balance at end of period	$ 15,894	$ 19,171
Valuation allowance as a percentage of total gross real estate owned (1)	10.45%	9.37%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

---

(1) The increase at March 31, 2001 as compared to March 31, 2000 reflects an increase in the amount of real estate owned which the Company has held in excess of one year as a percent of total real estate owned. At December 31, 2000, the valuation allowance as a percentage of total gross real estate owned was 11.02%.

INVESTMENTS IN REAL ESTATE. The Company's investment in real estate consisted of the following at the dates indicated:

	March 31, 2001	December 31, 2000
Properties held for investment (1):		
Office buildings	$ 32,117	$ 32,112
Retail	8,973	9,515
Building improvements	11,032	11,346
Tenant improvements and lease commissions	1,929	1,744
Furniture and fixtures	49	52
	54,100	54,769
Accumulated depreciation	(2,624)	(2,359)
	51,476	52,410
Loans accounted for as investments in real estate (2):		
Multi-family residential	97	97
Nonresidential	40,131	45,689
	40,228	45,786
Properties held for lease:		
Land and land improvements	1,256	1,256
Building	15,640	15,641
Accumulated depreciation	(1,004)	(855)
	15,892	16,042
Investment in real estate partnerships (3)	8,529	8,523
	$ 116,125	$ 122,761

(1) Acquired as a result of the acquisition of OAC. See "Changes in Financial Condition - Real Estate Held for Sale."

The Company's properties held for investment at March 31, 2001 are comprised of the following:

Date Acquired	Property	Location	Square Feet	Property Type	% Leased	Carrying Value
07/22/98	841 Prudential Drive.....	Jacksonville, FL	550,000	Office Bldg.	99.8%	$ 34,226
04/09/98	7075 Bayers Road.........	Halifax, Nova Scotia	407,772	Shopping Ctr.	68.7	19,874
			Accumulated depreciation			(2,624)
						$ 51,476

(2) Certain acquisition, development and construction loans were acquired in January 2000 in which the Company participates in the expected residual profits of the underlying real estate and the borrower has not contributed substantial equity to the project. As such, the Company has accounted for these loans under the equity method of accounting as though it had an investment in a real estate limited partnership.

(3) Consists of interests in four limited partnerships operating as real estate ventures, consisting of multi-family type properties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Dollars in thousands, except share data)

REAL ESTATE HELD FOR SALE. The Company's real estate held for sale at March 31, 2001 consisted of one shopping center in Bradenton, Florida with 290,673 square feet of space and an aggregate carrying value of $21,623. The shopping center was approximately 94.35% leased at March 31, 2001. The Company engaged an unaffiliated third party to market and sell the property, which was previously held for investment and was reclassified to held for sale during the second quarter of 2000.

During the first quarter of 2001, the Company sold for $1,050, less commissions and closing costs, its other shopping center located in Havre, Montana, which had a book value of $1,000, for no gain.

DEFERRED TAX ASSET, NET. At March 31, 2001, the deferred tax asset, net of deferred tax liabilities and valuation allowance, amounted to $82,171, as compared to $95,991 at December 31, 2000. The valuation allowance amounted to $68,903 and $58,903 at March 31, 2001 and December 31, 2000, respectively. The $13,820 net decrease during 2000 was due in large part to an increase in the valuation allowance of $10,000 resulting from the Company's evaluation of the future realizability of the deferred tax asset. Depending on the results of operations in future periods, additional allowances may be required or the valuation allowance may be reversed to income to the extent the deferred tax assets are realized as a reduction of taxes otherwise payable.

