

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

FORM 8-K

CURRENT REPORT

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

Date of Report
(Date of earliest event reported): August 8, 2001

OCWEN FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Florida	0-21341	65-0039856
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(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

The Forum, Suite 1000
1675 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33401

(Address of principal executive office) (zip Code)

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

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

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Item 5. Other Events

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

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

(a) - (b) Not applicable.

(c) Exhibits

The following exhibits are filed as part of this report:

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

SIGNATURES

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

OCWEN FINANCIAL CORPORATION
(Registrant)

By: /s/ MARK S. ZEIDMAN

Mark S. Zeidman
Senior Vice President and
Chief Financial Officer

Date: August 8, 2001

INDEX TO EXHIBIT

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

[OCWEN LOGO OMITTED]

OCWEN FINANCIAL CORPORATION(R)

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION CONTACT:

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Vice President & Chief Accounting Officer

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OCWEN FINANCIAL CORPORATION ANNOUNCES
SECOND QUARTER RESULTS

West Palm Beach, FL - (August 8, 2001) Ocwen Financial Corporation (NYSE: OCN) today reported a net loss for its second quarter ended June 30, 2001 of \$(21.4) million or \$(0.32) per share compared to a net loss of \$(1.4) million or \$(0.02) per share for the 2000 second quarter. For the six months ended June 30, 2001, the Company reported a net loss of \$(45.0) million vs. a loss of \$(6.5) million for the 2000 six month period.

Chairman and CEO William C. Erbey stated "We are continuing to make steady progress towards our strategic transformation of Ocwen. There are a number of key points to emphasize in evaluating our second quarter results:

- o For the first time, the combined results of our core fee businesses, Servicing and OTX, were profitable. At OTX, we have begun to reduce our costs, reflected by the fact that our net loss was \$300 thousand below first quarter levels after considering several one-time expenses in both quarters.
- o Our capital intensive loan and affordable housing businesses achieved a break-even result excluding \$9.4 million of non-cash charges to increase loss reserves. As of June 30, 2001 our loss reserves were at an all-time high level as a percentage of assets.
- o We sold \$17.3 million of subprime residual securities for a gain of \$4.5 million.
- o We have continued to reduce our exposure to risk assets. Since December 31, 2000, risk assets, excluding servicing related assets, have declined by \$398 million, or 25%.
- o Net loss for the second quarter of 2001 included an additional provision of \$8 million to increase our allowance for deferred tax assets.

While we recognize that near term earnings pressures will continue, we believe that our equity of \$459 million, cash and equivalents of \$311 million and our new servicing advance credit lines provide us with the requisite financial strength and liquidity to achieve our objectives."

The Servicing business reported net income for the second quarter of 2001 of \$5.3 million vs. \$2.7 million in the 2000 second quarter. On a year to date basis, Servicing reported net income of \$10.6 million compared to \$6.4 million in 2000, an increase of 66%. The UPB value of loans serviced for others grew to \$15.4 billion as of June 30, 2001 compared to \$10.5 billion as of December 31, 2000. An additional \$4.5 billion of UPB had been acquired as of June 30. As of the date of this release, all of these loans have been boarded.

Net losses at OTX were \$(4.8) million in the 2001 second quarter compared to \$(5.3) million in the same period of 2000. For the six months ended June 30, net losses amounted to \$(13.4) million in 2001 vs. \$(9.7) million in 2000. The improvement in the second quarter of 2001 was primarily due to cost reduction initiatives undertaken at the close of the first quarter. The six month increase in losses in 2001 compared to the same period in 2000 primarily reflects \$4.7 million of pre-tax costs in 2001 associated with one time events, including a payment related to the acquisition of an OTX subsidiary in 1998.

Losses for the second quarter of 2001 in the Residential, Commercial and Unsecured discount loan businesses amounted to \$(2.8) million, \$(2.3) million and \$(1.3) million, respectively. These results primarily reflect increases to loan loss reserves totaling \$6.9 million in these businesses. These increases, which are largely non-cash charges, were recorded in response to changes in the credit quality of the assets, or to shortfalls in projected asset recovery rates in the case of Unsecured. In addition, Residential results for the 2001 second quarter reflect a whole loan sale of over 700 loans with a book value of approximately \$44.6 million for a gain of \$1 million. Commercial assets with a book value of \$56 million were sold during the 2001 second quarter for a net loss of \$(0.7) million.

