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 June 30, 2000

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 August 10, 2000: 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)

	June 30, 2000	December 31, 1999
ASSETS:		
Cash and amounts due from depository institutions	$ 26,080	$ 153,459
Interest earning deposits	19,238	116,399
Federal funds sold	173,500	112,000
Securities available for sale, at fair value:		
Collateralized mortgage obligations (AAA-rated)	670,829	392,387
Subordinates, residuals and other securities	130,644	195,131
Loans available for sale, at lower of cost or market	29,319	45,213
Real estate held for sale	195,241	--
Investment securities	13,257	10,965
Loan portfolio, net	148,490	157,408
Discount loan portfolio, net	803,446	913,229
Match funded loans and securities, net	131,084	157,794
Investments in low-income housing tax credit interests	144,858	150,989
Investments in unconsolidated entities	31,098	37,118
Real estate owned, net	182,676	167,506
Investment in real estate	165,883	268,241
Premises and equipment, net	46,170	49,038
Income taxes receivable	14,000	--
Deferred tax asset, net	140,219	136,920
Excess of purchase price over net assets acquired	11,639	13,207
Principal, interest and dividends receivable	11,492	10,024
Escrow advances on loans and loans serviced for others	205,266	162,548
Other assets	75,558	59,737
	$ 3,369,987	$ 3,309,313
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	$ 1,642,133	$ 1,842,286
Securities sold under agreements to repurchase	421,050	47,365
Bonds-match funded agreements	121,797	141,515
Obligations outstanding under lines of credit	184,750	187,866
Notes, debentures and other interest bearing obligations	288,083	317,573
Accrued interest payable	36,344	32,569
Excess of net assets acquired over purchase price	51,043	56,841
Income taxes payable	--	6,369
Accrued expenses, payables and other liabilities	30,761	57,487
Total liabilities	2,775,961	2,689,871
Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the company	101,390	110,000
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value; 20,000,000 shares authorized; 0 shares issued and outstanding	--	--
Common stock, $.01 par value; 200,000,000 shares authorized; 67,152,363 and 68,571,575 shares issued and outstanding at June 30, 2000 and December 31, 1999, respectively	672	686
Additional paid-in capital	223,135	232,340
Retained earnings	270,505	277,002
Accumulated other comprehensive income, net of taxes:		
Net unrealized (loss) gain on securities available for sale	(1,295)	163
Net unrealized foreign currency translation loss	(381)	(749)
Total stockholders' equity	492,636	509,442
	$ 3,369,987	$ 3,309,313

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 periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
INTEREST INCOME:				
Federal funds sold and repurchase agreements	$ 864	$ 2,059	$ 2,573	$ 5,454
Securities available for sale	16,808	15,659	29,677	32,848
Loans available for sale	918	11,014	1,724	19,144
Investment securities and other	502	384	829	1,035
Loans	5,337	8,878	9,305	15,044
Match funded loans and securities	2,951	--	6,263	--
Discount loans	23,075	25,553	48,174	55,556
	50,455	63,547	98,545	129,081
INTEREST EXPENSE:				
Deposits	24,793	23,559	49,478	50,387
Securities sold under agreements to repurchase	5,284	2,281	7,924	3,772
Bonds-match funded agreements	2,791	--	6,146	--
Obligations outstanding under lines of credit	3,941	5,293	7,413	9,017
Notes, debentures and other interest bearing obligations	8,853	6,705	18,096	13,460
	45,662	37,838	89,057	76,636
Net interest income before provision for loan losses	4,793	25,709	9,488	52,445
Provision for loan losses	3,134	623	5,743	4,362
Net interest income after provision for loan losses	1,659	25,086	3,745	48,083
NON-INTEREST INCOME:				
Servicing fees and other charges	20,462	18,929	41,131	37,180
Gain on interest earning assets, net	5,270	22,918	16,264	43,144
Impairment charges on securities available for sale	(4,764)	(28,785)	(11,597)	(28,869)
(Loss) gain on real estate owned, net	(3,006)	2,677	(10,013)	3,306
Net operating gains on investments in real estate	8,063	225	13,616	242
Amortization of excess of net assets acquired over purchase price	2,999	--	5,792	--
Other income	8,210	9,073	12,985	15,625
	37,234	25,037	68,178	70,628
NON-INTEREST EXPENSE:				
Compensation and employee benefits	22,398	24,330	38,980	51,541
Occupancy and equipment	2,953	4,956	6,215	10,722
Technology and communication costs	5,414	4,799	10,695	10,543
Loan expenses	2,987	2,652	6,917	6,780
Net operating losses on investments in certain low-income housing tax credit interests	839	1,599	2,339	3,463
Amortization of excess of purchase price over net assets acquired	794	257	1,568	487
Other operating expenses	6,459	9,417	13,204	16,614
	41,844	48,010	79,918	100,150
Distributions on Company-obligated, mandatory redeemable securities of subsidiary trust holding solely junior subordinated debentures	2,918	3,398	6,112	6,797
Equity in losses of investments in unconsolidated entities	1,812	3,470	4,072	4,713
(Loss) income before income taxes and extraordinary gain	(7,681)	(4,755)	(18,179)	7,051
Income tax benefit (expense)	2,381	972	5,635	(1,396)
Minority interest in net loss of consolidated subsidiary	--	96	--	128
(Loss) income before extraordinary gain	(5,300)	(3,687)	(12,544)	5,783
Extraordinary gain on repurchase of debt, net of taxes	3,901	--	6,047	--
Net (loss) income	$ (1,399)	$ (3,687)	$ (6,497)	$ 5,783
(LOSS) EARNINGS PER SHARE:				
Basic:				
Net (loss) income before extraordinary gain	$ (0.08)	$ (0.06)	$ (0.19)	$ 0.10
Extraordinary gain	0.06	--	0.09	--
Net (loss) income	$ (0.02)	$ (0.06)	$ (0.10)	$ 0.10
Diluted:				
Net (loss) income before extraordinary gain	$ (0.08)	$ (0.06)	$ (0.19)	$ 0.10
Extraordinary gain	0.06	--	0.09	--
Net (loss) income	$ (0.02)	$ (0.06)	$ (0.10)	$ 0.10
Weighted average common shares outstanding:				
Basic	67,182,395	60,730,614	67,702,961	60,765,485
Diluted	67,182,395	60,730,614	67,702,961	60,807,036

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

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

	Three Months		Six Months	
For the periods ended June 30,	2000	1999	2000	1999
Net (loss) income	$ (1,399)	$ (3,687)	$ (6,497)	$ 5,783
Other comprehensive (loss) income, net of taxes:				
Change in unrealized (loss) gain on securities available for sale arising during the period (1)	8,792	(6,683)	5,160	(1,498)
Less: Reclassification adjustment	(7,162)	364	(6,618)	(2,613)
Net change in unrealized loss on securities available for sale (2)	1,630	(6,319)	(1,458)	(4,111)
Change in unrealized foreign currency translation adjustment arising during the period (3)	207	(432)	368	(257)
Net change in unrealized foreign currency translation loss	207	(432)	368	(257)
Other comprehensive (loss) income	1,837	(6,751)	(1,090)	(4,368)
Comprehensive (loss) income	$ 438	$(10,438)	$ (7,587)	$ 1,415
Disclosure of reclassification adjustment:				
Unrealized holding losses (gains) arising during the period on securities sold or impaired	$ (401)	$ 371	$ (4,609)	$ 250
Add: Adjustment for realized gains (losses) and impairment charges on securities available for sale included in net income (loss)	(6,761)	(7)	(2,009)	(2,863)
Net reclassification adjustment for gains (losses) recognized in other comprehensive income (loss) in prior years (4)	$ (7,162)	$ 364	$ (6,618)	$ (2,613)

(1) Net of tax benefit (expense) of $5,567 and $(4,273) for the three months ended June 30, 2000 and 1999, respectively, and $(3,906) and $(1,429) for the six months ended June 30, 2000 and 1999, respectively.

(2) Net of a tax (expense) benefit of $(612) and $(5,201) for the three months ended June 30, 2000 and 1999, respectively, and $1,072 and $2,896 for the six months ended June 30, 2000 and 1999, respectively.

(3) Net of tax (expense) benefit of $(116) and $233 for the three months ended June 30, 2000 and 1999, respectively, and $(201) and $138 for the six months ended June 30, 2000 and 1999, respectively.

(4) Net of tax benefit of $4,955 and $204 for the three months ended June 30, 2000 and 1999, respectively, and $4,978 and $1,467 for the six months ended June 30,2000 and 1999, respectively.

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2000
(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, 1999	68,571,575	$ 686	$ 232,340	$ 277,002	$ (586)	$ 509,442
Net loss	--	--	--	(6,497)	--	(6,497)
Repurchase of common stock	(1,388,300)	(14)	(8,982)	--	--	(8,996)
Change in directors' stock plan	8,535	--	28	--	--	28
Retirement of shares	(39,447)	--	(251)	--	--	(251)
Other comprehensive income, net of taxes:						
Change in unrealized gain (loss) on securities available for sale	--	--	--	--	(1,458)	(1,458)
Change in unrealized foreign currency translation loss	--	--	--	--	368	368
Balances at June 30, 2000	67,152,363	$ 672	$ 223,135	$ 270,505	$ (1,676)	$ 492,636

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

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

For the six months ended June 30,	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (6,497)	$ 5,783
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities:		
Net cash provided by trading activities	--	36,804
Proceeds from sales of loans available for sale	7,144	560,336
Purchases of loans available for sale	--	(47,103)
Origination of loans available for sale	--	(481,720)
Principal payments received on loans available for sale	4,216	18,764
(Discount accretion) premium amortization on securities, net	(32,993)	13,116
Depreciation and amortization	2,653	12,084
Provision for loan losses	5,743	4,362
Provision for real estate owned	16,380	14,840
Gain on interest-earning assets, net	(16,264)	(43,144)
Impairment charges on securities available for sale	11,597	28,869
Extraordinary gain on repurchase of long-term debt	(8,763)	--
Gain on sale of low-income housing tax credit interests	261	--
Gain on real estate owned, net	(11,683)	(21,406)
Gain on sale of investment in real estate held for sale	(3,897)	--
Gain on sale of real estate held for investment	(1,316)	(1,631)
Equity in losses of unconsolidated entities	4,072	4,713
(Increase) decrease in principal, interest and dividends receivable	(1,468)	7,195
Increase in income taxes receivable	(14,000)	(2,293)
Decrease in income taxes payable	(6,369)	--
Increase in deferred tax asset	(3,299)	(1,304)
Increase in escrow advances	(42,718)	(21,756)
Decrease in other assets, net	32,478	39,911
Increase in accrued expenses, interest payable and other liabilities	(22,332)	(24,000)
Net cash (used) provided by operating activities	(87,055)	102,420
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available for sale	324,278	633
Purchase of securities available for sale	(833,704)	(479,224)
Maturities of and principal payments received on securities available for sale	284,523	290,113
Acquisition of Federal Home Loan Bank stock	(2,432)	--
Acquisition of subsidiaries	--	(5,196)
Principal payments received on match funded loans	15,224	--
Purchase of low-income housing tax credit interests	(22,980)	(37,717)
Proceeds from sales of low-income housing tax credit interests	27,587	--
Proceeds from sales of discount loans, net	118,674	238,704
Proceeds from sale of real estate held for sale	9,000	--
Proceeds from sale of real estate held for investment	3,008	5,939
Proceeds from sales of loans held for investment	7,727	26,243
Proceeds from sale of premises and equipment	46	--
Purchase and originations of loans held for investment, net of undisbursed loan funds	(22,868)	(15,658)
Purchase of discount loans, net	(157,609)	(395,298)
Decrease in investment in unconsolidated entities	481	--
Principal payments received on loans held for investment	26,386	84,425
Increase in real estate held for sale	(2,829)	--
Principal payments received on discount loans, net	71,333	107,813
(Increase) decrease in real estate held for investment	(111,824)	10,508
Proceeds from sale of real estate owned	88,056	142,363
Purchase of real estate owned in connection with discount loan purchases	(8,593)	(31,490)
Additions to premises and equipment	(3,198)	(20,475)
Net cash (used) provided by investing activities	(189,714)	(78,317)

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 six months ended June 30,	2000	1999
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in deposits	$(200,153)	$(285,662)
Increase in securities sold under agreements to repurchase	373,685	61,690
Repayment of obligations under lines of credit, net	(3,116)	(85,246)
Payments on bonds-match funded agreements	(17,716)	--
Repurchase of Capital Securities	(4,979)	--
Payments of notes and mortgages payables	--	4,236
Advances from the Federal Home Loan Bank	--	50,000
Repurchases of notes and subordinate debentures	(24,996)	--
Repurchase of common stock	(8,996)	(1,832)
Net cash provided (used) by financing activities	113,729	(256,814)
Net decrease in cash and cash equivalents	(163,040)	(232,711)
Cash and cash equivalents at beginning of period	381,858	419,154
Cash and cash equivalents at end of period	$ 218,818	$ 186,443
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF PERIOD:		
Cash and amounts due from depository institutions	$ 26,080	$ 93,316
Interest-earning deposits	19,238	18,127
Federal funds sold and repurchase agreements	173,500	75,000
	$ 218,818	$ 186,443
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 85,283	$ 83,024
Income taxes	$ 18,820	$ 524
Supplemental schedule of non-cash investing and financing activities:		
Real estate owned acquired through foreclosure	$ 91,820	$ 83,532
Exchange of discount loans and loans available for sale for securities	$ --	$ 758,032
Reclassification of properties from investment in real estate to real estate held for sale	$ 218,514	$ --
Exchange of note receivable for real estate held for sale	$ 19,000	$ --
Acquisition of businesses:		
Fair value of assets acquired	$ --	$ 5,304
Liabilities assumed	--	101
Less stock issued	--	--
Cash paid	--	5,203
Less cash acquired	--	(7)
Net cash paid for assets acquired	--	$ 5,196

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 acquired OAC on October 7, 1999. The Company's consolidated financial statements include OAC and its subsidiaries as of that date. The Company also owns 99.34% of Ocwen Financial Services, Inc. ("OFS"), with the remaining 0.66% owned by the shareholders of Admiral Home Loan and reported in the consolidated financial statements as a minority interest. The Company sold its investment in its foreign subsidiary, Ocwen UK, on September 30, 1999. Ocwen UK's results of operations for 1999 have been included in the consolidated statements of operations through that date. 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").

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 June 30, 2000 and December 31, 1999, the results of its operations for the three and six months ended June 30, 2000 and 1999 its comprehensive income (loss) for the three and six months ended June 30, 2000 and 1999, its changes in stockholders' equity for the six months ended June 30, 2000, and its cash flows for the six months ended June 30, 2000 and 1999. The results of operations and other data for the three and six-month period ended June 30, 2000 are not necessarily indicative of the results that may be expected for any other interim periods or the entire year ending December 31, 2000. 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, 1999. Certain reclassifications have been made to the prior period's consolidated financial statements to conform to the June 30, 2000 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

INVESTMENTS IN REAL ESTATE

In conjunction with its commercial loan acquisition and resolution activities, the Company acquired certain acquisition, development and construction loans in which the Company participated in the residual profits of the underlying real estate and the borrower had not contributed substantial equity to the project. As such, the Company accounted for these loans under the equity method of accounting as though it has made an investment in a real estate limited partnership.

INVESTMENTS IN REAL ESTATE PARTNERSHIPS

The Company's investments in real estate partnerships are accounted for under the equity method of accounting. Under the equity method of accounting, an investment in the shares of other interests of an investee is recorded at cost of the shares or interests acquired and thereafter is periodically increased (decreased) by the investors proportionate share of earnings (losses) of the investee and decreased by the dividends or distributions received by the investor from the investee.

REAL ESTATE HELD FOR SALE

Real estate held for sale is reported at the lower of the carrying amount or fair value less cost to sell. Real estate is classified as held for sale when the Company has committed to a plan to sell the assets and depreciation is discontinued. Gains and losses on the sale of real estate held for sale are included as a component of income.

SECURITIES AVAILABLE FOR SALE

Effective June 30, 2000, the Company refined its methodology for estimating fair value of its securities portfolio at the end of each month. Fair value is estimated within a range based on third party dealer quotations, where available, and internal values, subject to an internal review process. Previously, fair value was generally based on the lower of dealer quotations or internal values, also subject to an internal review process.

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

In August 1997, the Ocwen Capital Trust ("OCT") issued $125,000 of 10.875% Capital Securities (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. During 1999, OCT repurchased $15,000 of its Capital Securities in the open market, resulting in extraordinary gains of $5,548 ($4,570 net of taxes). During the second quarter of 2000, OCT repurchased $8,610 of its Capital Securities in the open market, resulting in an extraordinary gain of $3,670 ($2,532 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 $4,594 and $4,815 at June 30, 2000 and December 31, 1999, 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 10-7/8% 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 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.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

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 $3,657 and $4,041 at June 30, 2000 and December 31, 1999, respectively, and is included in other assets.

NOTE 4: 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 hedging instruments are subject to fluctuations in value, such fluctuations are generally offset by the change in value of the underlying exposures being hedged.

When entering into these derivative financial instruments, it is the Company's intent to account for them under current hedge accounting guidelines. None of these instruments are entered into for trading purposes.