ADVANCES ON LOANS AND LOANS SERVICED FOR OTHERS. Advances related to loan portfolios and loans serviced for others consisted of the following at the dates indicated:

	March 31, 2001	December 31, 2000
Loan Portfolios:		
Principal, interest, taxes and insurance	$ 10,394	$ 11,168
Other	11,646	11,840
	22,040	23,008
Loans Serviced for Others:		
Principal and interest	79,114	95,191
Taxes and insurance	60,817	64,159
Other (1)	137,638	44,697
	277,569	204,047
	$ 299,609	$ 227,055

(1) The increase in other advances on loans serviced for others is principally the result of advances purchased in connection with the acquisition of loans serviced for others under servicing agreements entered into during the first quarter of 2001.

MORTGAGE SERVICING RIGHTS. The unamortized balance of mortgage servicing rights amounted to $67,477 and $51,426 at March 31, 2001 and December 31, 2000, respectively. The $16,051 increase during the first quarter was due to $20,758 of purchases, offset by $4,707 of amortization.

DEPOSITS. The following table sets forth information related to the Company's deposits at the dates indicated:

	March 31, 2001		December 31, 2000	
	Amount	% of Total Deposits	Amount	% of Total Deposits
Non-interest bearing checking accounts and escrows ...	$ 58,840	5.2%	$ 69,840	5.5%
NOW and money market checking accounts	12,893	1.1	14,669	1.2
Savings accounts	1,239	0.1	1,274	0.1
	72,972	6.4	85,783	6.8
Certificates of deposit	1,063,958		1,176,566	
Unamortized deferred fees	(3,239)		(3,989)	
Total certificates of deposit (1)(2)	1,060,719	93.6	1,172,577	93.2
Total deposits	$ 1,133,691	100.0%	$ 1,258,360	100.0%

(1) Included $924,198 and $964,443 at March 31, 2001 and December 31, 2000, respectively, of deposits originated through national, regional and local investment banking firms which solicit deposits from their customers, all of which are non-cancelable.

(Dollars in thousands, except share data)

(2) At March 31, 2001 and December 31, 2000, certificates of deposit issued on an uninsured basis (greater than $100) amounted to $76,918 and $75,417, respectively. Of the $76,918 of uninsured deposits at March 31, 2001, $14,264 were from political subdivisions in New Jersey and secured or collateralized as required under state law.

BONDS-MATCH FUNDED AGREEMENTS. Bonds-match funded agreements were comprised of the following at the dates indicated:

	March 31, 2001	December 31, 2000
OAIC Mortgage Residential Securities Holdings, LLC.....	$ 65,565	$ 72,101
Ocwen NIMS Corp.	34,167	34,949
	$ 99,732	$ 107,050

The $7,318 decline in total bonds-match funded agreements during the first quarter was due to principal repayments offset by discount amortization.

NOTES, DEBENTURES AND OTHER INTEREST-BEARING OBLIGATIONS. Notes, debentures and other interest-bearing obligations mature as follows:

	March 31, 2001	December 31, 2000
2003:		
11.875% Notes due October 1..........................	$ 95,850	$ 100,050
2004:		
Loan due May 24 (LIBOR plus 250 basis points)........	6,235	6,235
2005:		
12% Subordinated Debentures due June 15.............	67,000	67,000
11.5% Redeemable Notes due July 1...................	45	45
	$ 169,130	$ 173,330

The $4,200 decline in the balance of the 11.875% Notes during the first quarter is due to repurchases. These repurchases resulted in an extraordinary gain of $61, net of tax ($97 before taxes).

OBLIGATIONS OUTSTANDING UNDER LINES OF CREDIT. The Company has obtained a secured line of credit arrangement from an unaffiliated financial institution to fund real estate investments and commercial construction loans held by OAC as follows at the dates indicated:

Entity	Balance Outstanding	Amount of Facility	Committed Amount	Maturity Date	Interest Rate(1)
MARCH 31, 2001:	$ 32,796	$ 200,000	$ 115,580	June 2001	LIBOR + 240 basis points
DECEMBER 31, 2000:	$ 32,933	$ 200,000	$ 115,580	June 2001	LIBOR + 240 basis points

(1) 1-month LIBOR was 5.08% and 6.57% at March 31, 2001 and December 31, 2000, respectively.

