

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of report
(Date of earliest event reported): November 8, 2001

OCWEN FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Florida
(State or other
jurisdiction
of incorporation)

0-21341
(Commission
File Number)

65-0039856
(I.R.S. Employer
Identification No.)

The Forum, Suite 1000
1675 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33401
(Address of principal executive office) (Zip Code)

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

N/A
(Former name or former address, if changed since last report)

Page 1 of 10
Exhibit Index on Page 4

Item 5. Other Events

The news release of the Registrant dated November 8, 2001 announcing its third quarter 2001 results is attached hereto and filed herewith as Exhibit 99.1.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a)-(b) Not applicable.

(c) Exhibits

The following exhibits are filed as part of this report:

99.1 Text of a press release by the Registrant dated November 8, 2001.

SIGNATURES

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

OCWEN FINANCIAL CORPORATION
(Registrant)

By: /s/ MARK S. ZEIDMAN

Mark S. Zeidman
Senior Vice President and
Chief Financial Officer

Date: November 8, 2001

INDEX TO EXHIBIT

Exhibit No.	Description	Page
- - - - -	- - - - -	- - - -
99.1	News release of Ocwen Financial Corporation dated November 8, 2001, announcing its 2001 third quarter results and certain other information.	5

OCWEN Ocwen Financial Corporation (R)

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION CONTACT:

Robert J. Leist, Jr.
Vice President & Chief Accounting Officer
T: (561) 682-7958
E: rleist@ocwen.com

OCWEN FINANCIAL CORPORATION ANNOUNCES
THIRD QUARTER RESULTS

West Palm Beach, FL - (November 8, 2001) Ocwen Financial Corporation (NYSE: OCN) today reported a pre-tax loss in the third quarter of 2001 of \$(7.9) million. This was reduced from a pre-tax loss of \$(10.9) million reported in the second quarter of 2001. The Company also announced that it was recording a non-cash provision of \$65 million to increase the Company's valuation allowance on its deferred tax asset which resulted in a net loss for its third quarter ended September 30, 2001 of \$(72.9) million or \$(1.08) per share compared to a net loss of \$(0.7) million or \$(0.01) per share for the 2000 third quarter. For the nine months ended September 30, 2001, the Company reported a net loss of \$(117.9) million vs. a net loss of \$(7.2) million for the 2000 nine month period, or \$(1.75) and \$(0.11) per share, respectively.

Chairman and CEO William C. Erbey stated, "While third quarter results were hurt by the additional tax reserve, our net deferred tax asset has been reduced to \$12.9 million, and we do not anticipate a need for further reserves in the foreseeable future. When the Company returns to profitability the reserve can be reversed into income. Our focus is on improving operating results. We intend to do this by continuing to make progress towards our three goals of growing our servicing businesses, making OTX profitable and selling our non-core assets. A number of developments during the third quarter marked further progress towards these goals:

- o For the second consecutive quarter, the combined results of our core fee businesses, Servicing and OTX, were profitable.
- o The volume of loans boarded and serviced for others continued to grow, reaching \$21.4 billion at the end of the third quarter as compared to \$15.4 billion at the end of the second quarter. The growth in loans serviced reflects the successful completion of the transfer of the New Century servicing portfolio, our largest transfer to date.
- o The volume of orders processed on REALTrans(R) in the third quarter grew by 15% over the second quarter. Transaction volume in the month of October showed dramatic growth of over 67% as compared to the third quarter monthly average. Further, an additional two of the top thirty mortgage lenders in the country signed up to use REALTrans.
- o We also made progress in reducing our operating expenses. Excluding the Servicing business, and adjusted for reserves and certain non-recurring items in both periods, operating expenses decreased by \$13.9 million, or 15% in the nine months ended September 30, 2001 as compared to the same period in 2000. Servicing has achieved a 23.4% unit cost reduction through the first nine months of 2001 compared to the fourth quarter of 2000.
- o We reduced our exposure to those non-core assets that remain to be sold by approximately \$118 million or 15% from \$792 million at the end of the second quarter to \$674 million at the end of the third quarter. Third quarter Commercial asset sales were adversely impacted by the September 11 tragedy as a number of transactions had been scheduled to close at the end of the quarter. However, fourth quarter activity to date has been strong, with sales of approximately \$68.1 million.