INTEREST RATE MANAGEMENT

In managing its interest rate risk, the Company enters into interest rate swaps ("interest swaps"). The terms of the outstanding interest swaps at June 30, 2000 and December 31, 1999, respectively, are as follows:

Maturity	Notional Amount	LIBOR Index	Fixed Rate	Floating Rate	Fair Value
JUNE 30, 2000:					
April 2001...........	$ 75,000	1-Month	6.00%	6.65%	$ 586
January 2003.........	86,000	1-Month	5.75	6.65	3,137
	$ 161,000				$ 3,723
DECEMBER 31, 1999:					
April 2001...........	$ 75,000	1-Month	6.00%	6.48%	$ 482
April 2001...........	17,000	1-Month	6.00	6.48	108
April 2002...........	8,780	1-Month	6.04	6.46	129
January 2003.........	100,000	1-Month	5.75	6.46	2,983
	$ 200,780				$ 3,702

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company also enters into short sales of U.S. Treasury interest rate futures contracts as part of its overall interest rate risk management activity. During the fourth quarter of 1999, these financial instruments ceased to qualify for hedge accounting and subsequent gains or losses are included in earnings. The terms of the outstanding interest rate futures at June 30, 2000 and December 31, 1999, respectively, are as follows:

	Notional Amount	Maturity	Strike Price	Fair Value
JUNE 30, 2000:				
U.S. 10-year Agency futures.........	$ 5,800	September 2000	$ 89.95	$ (147)
DECEMBER 31, 1999:				
U.S. 2-year Treasury futures........	$ 12,000	March 2000	$ 99.82	$ 62
U.S. 10-year Treasury futures.......	7,000	March 2000	$ 97.52	116
	$ 19,000			$ 178

The Company also manages its interest rate risk by purchasing European swaptions and put options to hedge anticipated future fundings related to low-income housing tax credit projects. During the fourth quarter of 1999, these financial instruments ceased to qualify for hedge accounting and subsequent gains or losses are included in earnings. The following table sets forth the terms and values of these financial instruments at June 30, 2000 and December 31, 1999, respectively:

	Notional Amount	Maturity	Strike Rate/Price	Fair Value
JUNE 30, 2000:				
European 10-year swaptions...............................	$ 6,000	March 2001	6.78%	$ 254
	4,000	November 2000	7.45	48
	2,300	October 2000	7.40	27
	2,200	November 2000	7.85	9
	$ 14,500			$ 338
DECEMBER 31, 1999:				
European 10-year swaptions...............................	$ 7,500	March 2000	6.78%	$ 282
	5,800	May 2000	6.72	264
	2,800	February 2000	7.20	34
	2,300	June 2000	7.11	63
	$ 18,400			$ 643
European 10-year put options, 4.75% due 11/05/08..........	$ 2,500	March 2000	$ 91.45	$ 83

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

FOREIGN CURRENCY MANAGEMENT

The Company enters into foreign currency derivatives to hedge its equity investment in Kensington Group plc ("Kensington"), 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 June 30, 2000 and December 31, 1999:

		Notional Amount				
	Maturity	Pay	Receive	Contract Rate	Unamortized Discount	Fair Value
JUNE 30, 2000:						
Currency swaps..................	February 2003	(pound) 27,500	$ 43,546	1.5835	$ 1,123	$ 1,080
DECEMBER 31, 1999:						
Currency swaps..................	February 2003	(pound) 27,500	$ 43,546	1.5835	$ 1,119	$ (976)

	Position	Maturity	Notional Amount	Strike Rate	Fair Value
JUNE 30, 2000:					
Canadian Dollar currency futures...........	Short	September 2000	C$ 29,100	.6794	$ 78
British Pound currency futures.............	Short	September 2000	(pound) 11,000	1.5054	(145)
	Long	September 2000	(pound) 7,312	1.5156	22
					$ (45)
DECEMBER 31, 1999:					
Canadian Dollar currency futures...........	Short	March 2000	C$ 22,100	.6786	$ (300)
	Short	March 2000	C$ 1,600	.6800	(20)
British Pound currency futures.............	Long	March 2000	(pound) 3,750	1.6018	65
	Short	March 2000	(pound) 15,875	1.6225	56
					$ (199)

NOTE 5: REGULATORY REQUIREMENTS

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the regulations promulgated thereunder established certain minimum levels of regulatory capital for savings institutions subject to OTS supervision. The Bank must follow specific capital guidelines stipulated by the OTS which involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items. An institution that fails to comply with its regulatory capital requirements must obtain OTS approval of a capital plan and can be subject to a capital directive and certain restrictions on its operations. At June 30, 2000, the minimum regulatory capital requirements were:

- Tangible and core capital of 1.50 percent and 3.00 percent 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. Effective April 1, 1999, 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 percent of the value of risk-weighted assets.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

At June 30, 2000, 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 June 30, 2000 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.

The following tables summarize the Bank's actual and required regulatory capital at June 30, 2000.

	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	10.85%	$ 270,501					
Net unrealized loss on certain available for sale securities		298					
Non-includable subsidiary		(10,472)					
Acquired real estate		(1,425)					
Disallowed deferred tax assets		(31,146)					
Disallowed servicing assets		(1,295)					
Tangible capital, and ratio to adjusted total assets	9.24%	$ 226,461	1.50%	$ 36,757			
Tier 1 (core) capital, and ratio to adjusted total assets	9.24%	$ 226,461	4.00%	$ 98,019	5.00%	$ 122,524	9.00%
Tier 1 capital, and ratio to risk-weighted assets	12.85%	$ 226,461			6.00%	$ 105,760	
Allowance for loan and lease losses		22,046					
Qualifying subordinated debentures		53,600					
Tier 2 capital		75,646					
Total risk-based capital, and ratio to risk-weighted assets	17.14%	$ 302,107	8.00%	$ 141,013	10.00%	$ 176,227	13.00%
Total regulatory assets		$ 2,492,846					
Adjusted total assets		$ 2,450,489					
Risk-weighted assets		$ 1,762,673					

The OTS amended its capital distribution regulation effective April 1, 1999. Under the revised regulation, the Bank is required to file a notice with the OTS at least 30 days prior to making a capital distribution unless (a) it is not eligible for expedited treatment under the OTS application processing regulations, (b) the total amount of the Bank's capital distributions (including the proposed distribution) for the calendar year exceeds the Bank's net income for the year to date plus retained net income for the previous two years, (c) the Bank would not be "adequately capitalized" following the proposed distribution or (d) the proposed distribution would violate any applicable statute, regulation, or agreement between the Bank and the OTS, or a condition imposed upon the Bank by an OTS-approved application or notice. If one of these four criteria is present, the Bank is required to file an application with the OTS at least 30 days prior to making the proposed capital distribution. The OTS may deny the Bank's application or disapprove its notice if the OTS determines that (a) the Bank will be "under capitalized," "significantly under capitalized" or "critically under capitalized," as defined in the OTS capital regulations, following the capital distribution, (b) the proposed capital distribution raises safety and soundness concerns or (c) the proposed capital distribution violates a prohibition contained in any statute, regulation or agreement between the Bank and the OTS or a condition imposed on the Bank in an application or notice approved by the OTS. The new rule also amends the definition of "capital distribution" to include any payment to repurchase, redeem, retire, or otherwise acquire debt instruments included in total risk-based capital.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

In addition to these OTS regulations governing capital distributions, the indenture governing the 12% subordinated debentures (the "Debentures") due 2005 and issued by the Bank on June 12, 1995 in the original amount of $100,000, limits the declaration or payment of dividends and the purchase or redemption of common or preferred stock in the aggregate to the sum of 50% of consolidated net income and 100% of all capital contributions and proceeds from the issuance or sale (other than to a subsidiary) of common stock, since the date the Debentures were issued.

NOTE 6: BUSINESS SEGMENT REPORTING

SFAS No. 131 requires public enterprises to report financial and descriptive information about their reportable operating segments. 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	Non-Interest Income	Non-Interest Expense	Net (Loss) Income	Total Assets
AT OR FOR THE THREE MONTHS ENDED JUNE 30, 2000:					
Single family residential discount loans..............	$ 6,151	$ 3,593	$ 3,166	$ 4,389	$ 567,323
Commercial loans......................................	3,456	4,342	4,040	756	1,505,090
Domestic residential mortgage loan servicing...........	(935)	20,141	14,896	2,650	157,048
Investment in low-income housing tax credits...........	(2,656)	202	2,068	13	177,245
OTX	(183)	578	8,865	(5,251)	20,070
Commercial real estate................................	(5,103)	9,196	850	2,011	247,663
UK operations...	(269)	--	197	(1,390)	28,638
Domestic subprime single family residential lending....	957	(5,764)	590	(3,346)	165,835
Unsecured collections.................................	(45)	85	2,294	(2,191)	17,026
Ocwen Realty Advisors.................................	--	3,070	2,832	147	1,319
Corporate items and other.............................	3,420	1,791	2,046	813	482,730
	$ 4,793	$ 37,234	$ 41,844	$ (1,399)	$3,369,987
AT OR FOR THE SIX MONTHS ENDED JUNE 30, 2000:					
Single family residential discount loans..............	$ 13,604	$ 4,343	$ 6,025	$ 7,467	$ 567,323
Commercial loans......................................	5,784	7,580	7,611	1,450	1,505,090
Domestic residential mortgage loan servicing...........	(655)	39,183	28,438	6,234	157,048
Investment in low-income housing tax credits...........	(5,578)	1,298	4,539	1,192	177,245
OTX	(377)	892	16,184	(9,715)	20,070
Commercial real estate................................	(10,160)	15,782	1,251	2,710	247,663
UK operations...	(554)	--	64	(2,932)	28,638
Domestic subprime single family residential lending....	996	(13,076)	674	(7,907)	165,835
Unsecured collections.................................	(83)	86	4,275	(4,364)	17,026
Ocwen Realty Advisors.................................	--	7,224	7,700	290	1,319
Corporate items and other.............................	6,511	4,866	4,390	(922)	482,730
	$ 9,488	$ 68,178	$ 79,918	$ (6,497)	$3,369,987

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Net Interest Income	Non-Interest Income	Non-Interest Expense	Net (Loss) Income	Total Assets
AT OR FOR THE THREE MONTHS ENDED JUNE 30, 1999:					
Single family residential discount loans..............	$ 5,418	$ (13,556)	$ 5,293	$ (9,220)	$ 529,549
Commercial loans......................................	11,289	7,002	7,839	5,793	868,903
Domestic residential mortgage loan servicing...........	1,352	13,583	10,242	2,910	102,670
Investment in low-income housing tax credits...........	(3,052)	2,114	3,940	1,068	225,864
OTX	3	322	4,513	(2,597)	6,848
Commercial real estate................................	--	804	606	123	--
UK operations...	11,730	19,102	16,053	8,984	255,921
Domestic subprime single family residential lending....	4,455	(3,779)	3,344	(1,563)	144,096
Unsecured collections.................................	85	4	1,474	(815)	13,638
Ocwen Realty Advisors(1)..............................	--	--	--	--	--
Corporate items and other.............................	(5,571)	(559)	(5,293)	(8,370)	874,057
	$ 25,709	$ 25,037	$ 48,010	$ (3,687)	$ 3,021,546
AT OR FOR THE SIX MONTHS ENDED JUNE 30, 1999:					
Single family residential discount loans..............	$ 11,831	$ (3,704)	$ 10,213	$ (5,336)	$ 529,549
Commercial loans......................................	20,304	16,363	16,075	10,169	868,903
Domestic residential mortgage loan servicing...........	2,455	27,595	20,289	6,052	102,670
Investment in low-income housing tax credits...........	(5,613)	3,030	7,462	2,404	225,864
OTX	(22)	728	7,126	(3,980)	6,848
Commercial real estate................................	--	1,586	1,312	170	--
UK operations...	20,910	24,832	29,686	9,068	255,921
Domestic subprime single family residential lending....	10,302	(2,773)	9,546	(1,128)	144,096
Unsecured collections.................................	151	11	2,760	(1,472)	13,638
Ocwen Realty Advisors(1)..............................	--	--	--	--	--
Corporate items and other.............................	(7,873)	2,960	4,319	(10,164)	874,057
	$ 52,445	$ 70,628	$ 100,150	$ 5,783	$ 3,021,546

(1) Non-interest income for the three and six months ended June 30, 2000 included $973 and $2,106, respectively, of intercompany revenues which have been eliminated in consolidation.

NOTE 7: COMMITMENTS AND CONTINGENCIES

At June 30, 2000, the Company had commitments of $21,318 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 $20,628. The Company, through its investment in subordinated securities and subprime residuals, which had a carrying value of $130,632 at June 30, 2000, supports senior classes of securities.

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 classes 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. 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. OAC believes this suit is without merit and continues to vigorously defend against the same. Discovery is ongoing.

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 business activities currently consist of the acquisition, servicing and resolution of subperforming and non-performing residential and commercial mortgage loans, as well as the related development of loan servicing technology and business-to-business e-commerce solutions for the mortgage and real estate industries.

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

The Company has entered into agreements to sell its three remaining office buildings in San Francisco (225 Bush Street, 450 Sansome Street, and 10 United Nations Plaza) for aggregate proceeds of approximately $210,000. The agreements pertaining to 225 Bush Street and 450 Sansome Street are contingent upon satisfactory completion of the buyer's due diligence, while due diligence on 10 United Nations Plaza has been completed. Each of these transactions are also subject to standard closing deliverables as well as adjustments for (i) closing costs and (ii) pro rations of certain contractual obligations that survive closing. All three transactions are expected to close during the third quarter of 2000. See "Changes in Financial Condition--Real Estate Held for Sale".

As of July 31, 2000, the Company won a competitive bid to the servicing rights for more than $700,000 in subprime mortgages from First Alliance Mortgage Co. Terms of the sale were approved by U.S. Bankruptcy Court for the Central District of California in Santa Ana. This transaction will increase the Company's loans serviced by 8,704 loans.

SELECTED CONSOLIDATED FINANCIAL INFORMATION	June 30, 2000	December 31, 1999	Increase (Decrease)
BALANCE SHEET DATA			
Total assets..	$ 3,369,987	$ 3,309,313	2%
Securities available for sale, at fair value:			
Collateralized mortgage obligations (AAA-rated)................	670,829	392,387	71
Subordinates, residuals and other securities...................	130,644	195,131	(33)
Loans available for sale, at lower of cost or market............	29,319	45,213	(35)
Real estate held for sale.......................................	195,241	--	--
Loan portfolio, net...	148,490	157,408	(6)
Discount loan portfolio, net....................................	803,446	913,229	(12)
Match funded loans and securities, net..........................	131,084	157,794	(17)
Investment in low-income housing tax credit interests...........	144,858	150,989	(4)
Investment in unconsolidated entities...........................	31,098	37,118	(16)
Real estate owned, net..	182,676	167,506	9
Total liabilities...	2,775,961	2,689,871	3
Deposits..	1,642,133	1,842,286	(11)
Securities sold under agreements to repurchase..................	421,050	47,365	789
Bonds-match funded agreements...................................	121,797	141,515	(14)
Obligations outstanding under lines of credit...................	184,750	187,866	(2)
Notes, debentures and other interest bearing obligations.........	288,083	317,573	(9)
Capital Securities..	101,390	110,000	(8)
Stockholders' equity..	492,636	509,442	(3)

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations.
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	At or for the Three Months Ended June 30,		
	2000	1999	Increase (Decrease)
OPERATIONS DATA			
Net interest income	$ 4,793	$ 25,709	(81)%
Provision for loan losses	3,134	623	403
Non-interest income	37,234	25,037	49
Non-interest expense	41,844	48,010	(13)
Distributions on Capital Securities	2,918	3,398	(14)
Equity in losses of investment in unconsolidated entities	1,812	3,470	(48)
Income tax expense	2,381	972	145
Extraordinary gain on repurchase of debt, net of taxes	3,901	--	--
Net loss	(1,399)	(3,687)	(62)
PER COMMON SHARE			
Net loss:			
Basic	$ (0.02)	$ (0.06)	(67)%
Diluted	(0.02)	(0.06)	(67)
Stock price:			
High	$ 8.63	$ 9.38	(8)%
Low	5.44	8.19	(34)
Close	5.56	8.88	(37)
Repurchase of common stock (1)	--	8.92	(100)
KEY RATIOS			
Annualized return on average assets	(0.17)%	(0.47)%	64%
Annualized return on average equity	(1.14)	(3.36)	66
Efficiency ratio (2)	104.05	101.55	2
Core (leverage) capital ratio	9.24	9.50	(3)
Risk-based capital ratio	17.14	17.92	(4)

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	At or for the Six Months Ended June 30,		
	2000	1999	Increase (Decrease)
OPERATIONS DATA			
Net interest income	$ 9,488	$ 52,445	(82)%
Provision for loan losses	5,743	4,362	32
Non-interest income	68,178	70,628	(3)
Non-interest expense	79,918	100,150	(20)
Distribution on Capital Securities	6,112	6,797	(10)
Equity in losses of investment in unconsolidated entities	4,072	4,713	(14)
Income tax benefit (expense)	5,635	(1,396)	504
Extraordinary gain on repurchase of debt, net of taxes	6,047	--	--
Net (loss) income	(6,497)	5,783	(212)
PER COMMON SHARE			
Net (loss) income:			
Basic	$ (0.10)	$ 0.10	(200)%
Diluted	(0.10)	0.10	(200)
Stock price:			
High	$ 8.63	$ 12.31	(30)%
Low	5.31	7.75	(31)
Close	5.56	8.88	(37)
Repurchase of common stock (1)	6.48	8.92	(27)
KEY RATIOS			
Annualized return on average assets	(0.39)%	(0.50)%	(22)%
Annualized return on average equity	(2.62)	(2.65)	(1)
Efficiency ratio (2)	108.59	84.61	28
Core (leverage) capital ratio	9.24	9.50	(3)
Risk-based capital ratio	17.14	17.92	(4)

(1) The Company repurchased 1,388,300 shares of its common stock during the first quarter of 2000.

(2) 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 losses of investment in unconsolidated entities.

RESULTS OF OPERATIONS: THREE AND SIX MONTHS ENDED JUNE 30, 2000 VERSUS THREE AND SIX MONTHS ENDED JUNE 30, 1999

GENERAL. The Company recorded a net loss of $(1,399), or $(0.02) per share, for the second quarter of 2000, as compared to a net loss of $(3,687), or $(0.06) per share, for the second quarter of 1999. There were a number of key factors and transactions that contributed to the results for the second quarter of 2000 as compared to the second quarter of 1999, including: the sale of Ocwen UK in September 1999; the acquisition of OAC in October 1999; a reduction in gains on sales of interest earning assets from $22,918 in the second quarter of 1999 to $5,270 for the second quarter of 2000, primarily reflecting the Company's decision in the third quarter of 1999 to discontinue the practice of structuring securitizations as sales transactions, thus precluding recognition of gain-on-sale accounting; a decline in impairment charges from $28,785 during the second quarter of 1999 to $4,764 for the second quarter of 2000; and an increase in net losses incurred by OTX from $(2,597) in the second quarter of 1999 to $(5,251) in the second quarter of 2000, reflecting the Company's ongoing commitment to the development of this business.