COMPANY OBLIGATED, MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY JUNIOR SUBORDINATED DEBENTURES OF THE COMPANY. The outstanding balance of the 10.875% Capital Securities amounted to $63,685 at March 31, 2001, a decline of $15,845 from the balance outstanding at December 31, 2000. During the three months ended March 31, 2001, the Company repurchased $15,845 of its Capital Securities in the open market, resulting in an extraordinary gain of $3,336 ($2,102 net of taxes). See Note 4 to the Interim Consolidated Financial Statements included in Item 1 hereof (which is incorporated herein by reference).

STOCKHOLDERS' EQUITY. Stockholders' equity decreased $24,393 or 5% during the three months ended March 31, 2001. The decrease was primarily due to a net loss of $23,516 during the first quarter. See Consolidated Statements of Changes in Stockholders' Equity of the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated herein by reference).

LIQUIDITY, COMMITMENTS AND OFF-BALANCE SHEET RISKS

The primary sources of funds for liquidity consist of deposits, FHLB advances, reverse repurchase agreements, lines of credit and maturities and payments of principal and interest on loans and securities, proceeds from sales thereof and servicing fees.

Sources of liquidity include certificates of deposit obtained primarily from wholesale sources. At March 31, 2001, the Company had $1,060,719 of certificates of deposit, net of deferred fees, including $924,198 of brokered certificates of deposit obtained through national, regional and local investment banking firms, all of which are non-cancelable. At the same date, scheduled maturities of certificates of deposit during the 12 months ending March 31, 2002 and 2003, and thereafter amounted to $664,839, $225,670 and $170,210, respectively.

Sources of borrowings include FHLB advances, which are required to be secured by single family and/or multi-family residential loans or other acceptable collateral, and reverse repurchase agreements. At March 31, 2001, the Company was eligible to borrow up to an aggregate of $34,998 from the FHLB of New York (subject to the availability of acceptable collateral) and had $28,025 of residential loans and $11,691 of short duration CMOs (all of which were held by the Bank) pledged as security for any such advances. At March 31, 2001, the Company had contractual relationships with 15 brokerage firms and the FHLB of New York pursuant to which it could obtain funds from reverse repurchase agreements. At March 31, 2001, the Company had $188,332 of unrestricted cash and cash equivalents and $97,196 of short duration CMOs that could be used to secure additional borrowings. At March 31, 2001, the Company had no outstanding FHLB advances or reverse repurchase agreements. In addition, at March 31, 2001, the Company, through OAC, had a line of credit of $200,000 ($115,580 committed). The Company had $32,796 outstanding at March 31, 2001 under this line of credit.

The Company believes that its existing sources of liquidity, including internally generated funds, will be adequate to fund planned activities for the foreseeable future, although there can be no assurances in this regard. Moreover, the Company continues to evaluate other sources of liquidity, such as lines of credit from unaffiliated parties, which will enhance the management of its liquidity and the costs thereof.

On April 18, 2001, the Company executed a Receivables Financing Facility agreement with Greenwich, whereby the Company borrowed $23,907 collateralized by certain of the Company's servicing advances. According to a Commitment Letter signed in connection with the execution of the Agreement, the Company has agreed to finance at least $200,000 of servicing advances with Greenwich over the course of the next two years.

On April 20, 2001, the Company executed a Loan and Security Agreement with CSFB whereby the Company may borrow up to $100,000 over the next year collateralized by certain of the Company's servicing advances. The Company borrowed approximately $38,082 on this credit line on the date of execution.

The Company's operating activities provided $107,053 of cash flows and used $47,493 of cash flows during the three months ended March 31, 2001 and 2000, respectively. During the three months ended March 31, 2001, cash flows used by operating activities primarily related to net increases in servicing advances. Cash flows were provided primarily by proceeds from the sale of trading securities and maturities and principal repayments received thereon. The increase in net cash flows provided by operating activities during the three months ended March 31, 2001 as compared to the three months ended March 31, 2000, was due primarily to the increase in cash provided by trading securities offset by increases in advances on loans and loans serviced for others due to increases in the number and amount of loans serviced for others.