Ocwen Financial Corporation
Second Quarter Results
August 8, 2001

The Affordable Housing business posted a net loss of \$(3.6) million in the 2001 second quarter compared to net income of \$5 thousand in the 2000 second quarter. Affordable Housing results include additional reserve provisions of approximately \$2.5 million during the second quarter reflecting revisions in completion cost estimates as well as modification to projected sales results. Many of the assets in this business are under sales contracts that have not yet satisfied all of the accounting criteria for sales treatment.

Ongoing efforts to dispose of the remaining assets in the inactive Subprime Lending business resulted in net income of \$2.4 million for the 2001 second quarter, primarily due to a pre-tax gain of \$4.5 million on the sale of \$17.3 million of subprime residual trading securities.

Second quarter 2001 results include an extraordinary gain of \$243 thousand

compared to an extraordinary gain of \$3.9 million in the same period of 2000. The extraordinary gain in 2001 resulted from the repurchase at a discount of \$2.5 million par amount of the Company's 10-7/8% Capital Trust Securities. The Company will continue to evaluate additional debt repurchases during 2001.

Income tax expense for the second quarter of 2001 included a non-cash provision to increase the Company's valuation allowance on its deferred tax asset by \$8 million. In addition, income tax expense includes a charge of \$2.8 million representing the reversal of tax benefits recorded earlier in 2001. The Company has established its allowance based upon generally accepted accounting principles that require it to estimate that portion of the deferred tax asset that may not be realized for financial reporting purposes in the near future. The Company's ability to utilize the deferred tax asset and its need for the valuation allowance ultimately depends on future profitability. These same rules preclude the Company from recognizing a tax benefit on current losses at this time.

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

Certain statements contained herein may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology such as "continue," "will," "believe," "estimate," "project," "future," "realize," "reduce," "ongoing," future or conditional verb tenses, similar terms, variations on such terms or negatives of such terms. Actual results could differ materially from those indicated in such statements due to risks, uncertainties and changes with respect to a variety of factors, including changes in market conditions as they exist on the date hereof, applicable economic environments, government fiscal and monetary policies, prevailing interest or currency exchange rates, effectiveness of interest rate, currency and other hedging strategies, laws and regulations affecting financial institutions and real estate operations (including regulatory fees, capital requirements, income and property taxation and environmental compliance), uncertainty of foreign laws, competitive products, pricing and conditions, credit, prepayment, basis, default, subordination and asset/liability risks, loan servicing effectiveness, the ability to identify acquisitions and investment opportunities meeting OCN's investment strategy, satisfaction or fulfillment of agreed upon terms and conditions of closing or performance, timing of transaction closings, software integration, development and licensing effectiveness, change or damage to the Company's computer equipment and the information stored in its data centers, availability of adequate and timely sources of liquidity, dependence on existing sources of funding, ability to repay or refinance indebtedness (at maturity or upon acceleration), availability of discount loans and servicing rights for purchase, size of, nature of and yields available with respect to the secondary market for mortgage loans, financial, securities and securitization markets in general, allowances for loan losses, geographic concentrations of assets, changes in real estate conditions (including valuation, revenues and competing properties), adequacy of insurance coverage in the event of a loss, the market prices of the common stock of OCN, other factors generally understood to affect the real estate acquisition, mortgage, servicing and leasing markets, securities investments and the software and technologies industries, and other risks detailed from time to time in OCN's reports and filings with the Securities and Exchange Commission, including its periodic reports on Forms 8-K, 10-Q and 10-K, including Exhibit 99.1 attached to OCN's Form 10-K for the year ended December 31, 2000.