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SEGMENT PROFITABILITY. The following table presents the after tax contribution by business segment to the Company's net (loss) income for the years indicated:

For the periods ended June 30,	Three Months 2000	Three Months 1999	Three Months Favorable (Unfavorable)	Six Months 2000	Six Months 1999	Six Months Favorable (Unfavorable)
Single family residential discount loans	$ 4,389	$ (9,220)	$ 13,609	$ 7,467	$ (5,336)	$ 12,803
Commercial loans	756	5,793	(5,037)	1,450	10,169	(8,719)
Domestic residential mortgage loan servicing	2,650	2,910	(260)	6,234	6,052	182
Investment in low-income housing tax credits	13	1,068	(1,055)	1,192	2,404	(1,212)
OTX	(5,251)	(2,597)	(2,654)	(9,715)	(3,980)	(5,735)
Commercial real estate	2,011	123	1,888	2,710	170	2,540
UK operations	(1,390)	8,984	(10,374)	(2,932)	9,068	(12,000)
Domestic subprime single family residential lending	(3,346)	(1,563)	(1,783)	(7,907)	(1,128)	(6,779)
Unsecured collections	(2,191)	(815)	(1,376)	(4,364)	(1,472)	(2,892)
Ocwen Realty Advisors	147	--	147	290	--	290
Corporate items and other	813	(8,370)	9,183	(922)	(10,164)	9,242
	$ (1,399)	$ (3,687)	$ 2,288	$ (6,497)	$ 5,783	$(12,280)

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. Results for the second quarter of 2000 included gains of $4,470 from the sale of loans. This compares to a securitization gain of $8,864 in the second quarter of 1999. Impairment charges on residential subordinate securities amounted to $22,817 for the second quarter of 1999, as compared to $68 for the second quarter of 2000. The results for the second quarter of 2000 also reflect a decline of $1,940 in the provision for loan losses. See "Results of Operations - Non-Interest Income."

- Commercial Loans. The results for the second quarter of 2000 reflect a $4,426 decline in gains from the sale and operation of real estate owned as compared to the second quarter of 1999. Additional interest received in connection with the repayment of loans held in loan portfolio declined $4,753 during the second quarter of 2000. Equity in earnings related to certain loans which are accounted for as investments in real estate amounted to $2,783 during the second quarter of 2,000, as compared to $0 in the second quarter of 1999. The results for the second quarter of 2000 also reflect a $1,343 net increase in the provision for loan losses as a result of a $4,377 increase in the provision for discount loan losses offset by a $3,034 decline in the provision for loan portfolio losses.

- Domestic Residential Mortgage Loan Servicing. Domestic residential servicing fees and other charges amounted to $20,166 for the second quarter of 2000, as compared to $13,552 for the second quarter of 1999. 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. See "Changes in Financial Condition - Investment in Low-Income Housing Tax Credit Interests."

- UK Operations. The Company sold its investment in Ocwen UK on September 30, 1999. Losses for 2000 relate to the Company's 35.84% equity investment in Kensington. See "Results of Operations - Equity in Losses of Investments in Unconsolidated Entities."

- OTX. The increase in net losses incurred by OTX reflects the Company's ongoing commitment to the development of its technology business.

- Commercial Real Estate. Results for the second quarter of 2000 included a gain of $3,897 from the sale of a real estate property held for sale. See "Results of Operations - Non-Interest Income."

- Domestic Subprime Single Family Residential Lending. Results for the second quarter of 2000 included $4,696 of impairment charges on subprime residual securities, as compared to $4,055 for the second quarter of 1999. The Company closed its domestic subprime origination business, which had been conducted primarily through OFS, in 1999.

- Unsecured Collections. 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.

- Ocwen Realty Advisors. Ocwen Realty Advisors, a new activity in 2000, provides collateral valuation services for residential and commercial properties.

See Note 6 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 its interest-bearing liabilities. Net interest income is determined by net interest spread (i.e., the difference between the yield earned on its interest-earning assets and the rates paid on its 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 June 30,					
	2000			1999		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements	$ 52,442	$ 864	6.59%	$ 173,451	$ 2,059	4.75%
Securities available for sale (1)	863,771	16,808	7.78	591,156	15,659	10.60
Loans available for sale (2)	38,279	918	9.59	379,379	11,014	11.61
Investment securities and other	20,872	502	9.62	18,769	384	8.18
Loan portfolio (2)	157,667	5,337	13.54	172,601	8,878	20.57
Match funded loans and securities	146,748	2,951	8.04	--	--	--
Discount loan portfolio	837,944	23,075	11.02	942,788	25,553	10.84
Total interest earning assets	2,117,723	50,455	9.53	2,278,144	63,547	11.16
Non-interest earning cash	66,155			54,683		
Allowance for loan losses	(27,360)			(28,400)		
Low-income housing tax credit interests	141,691			170,761		
Investment in unconsolidated entities	32,629			83,893		
Real estate owned, net	183,550			197,152		
Investment in real estate	206,151			41,955		
Real estate held for sale	194,596			--		
Escrow advances on loans and loans serviced for others	180,455			117,511		
Other assets	291,479			251,740		
Total assets	$ 3,387,069			$ 3,167,439		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits	$ 12,668	$ 76	2.40%	$ 29,424	$ 252	3.43%
Savings deposits	1,704	10	2.35	1,536	9	2.34
Certificates of deposit	1,564,871	24,707	6.32	1,536,659	23,298	6.06
Total interest-bearing deposits	1,579,243	24,793	6.28	1,567,619	23,559	6.01
Securities sold under agreements to repurchase	336,634	5,284	6.28	145,768	2,281	6.26
Bonds-match funded agreements	126,700	2,791	8.81	--	--	--
Obligations outstanding under lines of credit	182,644	3,941	8.63	342,501	5,293	6.18
Notes, debentures and other	298,845	8,853	11.85	228,284	6,705	11.75
Total interest-bearing liabilities	2,524,066	45,662	7.24	2,284,172	37,838	6.63
Non-interest bearing deposits	6,017			16,152		
Escrow deposits	138,998			207,777		
Excess of net assets acquired over purchase price	52,651			--		
Other liabilities	67,623			94,996		
Total liabilities	2,789,355			2,603,097		
Capital Securities	108,565			125,000		
Stockholders' equity	489,149			439,342		
Total liabilities and stockholders' equity	$ 3,387,069			$ 3,167,439		
Net interest income		$ 4,793			$ 25,709	
Net interest spread			2.29%			4.53%
Net interest margin			0.91%			4.51%
Ratio of interest-earning assets to interest-bearing liabilities	84%			100%		

(Dollars in thousands, except share data)

	Six Months Ended June 30, 2000			1999		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements...	$ 87,198	$ 2,573	5.90%	$ 229,576	$ 5,454	4.75%
Securities available for sale (1).............	759,527	29,677	7.81	550,249	32,848	11.94
Loans available for sale (2)..................	41,386	1,724	8.33	355,948	19,144	10.76
Investment securities and other...............	24,889	829	6.66	29,185	1,035	7.09
Loan portfolio (2)............................	160,902	9,305	11.57	195,903	15,044	15.36
Match funded loans and securities.............	151,908	6,263	8.25	--	--	--
Discount loan portfolio.......................	912,686	48,174	10.56	968,686	55,556	11.47
Total interest earning assets..............	2,138,496	98,545	9.22	2,329,547	129,081	11.08
Non-interest earning cash.....................	68,677			57,528		
Allowance for loan losses.....................	(27,389)			(26,651)		
Low-income housing tax credit interests........	148,701			158,979		
Investment in unconsolidated entities..........	33,860			85,089		
Real estate owned, net.........................	182,715			205,467		
Investment in real estate......................	256,517			41,112		
Real estate held for sale......................	98,313			--		
Escrow advances on loans and loans serviced for others..	180,543			116,424		
Other assets...................................	285,120			253,872		
Total assets...............................	$3,365,553			$3,221,367		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits..............	$ 12,722	$ 253	3.98%	$ 54,569	$ 892	3.27%
Savings deposits..............................	1,577	20	2.54	1,551	18	2.32
Certificates of deposit.......................	1,566,673	49,205	6.28	1,635,190	49,477	6.05
Total interest-bearing deposits............	1,580,972	49,478	6.26	1,691,310	50,387	5.96
Securities sold under agreements to repurchase.	251,597	7,924	6.30	111,520	3,772	6.76
Bonds-match funded agreements.................	132,439	6,146	9.28	--	--	--
Obligations outstanding under lines of credit..	180,937	7,413	8.19	292,479	9,017	6.17
Notes, debentures and other...................	298,719	18,096	12.12	227,071	13,460	11.86
Total interest-bearing liabilities.........	2,444,664	89,057	7.29	2,322,380	76,636	6.60
Non-interest bearing deposits.................	7,950			17,648		
Escrow deposits...............................	174,314			205,067		
Excess of net assets acquired over purchase price	54,306			--		
Other liabilities.............................	79,366			114,418		
Total liabilities..........................	2,760,600			2,659,513		
Capital Securities............................	109,283			125,000		
Stockholders' equity..........................	495,670			436,854		
Total liabilities and stockholders' equity..	$3,365,553			$3,221,367		
Net interest income...........................		$ 9,488			$ 52,445	
Net interest spread...........................			1.93%			4.48%
Net interest margin...........................			0.89%			4.50%
Ratio of interest-earning assets to interest-bearing liabilities..................	87%			100%		

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

(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.

	Three Months			Six Months		
	2000 vs. 1999			2000 vs. 1999		
	Increase (Decrease) Due To			Increase (Decrease) Due To		
For the periods ended June 30,	Rate	Volume	Total	Rate	Volume	Total
Interest-Earning Assets:						
Federal funds sold and repurchase agreements	$ 600	$ (1,795)	$ (1,195)	$ 1,090	$ (3,971)	$ (2,881)
Securities available for sale	(4,856)	6,005	1,149	(13,403)	10,232	(3,171)
Loans available for sale	(1,637)	(8,459)	(10,096)	(3,541)	(13,879)	(17,420)
Investment securities and other	72	46	118	(60)	(146)	(206)
Loan portfolio	(2,826)	(715)	(3,541)	(3,330)	(2,409)	(5,739)
Match funded loans and securities	2,951	--	2,951	6,263	--	6,263
Discount loan portfolio	403	(2,881)	(2,478)	(4,277)	(3,105)	(7,382)
Total interest-earning assets	(5,293)	(7,799)	(13,092)	(17,258)	(13,278)	(30,536)
Interest-Bearing Liabilities:						
Interest-bearing demand deposits	(61)	(115)	(176)	(137)	(502)	(639)
Savings deposits	--	1	1	2	--	2
Certificates of deposit	976	433	1,409	1,843	(2,115)	(272)
Total interest-bearing deposits	915	319	1,234	1,708	(2,617)	(909)
Securities sold under agreements to repurchase	7	2,996	3,003	(277)	4,429	4,152
Bonds-match funded agreements	--	2,791	2,791	6,146	--	6,146
Obligations outstanding under lines of credit	1,648	(3,000)	(1,352)	2,442	(4,046)	(1,604)
Notes, debentures and other interest-bearing obligations	58	2,090	2,148	302	4,334	4,636
Total interest-bearing liabilities	2,628	5,196	7,824	10,321	2,100	12,421
Decrease in net interest income	$ (7,921)	$(12,995)	$(20,916)	$(27,579)	$(15,378)	$(42,957)

The Company's net interest income before provision for loan losses of $4,793 for the three months ended June 30, 2000 decreased $20,916 or 81% as compared to the same period in the prior year. The decrease was due to a decrease in average interest-earning assets, an increase in average interest-bearing liabilities and a decrease in the net interest spread. Average interest-earning assets decreased by $160,421 or 7% during the three months ended June 30, 2000 and reduced interest income by $7,799. Average interest-bearing liabilities increased by $239,894 or 11% during the three months ended June 30, 2000 and increased interest expense by $5,196. The impact of these volume changes resulted in a $12,995 decrease in net interest income. The net interest spread decreased 224 basis points as a result of a 163 basis-point decrease in the weighted average rate on interest-earning assets and a 61 basis-point increase in the weighted average rate on interest-bearing liabilities. The impact of these rate changes resulted in a $7,921 decrease in net interest income. The net interest spread related to Ocwen UK for the three months ended June 30, 1999 was 10.11%.

The Company's net interest income before provision for loan losses of $9,488 for the six months ended June 30, 2000 decreased $42,957 or 82% as compared to the same period in the prior year. The decrease was due to a decrease in average interest-earning assets, an increase in average interest-bearing liabilities, and a decrease in the net interest spread. Average interest-earning assets decreased by $191,051 or 8% during the six months ended June 30, 2000 and reduced interest income by $13,278. Average interest-bearing liabilities increased by $122,284 or 5% during the six months ended June 30, 2000 and increased interest expense by $2,100. The impact of these volume changes resulted in a $15,378 decrease in net interest income. The net interest spread decreased 255 basis points during the six months ended June 30, 2000 as a result of a 186 basis-point decrease in the weighted average rate on interest-earning assets and a 69 basis-point increase in the weighted average rate on interest-bearing liabilities. The impact of these rate changes resulted in a $27,579 decrease in net interest income. The net interest spread related to Ocwen UK for the six months ended June 30, 1999 was 10.63%.

(Dollars in thousands, except share data)

For the three months ended June 30,	Average Balance 2000	Average Balance 1999	Increase (Decrease) $	Average Yield 2000	Average Yield 1999	Increase (Decrease) Basis Points
Federal funds sold and repurchaseagreements $	$ 52,442	$ 173,451	$ (121,009)	6.59%	4.75%	184
Securities available for sale	863,771	591,156	272,615	7.78	10.60	(282)
Loans available for sale (1)	38,279	379,379	(341,100)	9.59	11.61	(202)
Investment securities and other	20,872	18,769	2,103	9.62	8.18	144
Loan portfolio	157,667	172,601	(14,934)	13.54	20.57	(703)
Match funded loans and securities	146,748	--	146,748	8.04	--	804
Discount loan portfolio	837,944	942,788	(104,844)	11.02	10.84	18
	$ 2,117,723	$ 2,278,144	$ (160,421)	9.53	11.16	(163)

For the six months ended June 30,	Average Balance 2000	Average Balance 1999	Increase (Decrease) $	Average Yield 2000	Average Yield 1999	Increase (Decrease) Basis Points
Federal funds sold and repurchase agreements..........	$ 87,198	$ 229,576	$ (142,378)	5.90%	4.75%	115
Securities available for sale	759,527	550,249	209,278	7.81	11.94	(413)
Loans available for sale (2)	41,386	355,948	(314,562)	8.33	10.76	(243)
Investment securities and other	24,889	29,185	(4,296)	6.66	7.09	(43)
Loan portfolio	160,902	195,903	(35,001)	11.57	15.36	(379)
Match funded loans and securities	151,908	--	151,908	8.25	--	825
Discount loan portfolio	912,686	968,686	(56,000)	10.56	11.47	(91)
	$ 2,138,496	$ 2,329,547	$ (191,051)	9.22	11.08	(186)

(1) Includes an average balance of $213,567 with an average yield earned of 12.70% for the three months ended June 30, 1999 related to Ocwen UK.

(2) Includes an average balance of $180,691 with an average yield earned of 12.82% for the six months ended June 30, 1999 related to Ocwen UK.

Interest income on federal funds sold and repurchase agreements declined $1,195 or 58% during the three months ended June 30, 2000 as compared to the same period in 1999 due to a $121,009 or 70% decline in the average balance offset in part by a 184 basis-point increase in the average yield. For the six months ended June 30, 2000 interest income on federal funds sold and repurchase agreements declined $2,881 or 53% as compared to the same period in 1999 primarily due to a $142,378 or 62% decline in the average balance, offset in part by a 115 basis-point increase in the average yield.

Interest income on securities available for sale increased $1,149 or 7% during the three months ended June 30, 2000 as compared to the same period in 1999 as a result of a $272,615 or 46% increase in the average balance offset by a 282 basis-point decrease in the weighted average yield earned. For the six months ended June 30, 2000, interest income on securities available for sale decreased $3,171 or 10% as compared to the same period in 1999 as a result of a 413 basis-point decrease in the weighted average yield earned, offset by a $209,278 or 38% increase in the average balance. As indicated in the table below, the decrease in the weighted average yield during the three and six months ended June 30, 2000 as compared to the same periods in 1999 is due in large part to changes in the composition of the securities available for sale portfolio.

	Average Balance				Average Yield	
	2000		1999		2000	1999
For the three months ended June 30,	Amount	Percent	Amount	Percent		
CMOs (AAA-rated) (1)..........................	$ 726,224	84%	$ 362,820	61%	6.40%	5.29%
Subordinates and residuals (2)................	137,547	16	228,336	39	15.07	19.02
	$ 863,771	100%	$ 591,156	100%	7.78	10.60

(Dollars in thousands, except share data)

	Average Balance				Average Yield	
	2000		1999		2000	1999
For the six months ended June 30,	Amount	Percent	Amount	Percent		
CMOs (AAA-rated) (1)..........................	$ 607,863	80%	$ 327,010	59%	6.34%	5.57%
Subordinates and residuals (3)...............	151,664	20	223,239	41	13.72	21.27
	$ 759,527	100%	$ 550,249	100%	7.81	11.94

(1) Because collateralized mortgage obligations ("CMOs") have less cash flow variability, their average lives and yields to maturity are more stable, and therefore, CMOs are priced to yield less than a less stable class of mortgage-related securities. See "Changes in Financial Condition - Securities Available for Sale."

(2) Includes an average balance of $78,115 with an average yield earned of 26.51% for the three months ended June 30, 1999 related to Ocwen UK.

(3) Includes an average balance of $74,129 with an average yield earned of 27.86% for the six months ended June 30, 1999 related to Ocwen UK.

Interest income on loans available for sale decreased $10,096 or 92% during the three months ended June 30, 2000 as compared to the same period in 1999 as a result of a $341,100 or 90% decrease in the average balance and a 202 basis-point decline in the average yield. For the six months ended June 30, 2000, interest income on loans available for sale decreased $17,420 or 91% as compared to the same period in 1999 as a result of a $314,562 or 88% decrease in the average balance and a 243 basis-point decline in the average yield. The decrease in the average balance reflects the closure of the domestic subprime origination business, as well as the sale of Ocwen UK. See "Changes in Financial Condition - Loans Available for Sale."