As we have noted in the past, our focus on accelerating the disposition of our remaining non-core assets means that near term earnings pressures may continue. Nevertheless, we believe that our equity of \$386.1 million and cash and equivalents of \$328.7 million provide us with the requisite financial strength and liquidity to achieve our objectives."

The Servicing business reported net income for the third quarter of 2001 of \$5.6 million vs. \$2.0 million in the 2000 third quarter, an increase of 176%. On a year to date basis, Servicing reported net income of \$16.2 million compared to \$8.5 million in 2000, an increase of 91%. The unpaid principal balance of loans serviced for others grew to \$21.4 billion as of September 30, 2001 compared to \$10.5 billion as of December 31, 2000.

Net losses at OTX were \$(4.8) million in the 2001 third quarter compared to \$(5.8) million in the same period of 2000. For the nine months ended September 30, 2001, net losses amounted to \$(18.2) million vs. \$(15.5) million in 2000. The improvement in the third quarter of 2001 is primarily due to cost reduction initiatives undertaken earlier in 2001. The nine month increase in losses

pre-tax costs in 2001 associated with one time events, including a payment related to the acquisition of an OTX subsidiary in 1998.

The Residential Discount Loan business recorded net income of \$2.1 million in the 2001 third quarter, primarily as a result of the sale of \$63.6 million of discount loans, resulting in a net gain of \$3.1 million after considering reductions in the loan loss allowance. The amount of loans and REO remaining on the books at September 30, 2001 totaled \$68.4 million, down \$81.1 million or 54% from June 30, 2001. Reserves on the remaining balances remain at the highest level ever recorded.

Losses for the third quarter of 2001 in the Commercial loan business amounted to \$(5.0) million, largely due to additional loss reserves of \$4.3 million provided during the third quarter. These provisions reflect changes in projected sales proceeds upon disposition of the remaining assets, as well as changes in the credit quality of the underlying assets. Total commercial loans, investments in real estate and REO totaled \$388.3 million at September 30, 2001, reduced by \$18.6 million or 5% from June 30, 2001. As noted above, third quarter sales that were planned for the end of the quarter were adversely impacted by the tragedy of September 11. However, fourth quarter sales-to-date have been strong at approximately \$68.1 million.

The Unsecured Collections business posted a loss of \$(0.8) million in the third quarter of 2001, vs. \$(2.2) million in the 2000 third quarter. For the nine-month period in 2001, net losses were \$(3.5) million as compared to \$(6.6) million for the same period of 2000. This business, which is accounted for on a cost recovery basis, has recorded diminishing losses in 2001 because the remaining assets have been largely either collected or reserved. At September 30, 2001, the remaining net book value of unsecured collection receivables totaled only \$0.8 million.

The Affordable Housing business posted a net loss of \$(3.4) million in the 2001 third quarter compared to a loss of \$(2.4) million in the 2000 third quarter. Affordable Housing results include additional non-cash reserves of approximately \$3.7 million during the third quarter reflecting revisions in completion cost estimates as well as modification to projected sales results. Of the remaining properties of \$108 million in this business, \$64.8 million are subject to sales contracts that have not yet satisfied all of the accounting criteria for sales treatment.

Ongoing efforts to dispose of the remaining assets in the inactive Subprime Lending business resulted in net income of \$1.8 million for the 2001 third quarter, primarily due to a pre-tax gain of \$1.4 million associated with a third quarter sale of subprime residual trading securities. The Company's total portfolio of non-investment grade securities, which consists largely of subprime residuals, was reduced from \$88.0 million at the end of the second quarter to \$81.7 million at the end of the third quarter.