Interest Income and Expense

	Three Months		Six Months	
	2001	2000	2001	2000
For the periods ended June 30,				
(Dollars in thousands)				
Interest income:				
Federal funds sold and repurchase agreements	\$ 2,454	\$ 864	\$ 4,098	\$ 2,573
Trading securities	4,173	--	9,873	--
Securities available for sale	--	16,808	--	29,677
Loans available for sale	143	917	364	1,724
Investment securities and other	251	502	597	829
Loan portfolio	1,619	5,337	3,502	9,305
Match funded loans and securities	2,737	2,952	5,220	6,263
Discount loan portfolio	13,841	23,075	26,381	48,174
	25,218	50,455	50,035	98,545
Interest expense:				
Deposits	16,308	24,793	34,379	49,478
Advances from the Federal Home Loan Bank	--	--	4	--
Securities sold under agreements to repurchase	--	5,284	2	7,924
Bonds - match funded agreements	1,742	2,790	4,708	6,146
Obligations outstanding under lines of credit	1,736	3,942	2,456	7,413
Notes, debentures and other interest bearing obligations.	4,942	8,852	10,059	18,096
	24,728	45,661	51,608	89,057
Net interest income (expense) before provision for loan losses	\$ 490	\$ 4,794	\$ (1,573)	\$ 9,488
	=====	=====	=====	=====

Net (Loss) Income by Business Segment

	Three Months		Six Months	
	2001	2000	2001	2000
For the periods ended June 30,				
(Dollars in thousands)				
Single family residential discount loans	\$ (2,816)	\$ 4,369	\$ (3,905)	\$ 7,455
Commercial loans	(2,297)	746	(7,328)	1,440
Domestic residential mortgage loan servicing	5,275	2,701	10,553	6,432
Investment in low-income housing tax credits	(3,624)	5	(8,234)	1,222
OTX	(4,831)	(5,271)	(13,366)	(9,746)
Commercial Real Estate	299	2,005	399	2,698
UK operations	--	(1,390)	--	(2,932)
Subprime single family residential lending	2,376	(3,347)	3,442	(7,908)
Unsecured collections	(1,328)	(2,191)	(2,692)	(4,364)
Ocwen Realty Advisors	128	148	215	290
Corporate items and other	(14,623)	826	(24,041)	(1,084)
	\$(21,441)	\$ (1,399)	\$(44,957)	\$ (6,497)
	=====	=====	=====	=====

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

For the periods ended June 30,	Three Months		Six Months	
	2001	2000	2001	2000
Net interest income:				
Income	\$ 25,218	\$ 50,455	\$ 50,035	\$ 98,545
Expense	24,728	45,661	51,608	89,057
Net interest income (expense) before provision for loan losses	490	4,794	(1,573)	9,488
Provision for loan losses	10,297	3,135	18,417	5,743
Net interest (expense) income after provision for loan losses	(9,807)	1,659	(19,990)	3,745
Non-interest income:				
Servicing and other fees	33,740	22,559	64,857	46,725
Gain (loss) on interest earning assets, net	422	5,270	(1,409)	16,264
Gain on trading and match funded securities, net	4,550	--	9,739	--
Impairment charges on securities available for sale	--	(4,764)	--	(11,597)
Loss on real estate owned, net	(1,881)	(3,006)	(2,865)	(10,013)
(Loss) gain on other non interest earning assets, net	(975)	5,044	(519)	5,182
Net operating gains on investments in real estate	486	8,063	3,040	13,616
Amortization of excess of net assets acquired over purchase price ..	4,583	2,998	9,166	5,792
Other income	2,437	1,070	4,483	2,209
	43,362	37,234	86,492	68,178
Non-interest expense:				
Compensation and employee benefits	21,309	22,397	42,244	38,980
Occupancy and equipment	3,174	2,952	6,267	6,215
Technology and communication costs	5,556	5,754	15,704	11,375
Loan expenses	2,835	2,987	7,070	6,917
Net operating losses on investments in certain low-income housing tax credit interests	2,756	840	7,818	2,339
Amortization of excess of purchase price over net assets acquired ..	778	795	1,556	1,568
Professional services and regulatory fees	3,994	2,965	8,020	6,804
Other operating expenses	2,454	3,154	5,033	5,720
	42,856	41,844	93,712	79,918
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company				
Equity in income (losses) of investments in unconsolidated entities ..	1,697	2,918	3,750	6,112
	139	(1,812)	184	(4,072)
Loss before income taxes and extraordinary gain	(10,859)	(7,681)	(30,776)	(18,179)
Income tax (expense) benefit	(10,825)	2,380	(16,587)	5,635
Loss before extraordinary gain	(21,684)	(5,301)	(47,363)	(12,544)
Extraordinary gain on repurchase of debt, net of taxes	243	3,902	2,406	6,047
Net loss	\$ (21,441)	\$ (1,399)	\$ (44,957)	\$ (6,497)
(Loss) earnings per share:				
Basic:				
Loss before extraordinary gain	\$ (0.33)	\$ (0.08)	\$ (0.71)	\$ (0.19)
Extraordinary gain	0.01	0.06	0.04	0.09
Net loss	\$ (0.32)	\$ (0.02)	\$ (0.67)	\$ (0.10)
Diluted:				
Loss before extraordinary gain	\$ (0.33)	\$ (0.08)	\$ (0.71)	\$ (0.19)
Extraordinary gain	0.01	0.06	0.04	0.09
Net loss	\$ (0.32)	\$ (0.02)	\$ (0.67)	\$ (0.10)
Weighted average common shares outstanding:				
Basic	67,198,359	67,182,395	67,175,361	67,702,961
Diluted	67,198,359	67,182,395	67,175,361	67,702,961