The Company's investing activities provided cash flows totaling $92,592 and used $351,841 of cash flows during the three months ended March 31, 2001 and 2000, respectively. During the foregoing periods, cash flows from investing activities were used primarily to purchase securities available for sale, discount loans, mortgage servicing rights and real estate held for investment. Cash flows from investing activities during the first quarter of 2000 were provided primarily by proceeds from sales of and principal payments received on discount loans and securities available for sale and proceeds from sales of real estate owned. The increase in net cash provided by investing activities during the three months ended March 31, 2001 as compared to the three months March 31, 2000 was due primarily to a decline in purchases of securities available for sale (reclassified to trading), discount loans and real estate held for investment (primarily loans accounted for as investments in real estate).

The Company's financing activities used cash flows of $148,478 and provided cash flows of $223,272 during the three months ended March 31, 2001 and 2000, respectively. Cash flows utilized in connection with financing activities were primarily related to a decline in deposits, changes in the balance of securities sold under agreements to repurchase, repayment of bonds-match funded agreements, repayment of lines of credit and repurchases of debt. The decline in cash flow from financing activities is principally related to a decrease in cash flow generated by sales of securities sold under agreements to repurchase.

The Bank was previously required under applicable federal regulations to maintain specified levels of "liquid" investments in qualifying types of U.S. government, federal agency and other investments having maturities of five years or less (not less than 4% of its average daily balance of net withdrawable deposit accounts and borrowings payable in one year or less). Effective March 15, 2001 the OTS issued an interim final rule eliminating the 4% liquidity requirement. However, the rule continues to require that savings associations maintain sufficient liquidity to ensure its safe and sound operation.

At March 31, 2001, the Company had commitments of $4,052 related to the funding of construction loans. Management believes that the Company has adequate resources to fund all such unfunded commitments to the extent required and that substantially all of such unfunded commitments will be funded during 2001. See Note 10 to the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated herein by reference).

In addition to commitments to extend credit, the Company is party to various off-balance sheet financial instruments in the normal course of the Company's business in order to manage its interest rate risk and foreign currency exchange rate risk. See Note 6 to the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated herein by reference) and "Asset and Liability Management" included in Item 3 herein.

REGULATORY CAPITAL AND OTHER REQUIREMENTS

See Note 7 to the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated by reference).

ASSET AND LIABILITY MANAGEMENT

Asset and liability management is concerned with the timing and magnitude of the repricing of assets and liabilities. It is the objective of the Company to attempt to control risks associated with interest rate and foreign currency exchange rate movements. In general, management's strategy is to match asset and liability balances within maturity categories and to manage foreign currency rate exposure related to its investments in non-U.S. dollar functional currency operations in order to limit the Company's exposure to earnings variations and variations in the value of assets and liabilities as interest rates and foreign currency exchange rates change over time. The Company's asset and liability management strategy is formulated and monitored by the Asset/Liability Management Committee (the "Committee"), which is composed of directors and officers of the Company, in accordance with policies approved by the Board of Directors of the Company. The Committee meets to review, among other things, the sensitivity of the Company's 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 the Company's 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.

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

The following table sets forth the estimated maturity or repricing of the Company's interest-earning assets and interest-bearing liabilities at March 31, 2001. 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 (i) adjustable-rate loans, performing discount loans, securities and FHLB advances are included in the period in which they are first scheduled to adjust and not in the period in which they mature, (ii) fixed-rate mortgage-related securities reflect estimated prepayments, which were estimated based on analyses of broker estimates, the results of a prepayment model utilized by the Company and empirical data, (iii) non-performing discount loans reflect the estimated timing of resolutions which result in repayment to the Company, (iv) NOW and money market checking deposits and savings deposits, which do not have contractual maturities, reflect estimated levels of attrition, which are based on detailed studies of each such category of deposit by the Company, and (v) escrow deposits and other non-interest bearing checking accounts, which amounted to $58,840 at March 31, 2001, are excluded. Management believes that these assumptions approximate actual experience and considers them reasonable; however, the interest rate sensitivity of the Company's 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.