Interest income on the loan portfolio decreased by $3,541 or 40% during the three months ended June 30, 2000 versus the same period in 1999 due to a 703 basis-point decrease in the average yield and a $14,934 or 9% decrease in the average balance. For the six months ended June 30, 2000, interest income on the loan portfolio decreased $5,739 or 38% versus the same period in 1999 as a result of a $35,001 or 18% decrease in the average balance and a 379 basis-point decrease in the average yield. The decrease in the average yield is due in part to a decline in the amount of additional interest received in connection with the repayment of loans. Such additional interest amounted to $75 and $90 during the three and six months ended June 30, 2000, respectively, as compared to $4,828 and $5,607 for the three and six months ended June 30, 1999, respectively. During 1999, the Company ceased origination of multi-family and commercial loans. See "Changes in Financial Condition - Loan Portfolio."

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

Interest income on discount loans decreased by $2,478 or 10% during the three months ended June 30, 2000 as compared to the same period in 1999 primarily as a result of a $104,844 or 11% decline in the average balance. For the six months ended June 30, 2000, interest income on discount loans decreased by $7,382 or 13% as compared to the same period in 1999 as a result of a 91 basis-point decrease in the average yield and a $56,000 or 6% decline in the average balance. 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.

(Dollars in thousands, except share data)

For the three months ended June 30,	Average Balance 2000	Average Balance 1999	Increase (Decrease) $	Average Rate 2000	Average Rate 1999	Increae (Decrease) Basis Points
Interest-bearing deposits..........................	$1,579,243	$ 1,567,619	$ 11,624	6.28%	6.01%	27
Securities sold under agreements to repurchase (1).	336,634	145,768	190,866	6.28	6.26	2
Bonds-match funded agreements......................	126,700	--	126,700	8.81	--	881
Obligations outstanding under lines of credit (2)..	182,644	342,501	(159,857)	8.63	6.18	245
Notes, debentures and other........................	298,845	228,284	70,561	11.85	11.75	10
	$ 2,524,066	$ 2,284,172	$ 239,894	7.24	6.63	61

For the six months ended June 30,	Average Balance 2000	Average Balance 1999	Increase (Decrease) $	Average Rate 2000	Average Rate 1999	Increae (Decrease) Basis Points
Interest-bearing deposits..........................	$ 1,580,972	$ 1,691,310	$ (110,338)	6.26%	5.96%	30
Securities sold under agreements to repurchase (3)..	251,597	111,520	140,077	6.30	6.76	(46)
Bonds-match funded agreements.......................	132,439	--	132,439	9.28	--	928
Obligations outstanding under lines of credit (4)...	180,937	292,479	(111,542)	8.19	6.17	202
Notes, debentures and other.........................	298,719	227,071	71,648	12.12	11.86	26
	$ 2,444,664	$ 2,322,380	$ 122,284	7.29	6.60	69

(1) Includes an average balance of $28,505 with an average yield of 7.47% for the three months ended June 30, 1999 related to Ocwen UK.

(2) Includes an average balance of $212,257 with an average yield of 6.32% for the three months ended June 30, 1999 related to Ocwen UK.

(3) Includes an average balance of $28,177 with an average yield of 7.95% for the six months ended June 30, 1999 related to Ocwen UK.

(4) Includes an average balance of $178,056 with an average yield of 6.33% for the six months ended June 30, 1999 related to Ocwen UK.

Interest expense on interest-bearing deposits increased $1,234 or 5% during the three months ended June 30, 2000 due to a $11,624 or 1% increase in the average balance and a 27 basis-point increase in the average rate. For the six months ended June 30, 2000, interest expense on interest-bearing deposits decreased $909 or 2% as compared to the same period in 1999 primarily as a result of a 30 basis-point increase in the average rate, offset by a $110,338 or 7% decrease in the average balance. The increase in the average rates for the above periods was primarily related to certificates of deposit.

Interest expense on securities sold under agreements to repurchase increased $3,003 or 132% primarily due to an $190,866 or 131% increase in the average balance. For the six months ended June 30, 2000, interest expense on securities sold under agreements to repurchase increased $4,152 or 110% as compared to the same period in 1999 primarily as a result of a $140,077 or 126% increase in the average balance. See "Changes in Financial Condition - Securities Sold Under Agreements to Repurchase".

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 and on non-recourse notes which resulted from the Company's transfer of four unrated residual securities in December 1999 to Ocwen NIM 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 $1,352 or 26% during the three months ended June 30, 2000 as compared to the same period in 1999 due to a $159,857 or 47% decrease in the average balance, offset by a 245 basis-point increase in the weighted average interest rate. For the six months ended June 30, 2000, interest expense on obligations outstanding under lines of credit decreased $1,604 or 18% as compared to the same period in 1999 as a result of a $111,542 or 38% decrease in the average balance, offset by a 202 basis-point increase in the average rate. During 1999, lines of credit were used primarily to fund the acquisition and origination of subprime single family loans at OFS and Ocwen UK. The net decreases in the average balances reflects the closure of the domestic subprime origination business and the sale of Ocwen UK, offset by the assumption of lines as a result of the acquisition of OAC. The OAC lines are primarily collateralized by investments in real estate. See "Changes in Financial Condition - Obligations Outstanding Under Lines of Credit."

(Dollars in thousands, except share data)

Interest expense on notes, debentures and other increased $2,148 or 32% during the three months ended June 30, 2000 primarily due to a $70,561 or 31% increase in the average balance. For the six months ended June 30, 2000, interest expense on notes, debentures and other increased $4,636 or 34% as compared to the same period in 1999 primarily as a result of a $71,648 or 32% increase in the average balance. The increases in the average balances is primarily due to the assumption of $140,487 of 11.5% notes as a result of the OAC acquisition, offset by the Company's repurchases of debt during 1999 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.

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

	Three Months		Six Months	
For the periods ended June 30,	2000	1999	2000	1999
Discount loan	$ 4,488	$ (1,280)	$ 7,220	$ 3,409
Loan portfolio	(1,261)	1,903	(1,415)	953
Match funded loans	(93)	--	(62)	--
	$ 3,134	$ 623	$ 5,743	$ 4,362

The negative provisions for loan losses on the loan portfolio for 2000 reflect repayments and sales of loans, including non-performing loans. See "Changes in Financial Condition - Loan Portfolio, Net," "Match Funded Loans and Securities" and "Discount Loan Portfolio." The following table sets forth the allowance for loan losses as a percentage of the respective loan balances at the dates indicated.

	June 30, 2000			June 30, 1999		
	Allowance	Loan Balance	Allowance as a %	Allowance	Loan Balance	Allowance as a %
Discount loans	$ 22,387	$ 825,833	2.71%	$ 20,406	$ 1,029,169	1.98%
Loan portfolio	5,439	153,929	3.53	5,853	139,531	4.19
Match funded loans	433	92,931	0.47	--	--	--
	$ 28,259	$ 1,072,693	2.63	$ 26,259	$ 1,168,700	2.25

At December 31, 1999, the allowance as a percentage of the loan balance for discount loans, loan portfolio and match funded loans was 2.06%, 4.41% and 0.47%, respectively. 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."

(Dollars in thousands, except share data)

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

	Three Months		Six Months	
For the periods ended June 30,	2000	1999	2000	1999
Servicing fees and other charges	$ 20,462	$ 18,929	$ 41,131	$ 37,180
Gain on interest-earning assets, net	5,270	22,918	16,264	43,144
Impairment charges on securities available for sale	(4,764)	(28,785)	(11,597)	(28,869)
(Loss) gain on real estate owned, net	(3,006)	2,677	(10,013)	3,306
Net Operating gains on investments in real estate	8,063	225	13,616	242
Amortization of excess of net assets acquired over purchase price	2,999	--	5,792	--
Other income	8,210	9,073	12,985	15,625
Total	$ 37,234	$ 25,037	$ 68,178	$ 70,628

Servicing fees and other charges are primarily comprised of fees from investors for servicing mortgage loans. The increase in servicing fees is primarily due to an increase in the average balance of loans serviced for others, which was offset in part by a decline resulting from the sale of Ocwen UK. The average unpaid principal balance of loans serviced for others amounted to $10,799,002 and $10,801,888, during the three and six months ended June 30, 2000, respectively, as compared to $10,241,877 and $10,369,687 for the three and six months ended June 30, 1999, respectively. For the three and six months ended June 30, 1999, Ocwen UK earned servicing fees and other charges totaling $3,147 and $6,095 on loans serviced for others with an average unpaid principal balance of $803,857 and $832,653 respectively. Servicing fees for the three and six months ended June 30, 2000 included $2,205 and $5,995, respectively, of special servicing fees as compared to $2,790 and $5,197 for the three and six months ended June 30, 1999, respectively. The Company began entering into special servicing arrangements in 1998 wherein the Company has acted as a special servicer for third parties, typically as part of a securitization. Under these arrangements, the Company services loans that become greater than 90 days past due and receives incentive fees to the extent certain loss mitigation parameters are achieved.

The following table sets forth the Company's loans serviced for others at June 30, 2000.

	Discount Loans		Subprime Loans		Other Loans		Total	
	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans	Amount	No. of Loans
Loans securitized	$ 948,611	15,500	$ 893,009	8,996	$ --	--	$ 1,841,620	24,496
Loans serviced for third parties	860,631	15,086	6,943,370	86,378	970,458	526	8,774,459	101,990
	$1,809,242	30,586	$7,836,379	95,374	$ 970,458	526	$10,616,079	126,486

Net gains on interest-earning assets for the three months ended June 30, 2000 of $5,270 were primarily comprised of $4,470 of gains from the sale of 734 single family residential discount loans with an aggregate unpaid principal balance of $55,879. Net gains on interest-earning assets for the three months ended June 30, 1999 of $22,918 were primarily comprised of $20,188 of net gains recognized in connection with the securitization of single family loans, as presented in the table below, and $1,433 of gains on sales of commercial discount loans.

For the six months ended June 30, 2000, net gains on interest-earning assets of $16,264 were primarily comprised of $12,264 of gains from the sale of 1,579 single family residential discount loans with an aggregate unpaid principal balance of $126,510, and a $2,768 gain on the sale of a commercial subordinate security. For the six months ended June 30, 1999, net gains on interest-earning assets of $43,144 were primarily comprised of $36,804 of gains recognized in connection with the securitization of single family loans, as presented in the table below, $4,394 of gains on sales of commercial subordinate securities and $2,617 of gains on sales of commercial discount loans.

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

During the third quarter of 1999, the Company made a strategic decision to structure future securitizations as financing transactions, thereby precluding the use of gain-on-sale accounting. There were no securitizations of loans executed by the Company during the six months ended June 30, 2000. The following table sets forth the Company's net gains recognized in connection with the securitization of loans during the three and six months ended June 30, 1999.

Loans Securitized					
Types of Loans	Principal	No. of Loans	Net Gain	Book Value of Securities Retained (Non-Cash Gain)	Cash Gain
			(Dollars in thousands)		
FOR THE THREE MONTHS ENDED JUNE 30,1999:					
Single family discount......................	$ 90,037	1,443	$ 8,864	$ 2,133	$ 6,731
Single family subprime:					
Domestic.................................	148,628	1,381	1,117	7,659	--
Foreign (Ocwen UK)	295,157	8,983	10,207	34,452	--
	443,785	10,364	11,324	42,111	--
	$ 533,822	11,807	$ 20,188	$ 44,244	$ 6,731
FOR THE SIX MONTHS ENDED JUNE 30, 1999:					
Single family discount (1)	$ 227,303	$ 3,137	$ 22,763	$ 4,040	$ 18,723
Single family subprime:					
Domestic.................................	235,572	2,192	3,834	12,091	--
Foreign (Ocwen UK)	295,157	8,983	10,207	34,452	--
	530,729	11,175	14,041	46,543	--
	$ 758,032	14,312	$ 36,804	$ 50,583	$ 18,723

(1) Includes 384 loans with an unpaid principal balance of $24,880 securitized from the loan portfolio.

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."

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.

	Three Months		Six Months	
For the periods ended June 30,	2000	1999	2000	1999
Gains on sales	$ 7,127	$ 12,205	$ 11,683	$ 21,407
Provision for losses in fair value	(7,752)	(9,779)	(16,964)	(14,840)
Carrying costs, net	(2,381)	251	(4,732)	(3,261)
(Loss) income on real estate owned, net	$ (3,006)	$ 2,677	$(10,013)	$ 3,306

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 and six months ended June 30, 2000 included $5,280 and $9,072, respectively of operating income from investments in real estate acquired as a result of the OAC acquisition in October 1999. The three and six months ended June 30, 2000 also included $2,783 and $4,544 of equity in earnings related to certain loans acquired during the first quarter of 2000 which are accounted for as investments in real estate. See "Changes in Financial Condition - Investments in Real Estate."

Amortization of excess of net assets acquired over purchase price amounted to $2,999 and $5,792 for the three and six months ended June 30, 2000, respectively, and 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 over a period of five years. The unamortized balance of the excess of net assets acquired over purchase price at June 30, 2000 was $51,043, as compared to $56,841 at December 31, 1999.

(Dollars in thousands, except share data)

Other income for the three months ended June 30, 2000 was primarily comprised of $5,213 of gains on sales of investments in real estate and $2,097 of property valuation service fees earned by Ocwen Realty Advisors ("ORA"). Gains on sales of investments in real estate for the second quarter of 2000 included a gain of $3,897 from the sale of an office building held for sale. See "Changes in Financial Condition - Real Estate Held for Sale." Other income for the three months ended June 30, 1999 was primarily comprised of $4,231 of brokerage commissions earned in connection with Ocwen UK loan originations, $1,581 of gains on sales of investments of real estate and $1,528 of management fees earned from OAC.

Other income for the six months ended June 30, 2000 was primarily comprised of $5,213 of gains on sales of investments in real estate and $5,594 of property valuation service fees earned by ORA. Other income for the six months ended June 30, 1999 was primarily comprised of $7,920 of brokerage commissions earned in connection with Ocwen UK loan originations, $3,052 of management fees earned from OAC and $1,631 of gains on sales of investments in real estate.

NON-INTEREST EXPENSE. As compared to the same periods in 1999, non-interest expense decreased $6,166 or 13% during the three months ended June 30, 2000 and $20,232 or 20% during the six months ended June 30, 2000. The decrease was due in large part to the sale of Ocwen UK in September 1999 and the Company's closing of its domestic subprime lending operations at OFS, offset by an increase in non-interest expenses related to OTX and the acquisition of OAC in October 1999.

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

	Three Months		Six Months	
For the periods ended June 30,	2000	1999	2000	1999
Compensation and employee benefits	$ 22,398	$ 24,330	$ 38,980	$ 51,541
Occupancy and equipment	2,953	4,956	6,215	10,722
Technology and communication costs	5,414	4,799	10,695	10,543
Loan expenses	2,987	2,652	6,917	6,780
Net operating losses on investments in certain low-income housing tax credit interests	839	1,599	2,339	3,463
Amortization of excess of purchase price over net assets acquired	794	257	1,568	487
Other operating expenses	6,459	9,417	13,204	16,614
Total	$ 41,844	$ 48,010	$ 79,918	$ 100,150

The decline in compensation and employee benefits for the three and six months ended June 30, 2000 as compared to the same periods in 1999 was due in large part to the sale of Ocwen UK and the closing of the domestic subprime lending operations at OFS. In addition to Ocwen UK and OFS, 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 also contributed to the decline in compensation and employee benefits during the six months ended June 30, 2000. Excluding Ocwen UK, OFS and the $6,012 accrual reversal, compensation and employee benefits increased $4,137 and $8,291 during the three and six months ended June 30, 2000, respectively. This increase reflects an increase in the average number of full-time equivalent employees (excluding Ocwen UK and OFS) from 1,112 and 1,084 during the three and six months ended June 30, 1999, respectively, to 1,290 and 1,287 for the three and six months ended June 30, 2000, respectively. Further contributing to the increase in compensation and employee benefits during 2000 was a reversal of profit sharing expense in the second quarter of 1999 resulting from the Company's decision to grant stock options under its annual incentive plan at an exercise price equal to fair market value. Previously, options were granted at exercise prices below fair market value, resulting in the recognition of compensation expense.

The decrease in occupancy and equipment costs during the three and six months ended June 30, 2000, as compared to the same periods in 1999, was primarily due to the sale of Ocwen UK. Occupancy and equipment expense for the three and six months ended June 30, 1999 included $1,571 and $2,990, respectively, related to Ocwen UK.

Technology and communication costs consists primarily of depreciation expense on computer hardware and software, technology-related consulting fees (primarily OTX) and telephone expense.

Excluding Ocwen UK and OFS, loan expenses increased $1,483 for the three months ended June 30, 2000, as compared to the same period in 1999. For the six months ended June 30, 2000, loan expenses excluding Ocwen UK and OFS increased $3,405 as compared to the same period in 1999. The increase in loan expenses was due in large part to an increase in appraisal fees in connection with property valuation services provided by ORA.

Other operating expenses are primarily comprised of professional fees, marketing costs and travel costs. The decrease in other operating expenses during the three and six months ended June 30, 2000, as compared to the same period in 1999, is primarily due to the sale of Ocwen UK. Other operating expenses for the three and six months ended June 30, 1999 included $1,964 and $5,308, respectively, related to Ocwen UK.

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 $2,918 and $6,112 of distributions to holders of the Capital Securities during the three and six months ended June 30, 2000, respectively, as compared to $3,398 and $6,796 during the three and six months ended June 30, 1999, respectively. The decline in distributions is the result of repurchases during the fourth quarter of 1999 and the second quarter of 2000. See Note 3 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 and six months ended June 30, 2000, the Company recorded equity in the losses of investments in unconsolidated entities of $1,812 and $4,072, respectively. This compares to losses of $3,469 and $4,713 for the three and six months ended June 30, 1999, respectively.

During the three and six months ended June 30, 2000, the Company recorded equity in losses of Kensington of $1,778 and $4,112 respectively, including goodwill amortization. For the three and six months ended June 30, 1999, the Company's share of Kensington's losses amounted to $288 and $1,430, respectively. At June 30, 2000, the Company owned 35.84% of the total outstanding common stock of Kensington, an originator of non-conforming residential mortgages in the U.K.