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

	June 30, 2001	December 31, 2000
Assets:		
Cash and amounts due from depository institutions	\$ 52,381	\$ 18,749
Interest earning deposits	9,517	134,987
Federal funds sold and repurchase agreements	249,000	--
Trading securities, at fair value:		
Collateralized mortgage obligations (AAA-rated)	62,080	277,595
Subordinates, residuals and other securities	88,050	112,647
Loans available for sale, at lower of cost or market	4,450	10,610
Real estate held for sale	20,165	22,670
Low-income housing tax credit interests held for sale	31,789	87,083
Investment in real estate	115,661	122,761
Investments in low-income housing tax credit interests	85,893	55,729
Investment securities, at cost	13,257	13,257
Loan portfolio, net	77,105	93,414
Discount loan portfolio, net	306,942	536,028
Match funded loans and securities, net	91,462	116,987
Investments in unconsolidated entities	821	430
Real estate owned, net	129,042	146,419
Premises and equipment, net	41,982	43,152
Income taxes receivable	28,412	30,261
Deferred tax asset, net	77,991	95,991
Advances on loans and loans serviced for others	349,912	227,055
Mortgage servicing rights	82,928	51,426
Other assets	78,385	52,169
	<u>\$ 1,997,225</u>	<u>\$ 2,249,420</u>
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	\$ 1,044,363	\$ 1,258,360
Bonds - match funded agreements	80,821	107,050
Obligations outstanding under lines of credit	104,545	32,933
Notes, debentures and other interest bearing obligations	169,130	173,330
Accrued interest payable	19,714	22,096
Excess of net assets acquired over purchase price	27,499	36,665
Accrued expenses, payables and other liabilities	31,299	36,030
	<u>1,477,371</u>	<u>1,666,464</u>
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Company obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	61,159	79,530
Stockholders' equity:		
Preferred stock, \$.01 par value; 20,000,000 shares authorized; 0 shares issued and outstanding	--	--
Common stock, \$.01 par value; 200,000,000 shares authorized; 67,259,927 and 67,152,363 shares issued and outstanding at June 30, 2001, and December 31, 2000, respectively	673	672
Additional paid-in capital	223,896	223,163
Retained earnings	234,237	279,194
Accumulated other comprehensive income, net of taxes:		
Net unrealized foreign currency translation (loss) gain	(111)	397
	<u>458,695</u>	<u>503,426</u>
	-----	-----
Total stockholders' equity	<u>\$ 1,997,225</u>	<u>\$ 2,249,420</u>
	=====	=====