Third quarter 2001 results did not include an extraordinary gain on debt repurchases, while gains of \$2.6 million were recorded in the 2000 third quarter. Even though no such transactions were recorded during the third quarter of 2001, due to pricing levels, the Company continues to evaluate additional debt repurchases.

Income tax expense for the third quarter of 2001 included a non-cash provision to increase the Company's valuation allowance on its deferred tax asset by \$65 million. For the nine months ended September 30, 2001, the company recorded \$83 million of such provisions. No such provisions were recorded in the third quarter or nine-month period of 2000.

Ocwen Financial Corporation is a financial services company headquartered in West Palm Beach, Florida. The Company's primary business is the servicing and special servicing of nonconforming, subperforming and nonperforming residential and commercial mortgage loans. Ocwen also specializes in the development of related loan servicing technology and software for the mortgage and real estate industries. Additional information about Ocwen Financial Corporation is available at www.ocwen.com.

Certain statements contained herein may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology such as "continue," "will," "believe," "estimate," "largely," "further," "near term," "achieve," "project," "future," "realize," future or conditional verb tenses, similar terms, variations on such terms or negatives of such terms. Actual results could differ materially from those indicated in such statements due to risks, uncertainties and changes with respect to a variety of factors, including changes in market conditions as they exist on the date hereof, applicable economic environments, government fiscal and monetary policies, prevailing interest or currency exchange rates, effectiveness of interest rate, currency and other hedging strategies, laws and regulations affecting financial institutions and real estate operations (including regulatory fees, capital requirements, income and property taxation and environmental compliance), uncertainty of foreign laws, competitive products, pricing and conditions, credit, prepayment, basis, default, subordination and asset/liability risks, loan servicing effectiveness, the ability to identify acquisitions and investment opportunities meeting OCN's investment strategy, satisfaction or fulfillment of agreed upon terms and conditions of closing or performance, timing of transaction closings, software

integration, development and licensing effectiveness, change or damage to the Company's computer equipment and the information stored in its data centers, availability of adequate and timely sources of liquidity, dependence on existing sources of funding, ability to repay or refinance indebtedness (at maturity or upon acceleration), availability of 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, allowances for loan losses, geographic concentrations of assets, changes in real estate conditions (including valuation, revenues and competing properties), adequacy of insurance coverage in the event of a loss, the market prices of the common stock of OCN, other factors generally understood to affect the real estate acquisition, mortgage, servicing and leasing markets, securities investments and the software and technologies industries, and other risks detailed from time to time in OCN's reports and filings with the Securities and Exchange Commission, including its periodic reports on Forms 8-K, 10-Q and 10-K, including Exhibit 99.1 attached to OCN's Form 10-K for the year ended December 31, 2000.

Interest Income and Expense

	Three Months		Nine Months	
For the periods ended September 30,	2001	2000	2001	2000
(Dollars in thousands) Interest income:				
Federal funds sold and repurchase agreements	\$ 1,942	\$ 2,544	\$ 6,040	\$ 5,118
Trading securities	4,601	--	14,474	--
Securities available for sale	--	12,831	--	42,508
Loans available for sale	76	450	440	2,174
Investment securities and other	41	352	638	1,181
Loan portfolio	1,577	4,651	5,079	13,956
Match funded loans and securities	2,655	2,611	7,875	8,874
Discount loan portfolio	7,702	21,848	34,083	70,021
	18,594	45,287	68,629	143,832
Interest expense:				
Deposits	13,789	25,852	48,168	75,330
Securities sold under agreements to repurchase	244	2,761	244	10,685
Bonds - match funded agreements	1,391	2,948	6,099	9,095
Obligations outstanding under lines of credit	1,871	4,371	4,327	11,783
Notes, debentures and other interest bearing obligations	5,012	8,501	15,077	26,598
	22,307	44,433	73,915	133,491
Net interest income (expense) before provision for loan losses.	\$ (3,713)	\$ 854	\$ (5,286)	\$ 10,341