Equity in the losses of investments in unconsolidated entities for the three and six months ended June 30, 1999 included the Company's equity in the losses of its investments in OAC and OPLP of $3,268 and $3,486, respectively. Prior to its acquisition of OAC in October 1999, the Company accounted for its investments in OAC and OPLP using the equity method.

See "Changes in Financial Condition - Investment in Unconsolidated Entities,"

INCOME TAX BENEFIT (EXPENSE). Income tax benefit (expense) amounted to $2,381 and $972 during the three months ended June 30, 2000 and 1999, respectively, and $5,635 and $(1,396) for the six months ended June 30, 2000, respectively. The Company's income taxes for 2000 and 1999 reflect expected effective tax rates of 31.0% and 19.8%, respectively. The Company's effective tax rates reflect tax credits resulting from the Company's investment in low-income housing tax credit interests of $2,702 and $4,598 during the second quarter of 2000 and 1999, respectively, and $6,417 and $9,063 for the six months ended June 30, 2000 and 1999, respectively. See "Changes in Financial Condition - - Investments in Low-Income Housing Tax Credit Interests."

EXTRAORDINARY GAIN ON REPURCHASE OF DEBT, NET OF TAXES. Extraordinary gains on repurchase of debt, net of taxes, for the three and six months ended June 30, 2000 of $3,901 and $6,047, respectively, is comprised of $2,532 of gains recognized in connection with the repurchase of Capital Securities during the second quarter of 2000 and $3,575 of gains ($1,369 during the second quarter) recognized in connection with repurchases of the 11.5% Senior Notes during the first and second quarter of 2000. 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".

(Dollars in thousands, except share data)

CHANGES IN FINANCIAL CONDITION

SECURITIES AVAILABLE FOR SALE. At June 30, 2000, securities available for sale amounted to $801,473 as compared to $587,518 at December 31, 1999, an increase of $213,955 or 36%. Securities available for sale are carried at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income in stockholders' equity, net of taxes. Unrealized losses on securities that reflect a decline in value which is other than temporary are charged to earnings. At June 30, 2000, securities available for sale included an aggregate of $6,216 of unrealized gains ($10,309 of gross gains and $4,093 of gross losses), as compared to $1,036 of unrealized gains ($6,967 of gross gains and $5,931 of gross losses), at December 31, 1999.

The following table sets forth the fair value of the Company's securities available for sale at the dates indicated.

	June 30, 2000	December 31, 1999	Increase (Decrease) Dollars	Increase (Decrease) Percent
Mortgage-related securities:				
Collateralized mortgage obligations (AAA-rated)	$ 670,829	$ 392,387	$ 278,442	71%
Subordinates, residuals and other securities:				
Single family residential:				
BB-rated subordinates	6,889	5,908	981	17
B-rated subordinates	6,036	6,098	(62)	(1)
Unrated subordinates	14,398	17,287	(2,889)	(17)
Unrated subprime residuals	100,344	124,087	(23,743)	(19)
	127,667	153,380	(25,713)	(17)
Multi-family residential and commercial:				
BB-rated subordinates	--	38,234	(38,234)	(100)
Unrated subordinates	2,965	3,503	(538)	(15)
Unrated interest only	12	14	(2)	(14)
	2,977	41,751	(38,774)	(93)
	130,644	195,131	(64,487)	(33)
Total securities available for sale	$ 801,473	$ 587,518	$ 213,955	36%

The increase in securities available for sale during the six months ended June 30, 2000 was due primarily to $836,472 of purchases and $38,087 of net premium accretion, offset by $284,523 of maturities and principal repayments, $324,278 of sales, $43,871 of principal shortfalls and $11,597 of impairment charges on certain subordinates and residual securities, and $5,784 of net amortization.

At June 30, 2000, the fair value of the Company's investment in subordinate and residual interests amounted to $130,632 ($123,889 amortized cost) or 16% of total securities available for sale and supported senior classes of securities.

Historically, the Company has determined 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 18% and 25% 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 2000, the Company utilized proprietary prepayment curves (reaching an approximate range of annualized rates of 10% - 45%). During 2000, the Company estimated annual losses of between 0.90% and 7.40% of the unpaid principal balance of the underlying loans.

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 as well as the servicing assets for impairment. There can be no assurance that the Company's estimates used to determine the gain on securitized loan sales, subordinate securities and residual securities retained and servicing asset valuations 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 and/or servicing assets may be decreased during the period management recognized 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 six months ended June 30, 2000, the Company recorded $11,597 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."

(Dollars in thousands, except share data)

The following tables detail the Company's securities available for sale portfolio at June 30, 2000, 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 6/30/00	INTEREST PERCENTAGE	SUBORDI-NATION/OC LEVEL AT: 6/30/00	ANTICIPATED YIELD TO MATURITY AT PURCHASE	ANTICIPATED YIELD TO MATURITY AT 6/30/00	PROSPECTIVE YIELD AT 6/30/00
SINGLE-FAMILY RESIDENTIAL											
Subordinates:											
BCF 1996 R1(5)........	B3	Oct-96	UR	(a),(b)	$70,773	$37,981	50.00%	None	15.70%	7.92%	32.62%
BCF 1997 R1(5)........	B4	Mar-97	UR	(b),(c)	21,784	4,314	49.71	None	13.46	(37.45)	4.94
BCF 1997 R2(5)........	B4	Jun-97	Ba2,BB	(b),(c)	6,358	5,617	73.54	7.28	9.58	9.29	45.70
	B5		B2,B		6,264	5,535	73.54	3.27	0.74	9.21	161.82
	B6		UR		13,883	4,509	73.54	None	15.98	3.04	A
BCF 1997 R3(5)........	B4	Dec-97	UR	(b),(d)	69,582	25,719	50.24	None	15.84	(34.51)	83.72
ORMBS 1998 R1(6)......	B4	Mar-98	UR	(b),(d)	101,774	60,693	50.34	None	20.50	(29.90)	18.58
ORMBS 1998 R2(6)......	B4A	Jun-98	Ba2	(b)	1,056	964	100.00	6.29	13.22	(4.14)	137.92
	B4F		Ba2		937	872	100.00	6.22	19.23	(5.50)	60.68
	B5A		B2		880	829	100.00	4.44	23.78	0.08	234.62
	B5F		B2		937	872	100.00	3.76	11.78	(7.36)	143.88
	B6A		UR		3,696	1,978	100.00	None	16.72	20.12	763.46
	B6F		UR		3,345	1,334	100.00	None	19.50	(15.44)	554.75
ORMBS 1998 R3(6)......	B4	Sep-98	Ba2,BB	(b),(d)	11,765	11,402	85.87	6.56	11.71	(34.88)	17.21
	B5		B2,B		9,151	8,868	85.87	2.29	16.54	(33.36)	95.02
	B6		UR		26,145	4,755	85.87	None	18.00	(26.35)	23.49
ORMBS 1999 RI(6)......	B5A	Mar-99	B2,B	(b),(d)	1,630	1,519	100.00	4.91	17.73	26.89	16.84
	B5F		B2,B		1,843	1,586	100.00	4.79	17.74	33.38	33.39
	B6A		UR		3,586	2,416	100.00	None	18.00	54.67	29.18
	B6F		UR		4,299	2,992	100.00	None	18.00	96.10	248.41
ORMBS 1999 R2(6)......	B4	Jun-99	BB	(a),(c),(d)	10,530	10,239	100.00	8.62	13.45	30.98	35.92
	B5		B		4,680	4,558	100.00	4.11	18.45	72.43	209.83
	B6		UR		7,020	4,150	100.00	None	18.00	129.71	1,366.85
CSFB 1996-1R (ITT 94-P1)(8)........	4B2, (1B)	Oct-96	UR	(b),(c)	1,046	132	100.00	None	N/A	N/A	N/A
Subprime residuals:											
SBMS 1996 3(1)........	R	Jun-96	UR	(a),(b)	130,062	28,314	100.00	19.32	15.52	2.05	22.72
MLM1 1996 1(2)........	R	Sep-96	UR	(a),(b)	81,142	15,332	100.00	32.93	15.16	3.13	25.16
MS 1997 1(3)..........	X1	Jun-97	UR	(a),(b)	17,727	9,556	100.00	5.94	21.47	17.59	25.97
	X2				87,118	16,222		18.38	20.38	0.30	16.08
1997 OFS 2(4).........	X	Sep-97	UR	(a),(b)	102,201	27,982	100.00	9.87	19.65	1.74	23.02
1997 OFS 3(4).........	X	Dec-97	UR	(a),(b)	208,784	71,632	100.00	12.92	19.59	7.69	19.33
1998 OFS 1(4).........	X	Mar-98	UR	(b),(d)	161,400	60,787	100.00	3.74	18.00	1.11	6.48
1998 OFS 2(4).........	X	Jun-98	UR	(a),(b)	382,715	147,547	100.00	9.40	19.46	2.28	17.46
1998 OFS 3(4).........	X	Sep-98	UR	(a),(d)	261,649	155,353	100.00	4.64	18.00	2.56	7.24
1998 OFS 4(4).........	X	Dec-98	UR	(a),(b),(c)	349,000	251,587	100.00	3.69	18.00	0.80	14.88
1999 OFS 1(4).	X	Jun-99	UR	(a),(b)	148,628	127,296	100.00	5.33	18.00	11.56	12.50
PANAM 1997-1(9).......	X	Dec-97	UR	(a),(b)	113,544	33,234	100.00	8.78	22.45	0.60	13.38
	Prepay Pen.		UR						25.69	7.64	15.63

SECURITIZATION (ISSUER)	SECURITY	ISSUE DATE	RATING	RATING AGENCIES	CLASS SIZE ISSUANCE	CLASS SIZE 6/30/00	INTEREST PERCENTAGE	SUBORDINATION/OC LEVEL AT: 6/30/00	ANTICIPATED YIELD TO MATURITY AT PURCHASE	ANTICIPATED YIELD TO MATURITY AT 6/30/00	PROSPECTIVE YIELD AT 6/30/00
SINGLE-FAMILY RESIDENTIAL											
RESIDENTIAL											
EQUICON 1994-2(10)...	B.Fix	Oct-94	UR	(a),(b), (c)	$78,846	$16,834	100.00%	6.51	18.00%	103.79%	29.47%
	B Var.		UR		32,306	2,663	100.00	32.97	18.00	32.70	25.74
EQUICON 1995-1(10)...	B.Fix,	May-95	UR	(a),(b), (c)	70,024	11,612	100.00	9.81	18.00	26.28	0.00
	B Var.		UR		40,519	4,998	100.00	9.71	18.00	104.20	0.00
EQUICON 1995-2(10)...	B.Fix	Oct-95	UR	(a),(b)	79,288	17,251	100.00	12.59	18.00	36.19	459.51
	B Var.		UR		39,667	4,846	100.00	14.93	18.00	99.18	653.95
ACCESS 1996-1(11)....	B.Fix,	Feb-96	UR	(a),(b)	120,015	28,643	100.00	7.41	18.00	30.04	209.65
	B Var.		UR		55,362	7,317	100.00	13.47	18.00	37.99	1,052.53
ACCESS 1996-2(11)....	B-I,BI-S	May-96	UR	(a),(b)	142,259	34,330	100.00	10.74	18.00	29.12	A
	B-II BII-S		UR		68,345	8,662	100.00	13.17	18.00	15.92	359.57
ACCESS 1996-3(11)....	B-I, BI-S	Aug-96	UR	(a),(b)	107,712	27,023	100.00	13.64	18.00	15.57	195.31
	B-II BII-S		UR		99,885	13,081	100.00	18.02	18.00	18.26	A
ACCESS 1996-4(11)....	B,B-S	Nov-96	UR	(a),(b)	239,778	45,313	100.00	29.21	18.00	11.57	21.60
ACCESS 1997-1(11)....	B,B-S	Feb-97	UR	(a),(b)	276,442	68,382	100.00	29.17	18.00	11.07	29.18
ACCESS 1997-2(11)....	B,B-S	May-97	UR	(a),(b)	185,197	45,778	100.00	20.77	18.00	4.98	20.98
ACCESS 1997-3(11)....	B,B-S	Oct-97	UR	(a),(b)	199,884	55,531	100.00	14.37	18.00	12.05	35.40
CMR1(12).............	Deferred Comp	Apr-96	UR	(a),(c)	48,450(16)	15,072(17)	100.00	16.22	18.69	22.46	22.80
CMR2(12).............	Deferred Comp	Oct-96	UR	(a),(c)	97,627(16)	33,125(17)	100.00	13.84	18.69	30.22	31.58
CMR3(12).............	Deferred Comp	Oct-96	UR	(a),(c)	176,047(16)	61,794(17)	100.00	18.85	18.69	46.10	51.93
CMR4(12).............	Deferred Comp	Jan-97	UR	(a),(c)	103,031(16)	38,374(17)	100.00	9.90	18.69	31.23	33.13
CMR5(12).............	Deferred Comp	Jan-97	UR	(a),(c)	54,686(16)	19,559(17)	100.00	50.31	--	--	--
CMR6(12).............	Deferred Comp	Apr-97	UR	(a),(c)	90,498(16)	31,173(17)	100.00	10.80	18.69	33.38	36.59
MULTI-FAMILY RESIDENTIAL Subordinates:											
SBMS 1997-HUD1(13)...	B5	Apr-97	B2, n.a.	(b),(d)	9,785	9,163	100.00	0.90	16.87	4.78	21.35
	B6	Apr-97	UR		16,998	1,565	100.00	None	22.86	(9.02)	480.28
ORMBS 1998-R1(14)....	B4	Mar-98	UR	(b),(d)	101,774	60,693	32.15	None	13.75	(23.17)	22.28
GECMS 1994-12(15)....	B4	Mar-94	UR	(a),(b),(c)	2,069	1,307	100.00	None	19.37	20.87	77.41

ISSUERS:

(1) Salomon Brothers Mortgage Securities VII
(2) Merrill Lynch Mortgage Investors, Inc.
(3) Morgan Stanley ABS Capital I, Inc.
(4) Ocwen Mortgage Loan Asset Backed Certificates
(5) BlackRock Capital Finance L.P.
(6) Ocwen Residential MBS Corporation
(7) Ocwen Mortgage Loans
(8) Credit Suisse First Boston (ITT Federal Bank, FSB)
(9) Pan American Bank, FSB
(10) Equicon Mortgage Loan Trust
(11) Access Financial Mortgage Loan Trust
(12) City Mortgage Receivable
(13) Salomon Brothers Mortgage Securities
(14) Ocwen Mortgage Loan Trust.
(15) GE Capital Mortgage Services, Inc.
(16) Dollar equivalent of amounts in British pounds at the rate of exchange that prevailed at the time of issuance.
(17) Dollar equivalent of amounts in British pounds at the rate of exchange at at the rate of exchange at 6/30/00.

Rating Agencies:
(a) S&P
(b) Moody's
(c) Fitch
(d) DCR
(e) Duff

Other:
N/A - Not Available
A - As a result of the previous write down of the book value to an immaterial balance, the prospective yield is no longer meaningful.

(Dollars in thousands, except share data)

SECURITIZATION (ISSUER)	WEIGHTED AVERAGE COUPON AT 6/30/00	WEIGHTED AVERAGE LTV/DSCR AT 6/30/00	TOTAL DELINQUENCY AT 6/30/00	ACTUAL LIFE TO DATE CPR AT 6/30/00	ACTUAL LIFE TO DATE LOSSES AT 6/30/00	PRODUCT TYPE AT 6/30/00	COLLATERAL BALANCE ISSUANCE	COLLATERAL BALANCE 6/30/00
SINGLE-FAMILY RESIDENTIAL								
Subordinates:								
BCF 1996 R1 (5).........	10.04%	103.40%	10.52%	13.80%	$28,983	98% Fixed, 2% ARM	$505,513	$264,961
BCF 1997 R1 (5).........	10.07	109.78	20.02	13.92	16,664	97% Fixed, 3% ARM	177,823	102,491
BCF 1997 R2 (5).........	8.27	81.79	20.75	14.18	8,293	25% Fixed, 75% ARM	251,790	137,900
BCF 1997 R3 (5).........	9.62	120.46	18.12	12.70	41,298	98% Fixed, 2% ARM	579,851	386,042
ORMBS 1998 R1 (6).......	8.91	121.77	22.69	10.54	37,894	98% Fixed, 2% ARM	565,411	433,147
ORMBS 1998 R2 (6).......	9.07	86.05	22.91	16.23	3,382	44% Fixed, 56% ARM	123,917	80,044
ORMBS 1998 R3 (6).......	8.96	128.45	34.51	11.77	20,648	99% Fixed, 1% ARM	261,452	207,610
ORMBS 1999 R1 (6).......	9.09	84.74	27.20	15.45	1,634	57% Fixed, 43% ARM	147,101	111,718
ORMBS 1999 R2 (6).......	9.36	113.08	27.52	10.82	2,806	100% Fixed	117,004	100,973
CSFB 1996 1R (ITT 94-P1) (8)	8.36	N/A	1.06	N/A	157	100% 1-Year CMT	32,487	4,319
Subprime residuals:								
SBMS 1996 3 (1).........	10.78	67.73	16.91	31.27	3,562	60% Fixed, 40% ARM	130,062	28,314
MLM1 1996 1 (2).........	11.76	73.71	22.48	35.49	2,239	37% Fixed, 63% ARM	81,142	15,332
MS 1997 1 (3)...........	10.51	74.54	17.05	36.98	2,583	37% Fixed, 63% ARM	17,727	9,556
	12.11	74.39					87,118	16,222
1997 OFS 2 (4)..........	11.49	78.38	19.64	37.19	2,717	24% Fixed, 76% ARM	102,201	27,982
1997 OFS 3 (4)..........	11.13	81.95	23.57	34.42	4,815	23% Fixed, 77% ARM	208,784	71,632
1998 OFS 1 (4)..........	11.33	80.00	24.01	34.93	4,708	19% Fixed, 81% ARM	161,400	60,787
1998 OFS 2 (4)..........	11.37	77.68	19.53	37.43	7,846	46% Fixed, 54% ARM	382,715	147,547
1998 OFS 3 (4)..........	10.48	79.69	21.94	25.31	5,296	34% Fixed, 66% ARM	261,649	155,353
1998 OFS 4 (4)..........	10.40	81.17	25.39	18.67	6,115	44% Fixed, 56% ARM	349,000	251,587
1999 OFS 1 (4)..........	9.82	76.44	14.84	13.74	534	67% Fixed, 33% ARM	146,628	127,296
PANAM 1997-1(9).........	11.35	83.87	22.74	38.81	5,364	100% ARM	113,544	33,234
EQUICON 1994-2 (10).....	9.90	89.17	20.58	31.63	1,662	100% Fixed	78,846	16,834
	11.52	96.26				100% ARM	32,306	2,663
EQUICON 1995-1 (10).....	12.03	84.08	27.62	30.33	3,201	100% Fixed	70,024	11,612
	12.28	92.57				100% ARM	40,519	4,998
EQUICON 1995-2 (10).....	10.75	87.00	33.21	32.61	2,619	100% Fixed	79,288	17,251
	12.06	87.73				100% ARM	39,667	4,846
ACCESS 1996-1 (11)......	10.79	79.06	29.40	31.40	3,954	100% Fixed	120,015	28,643
	11.94	78.41				100% ARM	55,362	7,313
ACCESS 1996-2 (11)......	10.96	76.05	29.39	34.06	5,267	100% Fixed	142,259	34,330
	12.20	74.93				100% ARM	68,345	8,662
ACCESS 1996-3 (11)......	11.44	78.20	38.43	36.26	4,125	100% Fixed	107,712	27,023
	12.42	78.66				100% ARM	99,885	13,081
ACCESS 1996-4 (11)......	12.15	77.80	39.24	38.81	5,896	54% Fixed, 46% ARM	239,778	45,313
ACCESS 1997-1 (11)......	11.78	83.65	40.07	37.05	9,474	61% Fixed, 39% ARM	276,442	68,382
ACCESS 1997-2 (11)......	11.79	83.13	37.28	39.57	4,775	59% Fixed, 41% ARM	185,197	45,778
ACCESS 1997-3 (11)......	11.56	82.76	34.86	39.40	3,699	53% Fixed, 47% ARM	199,884	55,531