	March 31, 2001				
	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	$ 9,990	$ --	$ --	$ --	$ 9,990
Federal funds sold	155,500	--	--	--	155,500
Trading securities	49,155	48,092	38,295	71,115	206,657
Loans available for sale (1)	422	4,894	2,323	2,457	10,096
Investment securities, net	13,257	--	--	--	13,257
Loan portfolio, net (1)	47,277	6,630	20,929	3,147	77,983
Discount loan portfolio, net (1)	77,236	190,326	113,944	58,143	439,649
Match funded loans and securities (1)	8,878	29,487	39,777	32,328	110,470
Total rate-sensitive assets	361,715	279,429	215,268	167,190	1,023,602
RATE-SENSITIVE LIABILITIES:					
NOW and money market checking deposits	11,162	199	425	1,107	12,893
Savings deposits	94	176	349	620	1,239
Certificates of deposit	163,959	500,880	312,920	82,960	1,060,719
Total interest-bearing deposits	175,215	501,255	313,694	84,687	1,074,851
Bond-match funded loan agreements	79,784	6,988	8,602	4,358	99,732
Obligations outstanding under lines of credit	32,796	--	--	--	32,796
Notes, debentures and other	6,235	--	95,850	67,045	169,130
Total rate-sensitive liabilities	294,030	508,243	418,146	156,090	1,376,509
Interest rate sensitivity gap excluding financial instruments	67,685	(228,814)	(202,878)	11,100	(352,907)
FINANCIAL INSTRUMENTS:					
Interest rate caps	--	--	148	--	148
Interest rate floors	6	20	267	212	505
Total rate-sensitive financial instruments	6	20	415	212	653
Interest rate sensitivity gap including financial instruments	$ 67,691	$ (228,794)	$ (202,463)	$ 11,312	$ (352,254)
Cumulative interest rate sensitivity gap	$ 67,691	$ (161,103)	$ (363,566)	$ (352,254)	
Cumulative interest rate sensitivity gap as a percentage of total rate-sensitive assets	6.61%	(15.74)%	(35.52)%	(34.41)%	

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

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. The hypothetical scenarios are represented by immediate, permanent, parallel movements (shocks) in the term structure of interest rates of plus and minus 100, 200 and 300 basis points from the actual term structure observed at quarter end. The current NPV Ratio for each of the seven rate scenarios and the corresponding limits approved by the Board of Directors, and as applied to OCN, are as follows at March 31, 2001:

(Dollars in Thousands)

Rate Shock in basis points	Board Limits (minimum NPV Ratios)	Current NPV Ratios
+300	5.00%	25.94%
+200	6.00%	25.87%
+100	7.00%	25.78%
0	8.00%	25.68%
-100	7.00%	25.70%
-200	6.00%	25.79%
-300	5.00%	25.92%

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 the 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 basis points, assuming the yield curves of the rate shocks will be parallel to each other. The cash flows associated with the loan portfolios and securities available for sale 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 securities. When interest rates are shocked, these projected loss and prepayment assumptions are further adjusted. The base interest rate scenario assumes interest rates at March 31, 2001. 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	19.50%	(1.73)%
+200	13.00%	(1.09)%
+100	6.50%	(0.54)%
0	--%	--%
-100	(6.50)%	1.10%
-200	(13.00)%	2.56%
-300	(19.50)%	4.21%

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 exchange or "swap" agreements, interest rate caps and floors and foreign currency futures contracts.