Net (Loss) Income by Business Segment

	Three Months		Nine Months	
For the periods ended September 30,	2001	2000	2001	2000
(Dollars in thousands)				
Residential discount loans	\$ 2,112	\$ 4,149	\$ (1,794)	\$ 11,605
Commercial loans	(5,022)	(4,010)	(12,349)	(2,570)
Residential loan servicing	5,612	2,031	16,165	8,463
Affordable Housing	(3,445)	(2,357)	(11,679)	(1,136)
OTX	(4,813)	(5,756)	(18,180)	(15,502)
Commercial Real Estate	510	9,489	909	12,187
Subprime lending	1,789	(4,832)	5,229	(12,740)
Unsecured collections	(799)	(2,235)	(3,490)	(6,599)
Ocwen Realty Advisors	51	(292)	266	(2)
Corporate items and other	(68,927)	3,133	(92,966)	(883)
	\$ (72,932)	\$ (680)	\$ (117,889)	\$ (7,177)

Non-Core Assets

The following table presents a summary of the Company's non-core assets that remain to be sold. This table excludes assets subject to completed sale transactions that have not met accounting criteria for sales treatment.

	As of	
	September 30, 2001	June 30, 2001
(Dollars in thousands)		
Total loans	\$ 294,171	\$ 388,497
Total investments in real estate	132,967	135,826
REO, net	121,865	129,042
Residual and subordinate trading securities	81,698	88,050
Affordable Housing properties	43,299	50,611
Total non-core assets to be sold	\$ 674,000	\$ 792,026

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

For the periods ended September 30,	Three Months		Nine Months	
	2001	2000	2001	2000
<hr/>				
Net interest income:				
Income	\$ 18,594	\$ 45,287	\$ 68,629	\$ 143,832
Expense	22,307	44,433	73,915	133,491
<hr/>				
Net interest income (expense) before provision for loan losses	(3,713)	854	(5,286)	10,341
Provision for loan losses	(388)	6,861	18,029	12,604
<hr/>				
Net interest income (expense) after provision for loan losses..	(3,325)	(6,007)	(23,315)	(2,263)
<hr/>				
Non-interest income:				
Servicing and other fees	35,952	25,318	100,809	72,043
Gain (loss) on interest earning assets, net	(1,851)	1,453	(3,260)	17,717
Gain on trading and match funded securities, net	3,394	(2,406)	13,133	(2,406)
Impairment charges on securities available for sale	--	--	--	(11,597)
Loss on real estate owned, net	(715)	(5,011)	(3,804)	(15,760)
Gain (loss) on other non interest earning assets, net	(414)	16,682	(933)	21,864
Net operating gains (losses) on investments in real estate	(1,196)	9,543	2,068	23,894
Amortization of excess of net assets acquired over purchase price	4,583	2,995	13,749	8,788
Other income	1,989	962	6,472	3,172
<hr/>				
	41,742	49,536	128,234	117,715
<hr/>				
Non-interest expense:				
Compensation and employee benefits	21,531	22,134	63,775	61,114
Occupancy and equipment	3,055	3,141	9,322	9,356
Technology and communication costs	5,675	6,344	21,379	17,718
Loan expenses	4,192	3,583	11,262	10,500
Net operating losses on investments in certain low-income housing tax credit interests	4,005	3,691	11,823	6,030
Amortization of excess of purchase price over net assets acquired	778	778	2,334	2,346
Professional services and regulatory fees	3,882	2,425	11,632	9,016
Other operating expenses	1,484	2,604	6,787	8,538
<hr/>				
	44,602	44,700	138,314	124,618
<hr/>				
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	1,663	2,730	5,413	8,842
Equity in income (losses) of investments in unconsolidated entities	(84)	(893)	100	(4,965)
<hr/>				
Loss before income taxes and extraordinary gain	(7,932)	(4,794)	(38,708)	(22,973)
Income tax (expense) benefit	(65,000)	1,486	(81,587)	7,122
<hr/>				
Loss before extraordinary gain	(72,932)	(3,308)	(120,295)	(15,851)
Extraordinary gain on repurchase of debt, net of taxes	--	2,628	2,406	8,674
<hr/>				
Net loss	\$ (72,932)\$	(680)\$	(117,889)\$	(7,177)
<hr/>				
Earnings (loss) per share:				
Basic:				
Loss before extraordinary gain	\$ (1.08)\$	(0.05)\$	(1.79)\$	(0.24)
Extraordinary gain	--	0.04	0.04	0.13
<hr/>				
Net loss	\$ (1.08)\$	(0.01)\$	(1.75)\$	(0.11)
<hr/>				
Diluted:				
Loss before extraordinary gain	\$ (1.08)\$	(0.05)\$	(1.79)\$	(0.24)
Extraordinary gain	--	0.04	0.04	0.13
<hr/>				
Net loss	\$ (1.08)\$	(0.01)\$	(1.75)\$	(0.11)
<hr/>				
Weighted average common shares outstanding:				
Basic	67,269,343	67,152,363	67,206,688	67,519,428
<hr/>				
Diluted	67,269,343	67,152,363	67,206,688	67,519,428
<hr/>				