(Dollars in thousands, except share data)

SECURITIZATION (ISSUER)	WEIGHTED AVERAGE COUPON AT 6/30/00	WEIGHTED AVERAGE LTV/DSCR AT 6/30/00	TOTAL DELINQUENCY AT 6/30/00	ACTUAL LIFE TO DATE CPR AT 6/30/00	ACTUAL LIFE TO DATE LOSSES AT 6/30/00	PRODUCT TYPE AT 6/30/00	COLLATERAL BALANCE ISSUANCE	COLLATERAL BALANCE 6/30/00
SINGLE-FAMILY RESIDENTIAL Subordinates:								
CMR1 (12)...............	13.31%	49.47%	37.3%	23.41%	$ 894	100% Amortizing	$48,450(16)	$15,072(17)
CMR2 (12)...............	12.49	47.21	29.1	24.32	1,417	90% Amort 10% IO mortgages	97,627(16)	33,125(17)
CMR3 (12)...............	13.47	67.12	17.6	21.80	3,601	72% Amort 18% IO mortgages	176,047(16)	61,794(17)
CMR4 (12)...............	13.73	59.37	37.6	23.89	2,042	88.2% Amort 11.8% IO mortgages	103,031(16)	38,374(17)
CMR5 (12)...............	15.87	61.48	65.9	24.45	7,233	80.3% Amort 19.7% IO mortgages	54,686(16)	19,559(17)
CMR6 (12)...............	13.61	59.72	35.9	26.73	1,320	95.6% Amort 4.4% IO mortgages	90,498(16)	31,173(17)
MULTI-FAMILY RESIDENTIAL Subordinates:								
SBMS 1997-HUD1 (13).....	9.80	111.73	10.36	15.92	14,724	97% Fixed	326,147	174,082
ORMBS 1998-R1 (14)......	8.91	121.77	22.59	10.54	37,894	98% Fixed	565,411	433,147
GECMS 1994-12 (15).....	6.81	43.20	0.74	8.70	--	100% Fixed	516,732	202,514

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 subordinated and residual securities available for sale at June 30, 2000.

DESCRIPTION	CALIFORNIA	FLORIDA	TEXAS	NEW YORK	MARYLAND	OTHER (1)	TOTAL
Single family residential	$ 576,419	$ 268,866	$ 272,704	$ 182,863	$ 158,658	$1,772,971	$3,232,481
Commercial	41,325	19,526	3,951	24,030	8,936	101,975	199,743
Multi-family	1,022	--	--	--	--	1,460	2,482
Total	$ 618,766	$ 288,392	$ 276,655	$ 206,893	$ 167,594	$1,876,406	$3,434,706
Percentage (2)	18%	8%	8%	6%	5%	55%	100%

(1) No other individual state makes up more than 9% of the total of other.

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

RATING/DESCRIPTION	AMORTIZED COST	FAIR VALUE	PERCENT OWNED	ORIGINAL ANTICIPATED YIELD TO MATURITY	ANTICIPATED YIELD TO MATURITY AT 6/30/00(1)	COUPON	ANTICIPATED WEIGHTED AVERAGE REMAINING LIFE (2)	PROSPECTIVE YIELD AT 6/30/00
SINGLE-FAMILY RESIDENTIAL:								
BB-rated subordinates....	$ 3,766	$ 6,889	86.86%	13.15%	1.26%	6.98%	2.86	38.15%
B-rated subordinates.....	3,703	6,036	95.60	16.84	8.50	7.58	2.22	58.42
Unrated subordinates.....	11,686	14,398	50.65	14.48	(8.68)	8.12	2.54	41.30
Unrated subprime residuals..............	101,769	100,344	99.39	18.33	10.99	0.00	6.52	27.11
MULTI-FAMILY AND COMMERCIAL:								
Unrated subordinates.....	2,965	2,965	100.00	22.15	15.96	0.00	2.81	15.53
Unrated interest only....	--	12	N/A	0.00	(46.90)	N/A	N/A	0.00
	$ 123,889	$ 130,644						

(1) Changes in the June 30, 2000 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.

(2) Equals the weighted average life based on the June 30, 2000 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:

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

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

ANTICIPATED YIELD TO MATURITY AT JUNE 30, 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 ONLY - Interest Only ("IO") securities receive the excess interest remaining after the interest payments have been made on all senior classes of bonds based on their respective principal balances. There is no principal associated with IO securities and they are considered liquidated when the particular class they are contractually tied to is paid down to zero.

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-collaterization ("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-collaterization target has been satisfied as of a specific date, such that cash flows to the residual holder are warranted. To the extend 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).

(Dollars in thousands, except share data)

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.

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 DSCR - Represents debt service coverage ratio, which is calculated by dividing cash flow available for debt service by debt service and applies to the multi-family and commercial securities.

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.

LOANS AVAILABLE FOR SALE. Loans which the Company presently does not intend to hold to maturity are designated as available for sale and are carried at the lower of cost or aggregate market value. Loans available for sale, which are comprised primarily of subprime single family residential loans, decreased by $15,894 or 35% during the six months ended June 30, 2000.

Composition of Loans Available for Sale. The following table sets forth the composition of the Company's loans available for sale by type of loan at the dates indicated.

	June 30, 2000	December 31, 1999
Single family residential loans......	$ 29,233	$ 45,084
Consumer loans......................	86	129
	$ 29,319	$ 45,213

The loans available for sale 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 loans available for sale were located at June 30, 2000:

	Single family Residential	Consumer	Total
New Jersey....................................	$ 6,409	$ --	$ 6,409
Florida.......................................	4,151	44	4,195
New York......................................	2,427	--	2,427
California....................................	2,253	--	2,253
Illinois......................................	2,212	--	2,212
Other (1).....................................	11,781	42	11,823
Total...	$ 29,233	$ 86	$ 29,319

(1) Consists of properties located in 32 other states, none of which aggregated over $2,012 in any one state.

(Dollars in thousands, except share data)

Activity in Loans Available for Sale. The following table sets forth the activity in the Company's net loans available for sale during the periods indicated:

	Three Months		Six Months	
For the periods ended June 30,	2000	1999	2000	1999
Balance at beginning of period	$ 36,843	$ 374,094	$ 45,213	$ 177,847
Purchases:				
Single family residential	--	32,440	--	47,103
Originations:				
Single family residential (1)	--	195,482	--	481,720
Sales (2)	(4,798)	(457,052)	(7,759)	(558,517)
Decrease in lower of cost or market valuation allowance	134	2,609	176	1,964
Principal repayments, net of capitalized interest	(1,926)	(12,866)	(4,248)	(10,591)
Transfer to real estate owned	(934)	(2,282)	(4,063)	(7,101)
Net (decrease) increase in loans	(7,524)	(241,669)	(15,894)	(45,422)
Balance at end of period	$ 29,319	$ 132,425	$ 29,319	$ 132,425

(1) Includes $152,965 and $293,007 originated by Ocwen UK during the three and six months ended June 30, 1999, respectively.

(2) Included the sales for the six months ended June 30, 1999 in the securitization of 2,192 of domestic subprime single family residential loans with an unpaid principal balance of $235,572 and 8,983 foreign subprime single family loans with an unpaid principal balance of $295,157. See "Results of Operations - Non-interest Income."

The following table presents a summary of the Company's non-performing loans in the loans available for sale portfolio at the dates indicated:

	June 30, 2000	December 31, 1999
Non-performing loans:		
Single family loans............................	$ 9,364	$ 15,319
Consumer loans.................................	3	1
	$ 9,367	$ 15,320
Non-performing loans as a percentage of:		
Total loans available for sale.................	31.95%	33.88%
Total assets...................................	0.28%	0.46%

Non-performing loans available for sale consist primarily of subprime single family residential loans, reflecting the higher risk associated with such loans.

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.

(Dollars in thousands, except share data)

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.

	June 30, 2000	December 31, 1999
Single family residential loans	$ 3,272	$ 4,334
Multi-family residential loans:		
Permanent	14,008	23,430
Construction	67,423	57,936
Total multi-family residential	81,431	81,366
Commercial real estate:		
Hotels:		
Construction	38,500	38,645
Office buildings	46,951	64,745
Land	1	2,238
Total commercial real estate	85,452	105,628
Consumer	62	82
Total loans	170,217	191,410
Undisbursed loan proceeds	(15,432)	(24,654)
Unamortized deferred fees	(856)	(2,089)
Allowance for loan losses	(5,439)	(7,259)
Loans, net	$ 148,490	$ 157,408

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 June 30, 2000:

	Single Family Residential	Multi-family Residential	Commercial Real Estate	Consumer	Total
New York	$ 649	$ 40,835	$ 19,766	$ --	$ 61,250
California	402	24,629	226	--	25,257
Delaware	434	--	13,156	--	13,590
Florida	88	330	11,366	--	11,784
Virginia	--	--	8,950	--	8,950
Other (1)	1,699	15,637	31,988	62	49,386
Total	$ 3,272	$ 81,431	$ 85,452	$ 62	$ 170,217

(1) Consists of properties located in 19 other states, none of which aggregated over $8,067 in any one state.

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 periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
	(Dollars in Thousands)			
Balance at beginning of period ..	$ 156,119	$ 177,511	$ 157,408	$ 230,312
Originations:				
Multi-family residential loans	2,277	1,758	12,490	4,225
Commercial real estate loans..	186	6,400	1,156	11,500
Total loans originated(1)...	2,463	8,158	13,646	15,725
Sales (2)	(7,500)	(3,394)	(7,751)	(25,486)
Principal repayments	(15,075)	(48,392)	(26,383)	(86,231)
Transfer to real estate owned ...	(431)	(106)	(705)	(2,572)
Decrease in undisbursed loan proceeds.......................	10,617	1,211	9,222	1,804
Decrease in unamortized deferred fees..........................	632	573	1,233	1,051
Decrease(increase) in allowance for loan losses	1,665	(1,883)	1,820	(925)
Net decrease in loans...........	(7,629)	(43,833)	(8,918)	(96,634)
Balance at end of period.....	$ 148,490	$ 133,678	$ 148,490	$ 133,678

(1) Originations for the six months ended June 30, 2000 represent fundings on previously originated construction loans.

(2) Included in sales for the six months ended June 30, 1999 is the securitization of 384 single family residential loans with an aggregate unpaid principal balance of $24,880.

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

	June 30, 2000	December 31, 1999
Non-performing loans:		
Single family residential loans.................	$ 1,184	$ 982
Multi-family residential loans (1)..............	9,431	11,037
Commercial real estate and other (2)...........	15,267	19,360
Total.......................................	$ 25,882	$ 31,379
Non-performing loans as a percentage of:		
Total loans (3)................................	16.81%	19.06%
Total assets...................................	0.77%	0.95%
Allowance for loan losses as a percentage of:		
Total loans (3).............................	3.53%	4.41%
Non-performing loans........................	21.01%	23.13%

(1) Non-performing multi-family residential loans at June 30, 2000 were comprised of 12 loans, all of which management believes are adequately collateralized and reserved.

(2) Non-performing commercial real estate loans at June 30, 2000 were comprised of 11 loans, all of which management believes are adequately collateralized and reserved.

(3) Total loans is net of undisbursed loan proceeds and unamortized deferred fees.

(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:

	June 30, 2000	December 31, 1999
Single family residential loans (1)	$ 92,930	$ 105,596
Allowance for loan losses	(433)	(495)
Match funded loans, net	92,497	105,101
Match funded securities available for sale	38,587	52,693
Balance at end of period	$ 131,084	$ 157,794

(1) Includes $1,992 and $1,127 of non-performing loans at June 30, 2000 and December 31, 1999, respectively.

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 June 30, 2000:

Michigan.............	$ 19,607
California...........	9,932
Florida..............	6,173
Texas................	5,848
Massachusetts........	4,627
Other (1)............	46,743
Total................	$ 92,930

(1) Consists of properties located in 42 other states, none of which aggregated over $3,773 in any one state.

(Dollars in thousands, except share data)

The following tables detail the Company's match funded securities at June 30, 2000, 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 ISSUANCE	BALANCE 6/30/00	OVER COLLATERIZATION LEVEL AT 6/30/00	PRODUCT TYPE AT 6/30/00
SASCO 1998-2(1)	X	Jan-98	NR	S&P, Fitch	$600,052	$ 208,230	2.32% OC	37% Fixed, 63% ARM
SASCO 1998-3(1)	X	Mar-98	NR	S&P, Fitch	769,671	252,820	5.33% OC	16% Fixed, 84% ARM
MLMI 1998-FF1(2)	X	Jun-98	NR	S&P, Fitch	198,155	51,359	5.79% OC	100% ARM
LHELT 1998-2(3)	X	Jun-98	NR	Moody's, Fitch	209,225	102,008	7.71% OC	49% Fixed, 51% ARM
OCWEN 98-OAC-1(4)	N/A	Nov-98	NR	S&P, Moody's	182,178	98,785	13.04% OC	27% Fixed, 73% ARM

SECURITIZATION	SECURITY	WEIGHTED AVERAGE INTEREST RATE AT: 6/30/00	WEIGHTED AVERAGE LTV AT: 6/30/00	ACTUAL DELINQUENCY AT: 6/30/00	ACTUAL LIFE TO DATE CPR AT 6/30/00	ACTUAL LIFE TO DATE LOSSES AT: 6/30/00	YIELD TO MATURITY AT: PURCHASE	YIELD TO MATURITY AT: 6/30/00
SASCO 1998-2	X	11.27%	73.25%	20.75%	35.04%	$8,751	16.00%	(0.49)%
SASCO 1998-3	X	11.18	75.09	19.27	38.66	7,294	17.04	0.57
MLMI 1998-FF1	X	11.21	77.62	21.92	47.37	956	18.57	4.40
LHELT 1998-2	X	10.78	75.11	18.16	28.65	1,656	18.55	12.84
OCWEN 98-OAC-1	N/A	8.78	81.13	6.97	30.23	430	N/A	N/A

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

	AMORTIZED COST	FAIR VALUE	PERCENT OWNED	ORIGINAL ANTICIPATED YIELD TO MATURITY	ANTICIPATED YIELD TO MATURITY AT 6/30/00 (1)	COUPON	ANTICIPATED WEIGHTED AVERAGE REMAINING LIFE(2)
Match-funded securities.......	$ 48,818	$ 38,587	100.00%	17.24%	2.80%	0.00%	4.10 years
	===========	=========					

(1) Changes in the June 30, 2000 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 June 30, 2000 book value.

For a glossary of the terms included in the above tables, see "Securities Available for Sale."

DISCOUNT LOAN PORTFOLIO, NET. The discount loan portfolio decreased $109,783 or 12% during the six months ended June 30, 2000. Resolutions and repayments, transfers to real estate owned and sales more than offset acquisitions during the period. Substantially all of the Company's discount loan portfolio is secured by first mortgage liens on real estate.

(Dollars in thousands, except share data)

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:

	June 30, 2000	December 31, 1999
Single family residential loans	$ 458,673	$ 597,719
Multi-family residential loans	196,841	191,971
Commercial real estate loans:		
Office buildings	99,645	97,784
Hotels	74,194	75,095
Retail properties	102,311	105,247
Other properties	73,243	87,148
	349,393	365,274
Other loans (1)	23,466	21,615
Total discount loans	1,028,373	1,176,579
Unaccreted discount:		
Single family residential loans	(114,016)	(147,630)
Multi-family residential loans	(38,175)	(37,981)
Commercial real estate loans	(49,877)	(57,604)
Other loans	(271)	(954)
	(202,339)	(244,169)
	826,034	932,410
Undisbursed loan proceeds	(201)	--
Allowance for loan losses	(22,387)	(19,181)
Discount loans, net	$ 803,446	$ 913,229

(1) Includes $21,603 and $16,397 at June 30, 2000 and December 31, 1999, respectively, of 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 June 30, 2000:

	Single Family Residential	Multi-Family Residential	Commercial Real Estate and Other	Total
California	$ 31,084	$ 11,331	$ 75,937	$ 118,352
New York	34,096	2,008	42,735	78,839
Illinois	17,624	55,719	1,285	74,628
Michigan	12,305	36,047	21,573	69,925
Florida	26,937	9,058	12,246	48,241
Other (1)	222,611	44,503	168,935	436,049
Total	$ 344,657	$ 158,666	$ 322,711	$ 826,034

(1) Consists of properties located in 45 other states, none of which aggregated over $38,353 in any one state.