INTEREST RATE RISK MANAGEMENT. The Company utilizes interest rate swaps to protect against the increase in borrowing cost from a short-term, fixed-rate liability, such as a line of credit, in an increasing interest-rate environment. The Company had entered into interest rate swaps with an aggregate notional amount of $33,000 at March 31, 2001 and December 31, 2000.

In addition, the Company purchased amortizing caps and floors to hedge its interest rate exposure relating to mortgage servicing rights and match funded loans and securities. The Company had entered into caps and floors with an aggregate notional amount of $137,578 and $48,426, respectively, at March 31, 2001, as compared to caps and floors with an aggregate notional amount of $141,674 and $37,787, respectively, at December 31, 2000.

See Note 6 to the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated herein by reference) for additional disclosures regarding the Company's interest rate derivative financial instruments.

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

FOREIGN CURRENCY EXCHANGE RATE RISK MANAGEMENT. The Company has entered into foreign currency futures to hedge its investments in foreign subsidiaries which own residual interests backed by residential loans originated in the UK and in the shopping center located in Halifax, Nova Scotia.

The Company's hedges, the related investments in foreign subsidiaries, and the net exposures as of March 31, 2001 and December 31, 2000 were as follows:

	Investment	Hedge	Net Exposure
MARCH 31, 2001:			
UK residuals.......................	$ 25,950	$ 20,792	$ (5,158)
Nova Scotia Shopping Center........	$ 20,885	$ 20,947	$ 62
DECEMBER 31, 2000:			
UK residuals.......................	$ 23,329	$ 22,236	$ (1,003)
Nova Scotia Shopping Center........	$ 21,913	$ 22,423	$ 510

The net exposures are subject to gain or loss if foreign currency exchange rates fluctuate. See the "Foreign Currency Management" section of Note 6 to the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated herein by reference) for additional disclosures regarding the Company's foreign currency derivative financial instruments.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein are not, and certain statements contained in future filings by the Company with the Securities and Exchange Commission (the "Commission"), in the Company's press releases or in the Company's other public or shareholder communications may not be, based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements, which are based on various assumptions (some of which are beyond the Company's control), may be identified by reference to a future period(s) or by the use of forward-looking terminology such as "anticipate," "believe," "commitment," "consider," "continue," "could," "estimate," "expect," "foresee," "intend," "in the event of," "may," "plan," "propose," "prospect," "whether," "will," "would," future or conditional verb tenses, similar terms, variations on such terms or negatives of such terms. Although the Company believes the anticipated results or other expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that those results or expectations will be attained. Actual results could differ materially from those indicated in such statements due to risks, uncertainties and changes with respect to a variety of factors, including, but not limited to, international, national, regional or local economic environments (particularly in the market areas where the Company operates), government fiscal and monetary policies (particularly in the market areas where the Company operates), prevailing interest or currency exchange rates, effectiveness of interest rate, currency and other hedging strategies, laws and regulations affecting financial institutions, investment companies and real estate (including regulatory fees, capital requirements, access for disabled persons and environmental compliance), uncertainty of foreign laws, competitive products, pricing and conditions (including from competitors that have significantly greater resources than the Company), credit, prepayment, basis, default, subordination and asset/liability risks, loan servicing effectiveness, ability to identify acquisitions and investment opportunities meeting the Company's investment strategy, the course of negotiations and the ability to reach agreement with respect to the material terms of any particular transaction, satisfactory due diligence results, satisfaction or fulfillment of agreed upon terms and conditions of closing or performance, the timing of transaction closings, software integration, development and licensing effectiveness, damage to the company's computer equipment and the information stored its data centers, availability of and costs associated with obtaining adequate and timely sources of liquidity, ability to repay or refinance indebtedness (at maturity or upon acceleration), to meet collateral calls by lenders (upon re-valuation of the underlying assets or otherwise), to generate revenues sufficient to meet debt service payments and other operating expenses, availability of discount loans and servicing rights for purchase, size of, nature of and yields available with respect to the secondary market for mortgage loans, financial, securities and securitization markets in general, adequacy of allowances for loan losses, changes in real estate conditions (including liquidity, valuation, revenues, rental rates, occupancy levels and competing properties), adequacy of insurance coverage in the event of a loss, other factors generally understood to affect the real estate acquisition, mortgage, servicing and leasing markets, securities investments and the software and technology industry, and other risks detailed from time to time in the Company's reports and filings with the Commission, including its periodic reports on Forms 10-Q, 8-K and 10-K and Exhibit 99.1, titled Risk Factors, to the Company's Form 10-K for the year ended December 31, 2000. Given these uncertainties, readers are cautioned not to place undue reliance on such statements. The Company does not undertake, and specifically disclaims any obligation, to release publicly the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Part II - Other Information