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

	September 30, 2001	December 31, 2000
	-----	-----
Assets:		
Cash and amounts due from depository institutions	\$ 23,172	\$ 18,749
Interest earning deposits	18,564	134,987
Federal funds sold and repurchase agreements	287,000	--
Trading securities, at fair value:		
Collateralized mortgage obligations (AAA-rated)	143,318	277,595
Subordinates, residuals and other securities	81,698	112,647
Loans available for sale, at lower of cost or market	1,339	10,610
Real estate held for sale	33,588	22,670
Low-income housing tax credit interests held for sale	27,618	87,083
Investment in real estate	99,379	122,761
Investments in low-income housing tax credit interests	80,496	55,729
Investment securities, at cost	4,659	13,257
Loan portfolio, net	73,650	93,414
Discount loan portfolio, net	219,182	536,028
Match funded loans and securities, net	82,315	116,987
Investments in unconsolidated entities	773	430
Real estate owned, net	121,865	146,419
Premises and equipment, net	44,472	43,152
Income taxes receivable	28,551	30,261
Deferred tax asset, net	12,919	95,991
Advances on loans and loans serviced for others	303,089	227,055
Mortgage servicing rights	90,368	51,426
Other assets	62,393	52,169
	-----	-----
	\$ 1,840,408	\$ 2,249,420
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	\$ 806,539	\$ 1,202,044
Escrow deposits on loans and loans serviced for others	92,344	56,316
Securities sold under agreements to repurchase	66,434	--
Bonds - match funded agreements	73,660	107,050
Obligations outstanding under lines of credit	110,573	32,933
Notes, debentures and other interest bearing obligations	169,130	173,330
Accrued interest payable	20,178	22,096
Excess of net assets acquired over purchase price	22,916	36,665
Accrued expenses, payables and other liabilities	31,391	36,030
	-----	-----
Total liabilities	1,393,165	1,666,464
	-----	-----
Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company.....	61,159	79,530
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; 67,283,460 and 67,152,363 shares issued and outstanding at September 30, 2001, and December 31, 2000, respectively.....	673	672
Additional paid-in capital	224,089	223,163
Retained earnings	161,306	279,194
Accumulated other comprehensive (loss) income, net of taxes:		
Net unrealized foreign currency translation (loss) gain	16	397
	-----	-----
Total stockholders' equity	386,084	503,426
	-----	-----
	\$ 1,840,408	\$ 2,249,420
	=====	=====