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 periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
	(Dollars in Thousands)			
Balance at beginning of period	$ 842,178	$ 893,180	$ 913,229	$ 1,026,511
Acquisitions (1):				
Single family residential loans	90,222	233,207	149,159	274,083
Multi - family residential loans	5,977	39,275	21,294	71,959
Commercial real estate loans	11,332	106,989	18,119	131,790
Other (2)	4,537	2,030	10,030	8,626
	112,068	381,501	198,602	486,458
Resolutions and repayments (3)	(49,791)	(75,252)	(91,718)	(123,942)
Loans transferred to real estate owned.	(52,631)	(37,468)	(124,066)	(108,162)
Sales (4)	(60,035)	(116,635)	(131,024)	(279,032)
Increase in undisbursed loan proceeds	(201)	--	(201)	--
Decrease (increase) in discount	14,056	(40,025)	41,830	5,935
Increase in allowance	(2,198)	3,463	(3,206)	996
Balance at end of period	$ 803,446	$ 1,008,764	$ 803,446	$ 1,008,764

For the periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
NUMBER OF LOANS				
Balance at beginning of period	7,031	6,042	8,064	8,100
Acquisitions (1):				
Single family residential loans	1,027	2,713	1,964	3,187
Multi - family residential loans	2	4	9	30
Commercial real estate loans	2	57	6	116
Other	--	--	1	6
	1,031	2,774	1,980	3,339
Resolutions and repayments (3)	(316)	(305)	(678)	(528)
Loans transferred to real estate owned.	(647)	(468)	(1,421)	(1,170)
Sales (4)	(736)	(1,306)	(1,582)	(3,004)
Balance at end of period	6,363	6,737	6,363	6,737

(1) Acquisitions during the six months ended June 30, 2000 exclude 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 six months ended June 30, 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.

(4) Sales for the six months ended June 30, 1999 include the securitization of performing single family discount loans. See "Results of Operations - Non-interest Income."

(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.

	June 30, 2000	December 31, 1999
PRINCIPAL AMOUNT		
Loans without Forbearance Agreements:		
Current	$ 500,778	$ 509,845
Past due 31 days to 89 days	10,929	23,438
Past due 90 days or more	380,895	448,312
Acquired and servicing not yet transferred	53,534	87,538
Subtotal	946,136	1,069,133
Loans with Forbearance Agreements:		
Current	5,855	2,958
Past due 31 days to 89 days	4,572	8,904
Past due 90 days or more	71,810	95,584
Subtotal(1)(2)	82,237	107,446
Total	$ 1,028,373	$ 1,176,579

	June 30, 2000	December 31, 1999
PERCENTAGE OF LOANS		
Loans without Forbearance Agreements:		
Current	48.70%	43.33%
Past due 31 days to 89 days	1.06	1.99
Past due 90 days or more	37.04	38.10
Acquired and servicing not yet transferred	5.21	7.44
Subtotal	92.01	90.86
Loans with Forbearance Agreements:		
Current	0.57	0.25
Past due 31 days to 89 days	0.44	0.76
Past due 90 days or more	6.98	8.13
Subtotal	7.99	9.14
Total	100.00%	100.00%

(1) Includes $81,894 of loans which were less than 90 days past due under the terms of the forbearance agreements at June 30, 2000, of which $73,594 were current and $8,300 were past due 31 to 89 days.

(2) Includes $95,218 of loans which were less than 90 days past due under the terms of the forbearance agreements at December 31, 1999, of which $67,897 were current and $27,321 were past due 31 to 89 days.

(Dollars in thousands, except share data)

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:

	June 30, 2000				December 31, 1999			
	Allowance		Loan Balance		Allowance		Loan Balance	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Loan portfolio:								
Single family................	$ 97	1.8%	$ 3,272	1.9%	$ 87	1.2%	$ 4,334	2.3%
Multi-family.................	1,276	23.5	81,431	47.8	1,722	23.7	81,366	42.5
Commercial real estate.......	4,066	74.7	85,452	50.3	5,450	75.1	105,628	55.2
Consumer.....................	--	--	62	--	--	--	82	--
	$ 5,439	100.0%	$ 170,217	100.0%	$ 7,259	100.0%	$ 191,410	100.0%
Discount loans:								
Single family................	$ 8,636	38.6%	$ 344,657	41.7%	$ 11,081	57.8%	$ 450,089	48.3%
Multi-family.................	956	4.3	158,666	19.2	1,681	8.8	153,990	16.5
Commercial real estate.......	8,218	36.7	299,516	36.3	5,152	26.8	307,670	33.0
Other........................	4,577	20.4	23,195	2.8	1,267	6.6	20,661	2.2
	$ 22,387	100.0%	$ 826,034	100.0%	$ 19,181	100.0%	$ 932,410	100.0%
Match funded loans:								
Single family residential loans	$ 433	100.0%	$ 92,930	100.0%	$ 495	100.0%	$ 105,596	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.

The following table sets forth an analysis of activity in the allowance for loan losses relating to the Company's loan portfolio and discount loan portfolio during the six months ended June 30, 2000:

	Balance December 31, 1999	Provision	Charge-offs	Recoveries	Balance June 30, 2000
Loan portfolio:					
Single family...................	$ 87	$ 10	$ --	$ --	$ 97
Multi-family....................	1,722	(446)	--	--	1,276
Commercial real estate..........	5,450	(979)	(405)	--	4,066
	$ 7,259	$ (1,415)	$ (405)	$ --	$ 5,439
Discount loans:					
Single family...................	$ 11,081	$ (596)	$ (2,375)	$ 526	$ 8,636
Multi-family....................	1,681	17	(742)	--	956
Commercial......................	5,152	4,489	(1,441)	18	8,218
Other...........................	1,267	3,310	--	--	4,577
	$ 19,181	$ 7,220	$ (4,558)	$ 544	$ 22,387
Match funded loans:					
Single family residential loans	$ 495	$ (62)	$ --	$ --	$ 433

INVESTMENTS IN LOW-INCOME HOUSING TAX CREDIT INTERESTS. The Company invests 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.

(Dollars in thousands, except share data)

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

	June 30, 2000	December 31, 1999
Investments solely as a limited partner made prior to May 18, 1995	$ 16,051	$ 17,327
Investments solely as a limited partner made on or after May 18, 1995 (1)	50,210	59,541
Investments both as a limited and, through subsidiaries, as a general partner	78,597	74,121
	$ 144,858	$ 150,989

(1) The decrease in the balance during the six months ended June 30, 2000 is due to the sale of investments in ten projects during the first quarter which had an aggregate carrying value of $27,402 for a loss of $261, offset by the investment in new and existing projects.

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 June 30, 2000, the Company's largest single investment was $7,974, which related to a project located in Columbia, South Carolina.

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 $658 and $749 for the second quarter of 2000 and 1999, respectively, and $1,341 and $1,519 for the six months ended June 30, 2000 and 1999, 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 $2,044 and $3,849 for the second quarter of 2000 and 1999, respectively, and $5,076 and $7,544 for the six months ended June 30, 2000 and 1999, 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 $839 and $1,599 for the second quarter of 2000 and 1999, respectively, and $2,339 and $3,463 for the six months ended June 30, 2000 and 1999, respectively.

INVESTMENTS IN UNCONSOLIDATED ENTITIES. Investments in unconsolidated entities totaled $31,098 at June 30, 2000, a $6,020 decrease as compared to the balance at December 31, 1999 of $37,118. This decrease was primarily due to a $5,579 decrease in the Company's 35.84% equity investment in Kensington. The investment in Kensington declined during this period as a result of the Company's $4,112 share of Kensington's losses, including goodwill amortization, and $1,417 of net unrealized foreign currency losses. See "Asset and Liability Management - Foreign Currency Exchange Rate Risk Management" for information regarding the Company's hedging activities related to its investment in Kensington.

REAL ESTATE OWNED, NET. Real estate owned, net, increased by $15,170 or 9% during the six months ended June 30, 2000 due primarily to foreclosures and acquisitions in excess of sales. 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.

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 real estate owned at the dates indicated.

	June 30, 2000	December 31, 1999
Discount loan portfolio:		
Single family residential	$ 72,633	$ 72,193
Multi-family residential	12,012	2,601
Commercial real estate	92,820	85,233
Total	177,465	160,027
Loan portfolio	1,587	2,183
Loans available for sale	3,624	5,296
Total	$ 182,676	$ 167,506

The following table sets forth certain geographical information by type of property at June 30, 2000 related to the Company's real estate owned.

	Single Family Residential		Multi-family Residential and Commercial		Total	
	Amount	No. of Properties	Amount	No. of Properties	Amount	No. of Properties
Florida	$ 5,367	103	$ 48,571	6	$ 53,938	109
Georgia	1,074	23	15,394	1	16,468	24
Connecticut	3,134	33	12,543	2	15,677	35
California	5,861	70	6,929	8	12,790	78
Arizona	585	12	9,659	1	10,244	13
Other (1)	60,469	1,448	13,090	25	73,559	1,473
Total	$ 76,490	1,689	$ 106,186	43	$ 182,676	1,732

(1) Consists of properties located in 45 other states, none of which aggregated over $7,032 in any one state.

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

For the periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
AMOUNT				
Balance at beginning of period	$ 185,498	$ 208,831	$ 167,506	$ 201,551
Properties acquired through foreclosure or deed-in-lieu thereof:				
Discount loans	52,631	37,468	124,066	108,162
Loans available for sale	934	2,282	4,063	7,101
Loan portfolio	431	106	705	2,572
Less discount transferred	(16,771)	(13,418)	(37,014)	(34,303)
	37,225	26,438	91,820	83,532
Acquired in connection with acquisitions of discount loans	5,002	23,330	8,593	31,490
Sales	(43,186)	(71,722)	(81,390)	(131,476)
Change in valuation allowance	(1,863)	(3,715)	(3,853)	(1,935)
Balance at end of period	$ 182,676	$ 183,162	$ 182,676	$ 183,162

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

For the periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
NUMBER OF PROPERTIES				
Balance at beginning of period............	1,716	1,873	1,672	1,999
Properties acquired through foreclosure or deed-in-lieu thereof:				
Discount loans...........................	647	468	1,421	1,170
Loans available for sale................	18	35	39	91
Loan portfolio..........................	2	2	5	4
	667	505	1,465	1,265
Acquired in connection with acquisitions of discount loans..........................	154	429	157	575
Sales....................................	(805)	(941)	(1,562)	(1,973)
Balance at end of period..................	1,732	1,866	1,732	1,866

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

	June 30, 2000	December 31, 1999
One to two months....................	$ 39,093	$ 30,695
Three to four months.................	26,923	26,532
Five to six months...................	14,316	11,263
Seven to 12 months...................	16,417	28,606
Over 12 months.......................	85,927	70,410
	$ 182,676	$ 167,506

The Company actively manages its real estate owned. Sales of real estate owned resulted in (losses) gains, net of the provision for loss, of $(625) and $(5,281) during the three and six months ended June 30 2000, respectively, as compared to $2,426 and $6,527 during the three and six months ended June 30, 1999, respectively, which are included in determining the Company's (loss) income on real estate owned. The average period during which the Company held the $81,390 and $131,476 of real estate owned which was sold during the six months ended June 30, 2000 and 1999 respectively, was 6 months.

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

For the periods ended June 30,	Three Months 2000	Three Months 1999	Six Months 2000	Six Months 1999
Balance at beginning of period..........	$ 19,171	$ 13,545	$ 17,181	$ 15,325
Provisions for losses...................	7,752	9,779	16,964	14,840
Charge-offs and sales...................	(5,889)	(6,064)	(13,111)	(12,905)
Balance at end of period...............	$ 21,034	$ 17,260	$ 21,034	$ 17,260
Valuation allowance as a percentage of total gross real estate owned (1)....	10.33%	8.61%	10.33%	8.61%

(1) The increase at June 30, 2000 as compared to June 30, 1999 reflects an increase in the amount of real estate owned which the Company has held in excess of one year. The increase in the amount of real estate owned which the Company has held in excess of one year at June 30, 2000 as compared to June 30, 1999 primarily reflects the anticipated migration of a large retail property which is currently being repositioned for sale. At December 31, 1999, the valuation allowance as a percentage of total gross real estate owned was 9.30%.

(Dollars in thousands, except share data)

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

	June 30, 2000	December 31, 1999
Properties held for investment (1):		
Office buildings	$ 32,102	$ 202,607
Retail	9,622	33,224
Building improvements	8,472	17,590
Tenant improvements and lease commissions	892	8,150
Furniture and fixtures	47	44
	51,135	261,615
Accumulated depreciation	(1,788)	(9,011)
	49,347	252,604
Loans accounted for as investments in real estate (2):		
Multi-family residential	97	--
Nonresidential	89,011	--
	89,108	--
Properties held for lease:		
Land and land improvements	1,256	1,256
Building	15,082	14,629
Accumulated depreciation	(517)	(248)
	15,821	15,637
Investment in real estate partnerships (3)	11,607	--
	$ 165,883	$ 268,241

(1) Acquired as a result of the acquisition of OAC. The decline in balances during the six months of 2000 is due to the transfer of properties from held for investment to held for sale. See "Real Estate Held for Sale."

The Company's properties held for investment at June 30, 2000 are comprised of the following:

Date Acquired	Property	Location	Square Feet	Property Type	% Leased	Book Value
07/22/98	841 Prudential Drive....	Jacksonville, FL	550,000	Office Bldg.	98.0%	$ 32,459
04/09/98	7075 Bayers Road........	Halifax, Nova Scotia	402,529	Shopping Ctr.	64.0	18,676
				Accumulated depreciation		(1,788)
						$ 49,347

(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 five limited partnerships operating as real estate ventures, consisting of multi-family type properties.

(Dollars in thousands, except share data)

REAL ESTATE HELD FOR SALE. The Company's real estate held for sale at June 30, 2000 is comprised of the following properties:

Date Acquired	Property	Location	Square Feet	Property Type	% Leased	Book Value
04/08/98	225 Bush Street.........	San Francisco, CA	570,637	Office Bldg.	98.0%	$ 131,348
09/23/97	450 Sansome Street......	San Francisco, CA	130,437	Office Bldg.	87.0	28,755
09/03/97	10 U.N. Plaza...........	San Francisco, CA	71,636	Office Bldg.	96.0	11,999
11/10/97	Cortez Plaza............	Bradenton, FL	289,686	Shopping Ctr.	95.7	21,613
10/01/98	Holiday Village.........	Havre, MT	223,355	Shopping Ctr.	48.4	1,526
						$ 195,241

The Company has engaged unaffiliated third parties to market and sell the properties listed above. These properties were previously held for investment. The office buildings were reclassified to held for sale during the first quarter of 2000 and the shopping centers were reclassified during the second quarter of 2000.

During the second quarter of 2000, the Company sold its office building located at 690 Market Street in San Francisco, for $28,000, less commissions and closing costs which had a book value of $23,273, for a gain of $3,897. The net proceeds consisted of cash of approximately $7,100 and a note receivable of $19,000.

DEPOSITS. Deposits decreased $200,153 or 11% during the six months ended June 30, 2000 primarily as a result of a $205,638 decrease in non-interest bearing checking accounts. The following table sets forth information related to the Company's deposits at the dates indicated.

	June 30, 2000		December 31, 1999	
	Amount	Deposits	% of Total Amount	% of Total Deposits
Non-interest bearing checking accounts	$ 74,635	4%	$ 280,273	15%
NOW and money market checking accounts	12,322	1	30,343	2
Savings accounts	1,375	--	1,361	--
	88,332	5	311,977	17
Certificates of deposit (1)(2)	1,559,505	--	1,536,997	--
Unamortized deferred fees	(5,704)	--	(6,688)	--
Total certificates of deposit	1,553,801	95	1,530,309	83
Total deposits	$ 1,642,133	100%	$ 1,842,286	100%

(1) Included $1,406,963 and $1,449,873 at June 30, 2000 and December 31, 1999, respectively, of deposits originated through national, regional and local investment banking firms which solicit deposits from their customers, all of which are non-cancelable.

(2) At June 30, 2000 and December 31, 1999, certificates of deposit issued on an uninsured basis (greater than $100,000) amounted to $124,664 and $155,205, respectively. Of the $124,664 of uninsured deposits at June 30, 2000, $49,867 were from political subdivisions in New Jersey and secured or collateralized as required under state law.

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE. Securities sold under agreements to repurchase of $421,049 at June 30, 2000, increased $373,685 or 789% during the six months ended June 30, 2000. From time to time the Company utilizes such collateralized borrowings as additional sources of liquidity. The securities sold under agreements to repurchase at June 30, 2000 are primarily collateralized by CMOs.

BONDS-MATCH FUNDED AGREEMENTS. Bonds-match funded agreements of $121,797 at June 30, 2000, decreased $19,718 or 14% during the six months ended June 30, 2000.

(Dollars in thousands, except share data)

Bonds-match funded agreements were comprised of the following at the dates indicated:

	June 30, 2000	December 31, 1999
OAC Mortgage Residential Securities, Inc (1)	$ 86,118	$ 100,968
Ocwen NIM Corp.(2)	35,679	40,547
	$ 121,797	$ 141,515

(1) Acquired in connection with the acquisition of OAC. Originally arose in connection with a previous securitization of loans by OAC which was accounted for as a financing transaction.

(2) In December 1999, the Company transferred four unrated residual securities to Ocwen NIM Corp. in exchange for non-recourse notes. The transaction was accounted for as a financing.

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

	June 30, 2000	December 31, 1999
2003:		
11.875% Notes due October 1	$ 103,850	$ 103,850
2004:		
Loan due May 24 (LIBOR plus 150 basis points)	6,236	6,236
2005:		
12% Subordinated Debentures due June 15	67,000	67,000
11.5% Senior Notes due July 1 (1)	110,997	140,487
	$ 288,083	$ 317,573

(1) The $29,490 decline in the outstanding balance is due to repurchases in the open market during both the first and second quarters of 2000. These repurchases resulted in extraordinary gains of $1,984 ($1,369 net of taxes) and $5,093 ($3,575 net of taxes), for the three and six months ended June 30, 2000, respectively.