Item 1. Legal Proceedings.

See "Note 10: Commitments and Contingencies" of the Company's Consolidated Financial Statements.

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

(a) 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 the Company 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 the Company (4)
4.7	Form of 10.875% Junior Subordinated Debentures due 2027 of the Company (Included in Exhibit 4.6) (4)
4.8	Form of Guarantee of the Company 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)
4.11	Form of Indenture between OAC and Norwest Bank Minnesota, National Association, as Trustee thereunder for the 11.5% Redeemable Notes due 2005 (6)
4.12	Form of 11.5% Redeemable Notes due 2005 (7)
4.13	Form of Second Supplemental Indenture between OAC and Wells Fargo Bank Minnesota, National Association, as successor to Norwest Bank Minnesota, National Association, as trustee thereunder for the 11.5% Redeemable Notes due 2005 (8)
10.1	Ocwen Financial Corporation 1996 Stock Plan for Directors, as amended(9)
10.2	Ocwen Financial Corporation 1998 Annual Incentive Plan (10)
10.3	Amended and Restated Loan Agreement, dated as of June 10, 1998, among, inter alia, OAIC California Partnership, L.P., OAIC California Partnership II, L.P., Salomon Brothers Realty Corp. and LaSalle National Bank (11)
10.4	Compensation and Indemnification Agreement, dated as of May 6, 1999, between OAC and the independent committee of the Board of Directors (12)
10.5	Second Amendment to Guarantee of Payment, dated as of July 9, 1999, between Salomon Brothers Realty Corp. and Ocwen Partnership, L.P. (12)
10.6	Indemnity agreement, dated August 24, 1999, among OCN and OAC's Board of Directors (13)
10.7	Amended Ocwen Financial Corporation 1991 Non-Qualified Stock Option Plan, dated October 26, 1999 (13)
10.8	First Amendment to Agreement, dated March 30, 2000, between HCT Investments, Inc. and OAIC Partnership I, L. P. (13)
10.9	Form of Separation Agreement and Full Release, dated as of February 28, 2001, by and among Christine A. Reich, Ocwen Federal Bank FSB and Ocwen Financial Corporation (14)
99.1	Risk factors (14)

(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 the Company'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 June 7, 1995.

(6) Incorporated by reference from OAC's Current Report on Form 8-K filed with the Commission on July 11, 1998.

(7) Incorporated by reference from OAC's Registration Statement on Form S-4 (File No. 333-64047), as amended, declared effective by the Commission on February 12, 1999.

(8) Pursuant to Item 601 of Regulation S-K, Instruction (4)(iii), the Registrant agrees to furnish a copy to the Commission upon request.

(9) 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.

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

(11) Incorporated by reference from OAC's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998.

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

(13) 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.

(14) 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, 2000.

(b) REPORTS ON FORM 8-K FILED DURING THE QUARTER ENDED MARCH 31, 2001.

(1) A Form 8-K was filed by the Company on February 7, 2001 that contained a news release announcing the Company's financial results for the three months and year ended December 31, 2000.

(2) A Form 8-K was filed by the Company on February 28, 2001 that contained a press release announcing executive changes.

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: May 15, 2001