(Dollars in thousands, except share data)

OBLIGATIONS OUTSTANDING UNDER LINES OF CREDIT. Obligations outstanding under lines of credit decreased $3,116 or 2% during the six months ended June 30, 2000. The Company, through its subsidiaries, has obtained secured lines of credit arrangements from various unaffiliated financial institutions as follows:

Entity	Balance Outstanding	Amount of Facility	Committed Amount	Maturity Date	Interest Rate(4)
JUNE 30, 2000:					
OFS (1)............	$ 10,061	$ 35,000	$ 35,000	May 2001	LIBOR + 175 basis points
	--	25,000	--	May 2001	LIBOR + 175 basis points
OAC (2)............	99,689	200,000	115,580	June 2001	LIBOR + 240 basis points
	75,000	75,000	75,000	April 2001	LIBOR + 175 basis points
	$ 184,750				
DECEMBER 31, 1999:					
OFS (3)............	$ 2,041	$ 200,000	$ 100,000	July 2001	LIBOR + 75 basis points
	3,770	115,000	100,000	May 2000	LIBOR + 95 - 150 basis points
	15,227	50,000	50,000	May 2000	LIBOR + 137.5 basis points
	7,658	25,000	--	May 2000	LIBOR + 175 basis points
OAC (2)............	84,170	200,000	200,000	June 2001	LIBOR + 175 basis points
	75,000	75,000	75,000	April 2001	LIBOR + 175 basis points
	$ 187,866				

(1) These lines were used to fund subprime mortgage loan originations, generally advanced at a rate of 65% to 75% of the principal balance of the mortgage loan and are secured by such mortgage loans.

(2) These lines are collateralized by commercial loans and investments in real estate

(3) These lines were used to fund subprime mortgage loan originations, generally advanced at a rate of 80% to 98% of the principal balance of the mortgage loan and are secured by such mortgage loans.

(4) LIBOR was 6.64% and 5.82% at June 30, 2000 and December 31, 1999, 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 $101,390 at June 30, 2000, a decline of $8,610 from the balance outstanding at December 31, 1999. During the three months ended June 30, 2000, the Company repurchased $8,610 of its Capital Securities in the open market, resulting in an extraordinary gain of $3,670 ($2,532 net of taxes). See Note 3 to the Interim Consolidated Financial Statements included in Item 1 hereof (which is incorporated herein by reference).

STOCKHOLDERS' EQUITY. Stockholders' equity decreased $16,806 or 3% during the six months ended June 30, 2000. The decrease was primarily due to a net loss of $6,497, the repurchase of 1,388,300 shares of common stock in the aggregate amount of $8,996 during the first quarter and a $1,458 decline in unrealized gains on securities available for sale. See Consolidated Statements of Changes in Stockholders' Equity in 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 and proceeds from sales and securitizations thereof.

Sources of liquidity include certificates of deposit obtained primarily from wholesale sources. At June 30, 2000, the Company had $1,553,801 of certificates of deposit, including $1,406,963 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 June 30, 2001 and 2002, and thereafter amounted to $878,926, $521,067 and $153,808, 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 June 30, 2000, the Company was eligible to borrow up to an aggregate of $623,212 from the FHLB of New York (subject to the availability of acceptable collateral) and had $39,256 of residential loans and $10,742 of short duration CMOs (all of which were held by the Bank) pledged as security for any such advances. At June 30, 2000, the Company had contractual relationships with 12 brokerage firms and the FHLB of New York pursuant to which it could obtain funds from reverse repurchase agreements. At June 30, 2000, the Company had $196,974 of unrestricted cash and cash equivalents, $124,558 of short duration CMOs and $132,803 of subordinate and residual securities, including match funded securities, which could be used to secure additional borrowings. At June 30, 2000, the Company had no outstanding FHLB advances.

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.

The Company's operating activities (used) provided $(87,055) and $102,420 of cash flows during the six months ended June 30, 2000 and 1999, respectively. During the six months ended June 30, 2000, cash flows used by operating activities primarily related to an increase in escrow advances and an increase in accrued expenses, interest payable and other liabilities. During the six months ended June 30, 1999, resources of cash were primarily provided from sales of loans available for sale offset by the use of cash flows primarily related to the purchase and origination of loans available for sale. The increase in net cash flows used by operating activities during the six months ended June 30, 2000 as compared to the six months ended June 30, 1999, was due primarily to a decline in activity related to loans available for sale as a result of the sale of Ocwen UK and the closing of domestic subprime lending operations at OFS.

The Company's investing activities used cash flows totaling $189,714 and $78,317 during the six months ended June 30, 2000 and 1999, respectively. During the foregoing periods, cash flows from investing activities were used primarily to purchase securities available for sale, purchase discount loans and for the purchase of and capital improvements to real estate held for investment. Cash flows from investing activities were provided primarily by sales of, maturities of and principal payments received on securities available for sale, proceeds from sales of discount loans and proceeds from sales of real estate owned. The increase in net cash used by investing activities during the six months ended June 30, 2000 as compared to the six months ended June 30, 1999 was due primarily to an increase in purchases of securities available for sale, and an increase in purchases of and capital improvements to real estate held for investment, offset by a decrease in discount loan purchases and sales of securities available for sale.

The Company's financing activities provided (used) cash flows of $113,729 and $(256,814) during the six months ended June 30, 2000 and 1999, respectively. Cash flows from financing activities were primarily provided by securities sold under agreements to repurchase and advances from the Federal Home Loan Bank. Cash flows utilized in connection with financing activities were primarily related to a decline in deposits, repayment of bonds-match funded agreements, repayment of lines of credit and repurchase of debt. The increase in cash provided by financing activities during the six months ended June 30, 2000 as compared to the six months ended June 30, 1999 was due primarily to an increase in securities sold under agreements to repurchase.

The Bank is 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 (currently not less than 4% of its average daily balance of net withdrawable deposit accounts and borrowings payable in one year or less). The Bank's liquidity, as measured for regulatory purposes, amounted to 5.54% at June 30, 2000.

As a result of a verbal agreement between the Bank and the OTS to dividend subordinate and residual mortgage-related securities resulting from securitization activities conducted by the Bank, the Bank has been limited in its ability to pay cash dividends to the Company. The Bank held no subordinate or residual mortgage-related securities at June 30, 2000. See "Regulatory Capital Requirements."

There are restrictions on OAC's ability to pay dividends under the Indenture governing OAC's 11.5% Redeemable Notes. As of June 30, 2000, OAC was not permitted to pay dividends under the Indenture.

At June 30, 2000, the Company had commitments of $21,318 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 2000. See Note 7 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 4 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

Following an examination 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 as well as the regulatory capital requirements of general applicability, as indicated in Note 5 to the Interim Consolidated Financial Statements included in Item 1 herein (which is incorporated herein by reference). The Bank's core capital, Tier 1 risk-based capital and total risk-based capital ratios at June 30, 2000 were 9.24%, 12.85% and 17.14%, respectively, placing the Bank in the "well-capitalized" category as defined by federal regulations. 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.

YEAR 2000 DATE CONVERSION

The Company is currently not aware of any significant Year 2000 or related problems that have arisen for its customers or vendors.

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

ASSET AND LIABILITY MANAGEMENT

Asset and liability management is concerned with the timing and magnitude of the repricing of assets and liabilities. 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 June 30, 2000. 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 $74,635 at June 30, 2000, 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.

	June 30, 2000				
	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	$ 19,238	$ --	$ --	$ --	$ 19,238
Federal funds sold	173,500	--	--	--	173,500
Securities available for sale	279,406	255,956	182,185	83,926	801,473
Loans available for sale (1)	1,167	13,652	8,533	5,967	29,319
Investment securities, net	13,257	--	--	--	13,257
Loan portfolio, net (1)	59,138	69,439	12,433	7,480	148,490
Match funded loans and securities	7,311	52,463	33,506	37,804	131,084
Discount loan portfolio, net	87,920	410,830	169,458	135,238	803,446
Total rate-sensitive assets	640,937	802,340	406,115	270,415	2,119,807
RATE-SENSITIVE LIABILITIES:					
NOW and money market checking deposits	10,713	185	395	1,029	12,322
Savings deposits	105	196	387	687	1,375
Certificates of deposit	275,132	602,219	535,328	141,122	1,553,801
Total interest-bearing deposits	285,950	602,600	536,110	142,838	1,567,498
Securities sold under agreements to repurchase	421,050	--	--	--	421,050
Bond-match funded loan agreements	87,816	17,807	13,765	2,409	121,797
Obligations outstanding under lines of credit .	184,750	--	--	--	184,750
Notes, debentures and other	6,236	--	--	281,847	288,083
Total rate-sensitive liabilities	985,802	620,407	549,875	427,094	2,583,178
Interest rate sensitivity gap excluding financial instruments	(344,865)	181,933	(143,760)	(156,679)	(463,371)
FINANCIAL INSTRUMENTS:					
Interest rate swaps	161,000	(75,000)	(86,000)	--	--
Swaption and put option contracts	--	338	--	--	338
Futures contracts	5,800	--	--	(5,800)	--
Total rate-sensitive financial instruments	166,800	(74,662)	(86,000)	(5,800)	338
Interest rate sensitivity gap including financial instruments	$ (178,065)	$ 107,271	$ (229,760)	$ (162,479)	$ (463,033)
Cumulative interest rate sensitivity gap.......	$ (178,065)	$ (70,794)	$ (300,554)	$ (463,033)	
Cumulative interest rate sensitivity gap as a percentage of total rate-sensitive assets....	(8.40)%	(3.34)%	(14.18)%	(21.84)%	

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

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

The OTS has established specific minimum guidelines for thrift institutions to observe in the area of interest rate risk as described in Thrift Bulletin No. 13a, "Management of Interest Rate Risk, Investment Securities, and Derivative Activities" ("TB 13a"). Under TB 13a, institutions are required to establish and demonstrate quarterly compliance with board-approved limits on interest rate risk that are defined in terms of net portfolio value ("NPV"), which is defined as the net present value of an institution's existing assets, liabilities and off-balance sheet instruments. These limits specify the minimum net portfolio value ratio ("NPV Ratio") allowable under current interest rates and hypothetical interest rate scenarios. An institution's NPV Ratio for a given interest rate scenario is calculated by dividing the NPV that would result in that scenario by the present value of the institution's assets in that same scenario. 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 June 30, 2000:

Rate Shock in basis points	Board Limits (minimum NPV Ratios)	Current NPV Ratios
+300	5.00%	18.71%
+200	6.00%	18.57%
+100	7.00%	18.38%
0	8.00%	18.19%
-100	7.00%	18.04%
-200	6.00%	17.86%
-300	5.00%	17.74%

The Asset/Liability 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 June 30, 2000. 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	(19.94)%	0.17%
+200	(13.29)%	0.40%
+100	(6.65)%	0.20%
0	0.00%	0.00%
-100	6.65%	0.12%
-200	13.29%	0.22%
-300	19.94%	0.57%

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, U.S. Treasury interest rate futures contracts, foreign currency futures contracts and foreign currency swap agreements and European swaptions and put options.

INTEREST RATE RISK MANAGEMENT. The Company utilizes interest rate swaps to protect against the decrease in value of a fixed-rate asset or the increase in borrowing cost from a short-term, fixed-rate liability, such as reverse repurchase agreements, in an increasing interest-rate environment. The Company had entered into interest rate swaps with an aggregate notional amount of $161,000 and $200,780 at June 30, 2000 and December 31, 1999, respectively.

(Dollars in Thousands)

The Company also enters into U.S. Treasury futures contracts to offset declines in the market value of its fixed-rate loans and certain fixed-rate mortgage-backed and related securities available for sale in the event of an increasing interest rate environment. The Company had entered into futures contracts with an aggregate notional amount of $5,800 and $19,000 at June 30, 2000 and December 31, 1999.

The Company entered into swaption and put option contracts to mitigate its interest rate exposure on anticipated future funding related to certain of its investments in low-income housing tax credit interests. The Company had entered into European swaptions and put options with an aggregate notional amount of $14,300 and $20,900 at June 30, 2000 and December 31, 1999, respectively.

See Note 4 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.

FOREIGN CURRENCY EXCHANGE RATE RISK MANAGEMENT. The Company has entered into foreign currency derivatives to hedge its equity investment in Kensington, its investments in foreign subsidiaries which own residual interests backed by residential loans originated in the UK ("UK residuals") and in the shopping enter located in Halifax, Nova Scotia (the "Nova Scotia Shopping Center").

The Company's hedges (currency futures and swaps), the related foreign currency equity investment, the related investments in foreign subsidiaries, and the net exposures as of June 30, 2000 and December 31, 1999 were as follows.

	Investment	Hedge	Net Exposure
JUNE 30, 2000:			
Kensington......................	$ 30,021	$ 32,441	$ 2,420
UK residuals....................	$ 16,991	$ 16,705	$ (286)
Nova Scotia Shopping Center.....	$ 19,765	$ 19,692	$ (73)
DECEMBER 31, 1999:			
Kensington......................	$ 36,215	$ 37,546	$ 1,331
UK residuals....................	$ 28,098	$ 25,758	$ (2,340)
Nova Scotia Shopping Center.....	$ 14,844	$ 16,074	$ 1,230

The net exposures are subject to gain or loss if foreign currency exchange rates fluctuate. See the "Foreign Currency Management" section of Note 4 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," "encourage," "estimate," "expect," "foresee," "intend," "in the event of," "may," "plan," "present," "propose," "prospect," "update," "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, 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 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, 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 and leasing markets and securities investments, 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, 1999. 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 7: Commitments and Contingencies" of the Company's Consolidated Financial Statements.

Item 4. Submissions of Matters to a Vote of Security Holders.

(a) The annual meeting of stockholders of the Company was held on May 16, 2000.

(b) At the annual meeting of stockholders of the Company held on May 16, 2000, action was taken with respect to the election of directors of the Company: 54,619,191 shares were voted for William C. Erbey, while authority was withheld with respect to 537,226 shares; 54,613,290 shares were voted for W. C. Martin, while authority was withheld with respect to 543,127 shares; 54,612,438 shares were voted for Howard H. Simon, while authority was withheld with respect to 543,979 shares; 54,622,038 shares were voted for Barry N. Wish, while authority was withheld with respect to 534,379 shares; 54,569,991 shares were voted for Thomas F. Lewis, while authority was withheld with respect to 586,426 shares.

(c) In addition, stockholders ratified the appointment of PricewaterhouseCoopers LLP as independent auditors (55,062,352 votes in favor, 73,293 votes against and 20,772 votes abstained).

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 (5)
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 (5)
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 the Company and The Bank of New York as Trustee (6)
4.10	Form of Subordinated Debentures due 2005 (6)
4.11	Form of Indenture between OAC and Norwest Bank Minnesota, National Association, as Trustee thereunder for the 11.5% Redeemable Notes due 2005 (7)
10.1	Ocwen Financial Corporation 1996 Stock Plan for Directors, as amended (8)
10.2	Ocwen Financial Corporation 1998 Annual Incentive Plan (9)
10.3	Loan Facility Agreement, dated April 23, 1999, among Ocwen Limited, National Westminster Bank plc and Ocwen Financial Corporation (10)
10.4	Loan Agreement, dated as of April 7, 1998, between OAIC Bush Street, LLC and Salomon Brothers Realty Corp. (11)
10.5	Loan Agreement, dated as of April 24, 1998, between OAC and Greenwich Financial Products Inc. (12)
10.6	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 (13)

10.7	Compensation and Indemnification Agreement, dated as of May 6, 1999, between OAC and the independent committee of the Board of Directors (14)
10.8	Second Amendment to Guarantee of Payment, dated as of July 9, 1999, between Salomon Brothers Realty Corp. and Ocwen Partnership, L.P. (14)
10.9	Indemnity agreement, dated August 24, 1999, among OCN and OAC's Board of directors (14)
10.10	Amended Ocwen Financial Corporation 1991 Non-Qualified Stock Option Plan, dated October 26, 1999 (15)
10.11	First Amendment to Agreement dated March 30, 2000 between HCT and OAIC (16)
27.1	Financial Data Schedule for the three months ended June 30, 2000 (filed herewith)
99.1	Risk factors (17)

(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.

Item 6. Exhibits and Reports on Form 8-K. (continued)

(5) Incorporated by reference from similarly described exhibit included with Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.

(6) 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.

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

(8) 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.

(9) 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.

(10) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999.

(11) 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.

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

(13) Incorporated by reference from the Current Report on Form 8-K filed by OAC with the Commission on April 23, 1998.

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

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

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

(17) Incorporated by reference from a similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999.

(b) REPORTS ON FORM 8-K FILED DURING THE QUARTER ENDED JUNE 30, 2000. NONE.

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: August 14, 2000

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OCWEN FINANCIAL CORP.
1,000
USD

6-MOS
DEC-31-2000
JAN-01-2000
JUN-30-2000
1
26,080
19,238
173,500
0
801,473
13,257
13,257
1,073,753
28,259
3,369,987
1,642,133
727,597
118,148
288,083
0
0
672
491,964
3,369,987
64,838
31,133
2,573
98,545
48,478
89,057
9,488
5,743
(7,549)
90,102
(18,179)
(12,544)
6,047
0
(6,497)
(0.10)
(0.10)
9.22
543,480
0
0
0
26,935
(4,963)
544
28,259
28,259
0
0

Tag 9-03(7) includes Loans Available for Sale of $29,319, Loan Portfolio of $148,490, Discount Loan Portfolio of $803,446 and Match Funded Loans of $92,498.

Tag 9-03(7)(2) includes Allowance for Loan Losses on Loan Portfolio of $5,439, on the Discount Loan Portfolio of $22,387 and on Match funded loans of $433.

includes Securities sold under agreements to repurchase of $421,050, Obligations outstanding under lines of credit of $184,750 and Bonds - Match funded agreements of $121,797.

includes Interest Income on Loans Available for Sale of $1,724, Loan Portfolio of $9,305, and Discount Loans of $48,174 and on Match funded loans and securities of $5,635.

includes gain on sale of securities of $4,048 and impairment charges on securities available for sale of ($11,597) .

includes Non-interest expense of $79,918, Distributions on Company obligated, Mandatorily Redeemable Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of the Company of $6,112, and Equity in Losses of Investment in Unconsolidated Entities of $4,072.