

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): July 27, 2006

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

Florida (State or other jurisdiction of incorporation)	1-13219 (Commission File Number)	65-0039856 (I.R.S. Employer Identification No.)
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1661 Worthington Road Suite 100 West Palm Beach, Florida (Address of principal executive office)	33409 (Zip Code)
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Registrant's telephone number, including area code: (561) 682-8000

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

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Page 1 of 9
Exhibit Index on Page 4

Item 2.02 Results of Operations and Financial Condition

The news release of the Registrant dated July 27, 2006, announcing its second quarter 2006 results is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 attached hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements 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 July 27, 2006.

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/ ROBERT J. LEIST, JR.

Robert J. Leist, Jr.
Senior Vice President and
Chief Accounting Officer

Date: July 27, 2006

INDEX TO EXHIBIT

Exhibit No. - - - - -	Description - - - - -	Page - - - -
99.1	News release of Ocwen Financial Corporation, dated July 27, 2006, announcing its Second quarter 2006 results and certain other information.	5

[GRAPHIC OMITTED]
OCWEN

Ocwen Financial Corporation(R)

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION CONTACT:

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Senior Vice President & Chief Accounting
Officer
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OCWEN FINANCIAL CORPORATION ANNOUNCES
SECOND QUARTER 2006 NET INCOME

West Palm Beach, FL - (July 27, 2006) Ocwen Financial Corporation (NYSE:OCN) today reported net income of \$159.1 million or \$2.53 per share for the second quarter of 2006. This compares to \$2.9 million or \$0.05 per share for the second quarter of 2005. For the six months ended June 30, 2006 net income was \$175.6 million or \$2.79 per share as compared to \$5.3 million or \$0.08 per share for the same period in 2005. Second quarter results include a tax benefit of \$141.7 million, primarily reflecting the reversal of \$145.2 million of the valuation allowance that had been established in prior years.

Chairman and CEO William C. Erbey stated "Our second quarter net income reflects a tax benefit arising from the reversal of \$145.2 million of the deferred tax asset valuation allowance that we had established in prior years. We concluded that our recent earnings results and future outlook met the accounting criteria for recording this adjustment.

Our second quarter pre-tax results were driven primarily by the continued strong performance of our Residential Servicing segment. As compared to the second quarter and first half of last year, Residential Servicing reported higher revenue and lower expenses. All of our other segments reported pre-tax earnings in the second quarter of 2006 apart from our Residential Origination Services segment which reported a loss of \$(2.1) million in the second quarter, although year to date results reflect pre-tax income of \$2.9 million. Our 2006 results in this segment are driven in large part by a limited number of loan purchase and securitization transactions which typically span several quarters before they are fully executed and thus create earnings variances across those periods. These transactions resulted in losses of \$(3.2) million in the second quarter of 2006 and a gain of \$1.2 million for the first six months. No such transactions occurred during the first half of 2005.

Our total assets declined by \$274.1 million as compared to December 31, 2005, primarily due to a reduction in loans held for resale of \$510.2 million, reflecting securitization transactions executed during the first half of this year. This reduction was partially offset by increases of \$44.6 million in cash and equivalents, \$27.1 million in our subordinate and residual trading portfolio reflecting securities retained from securitization transactions and \$151.0 million in our deferred tax assets, primarily due to the reduction of the valuation allowance in the second quarter of 2006. Our leverage has improved in the first half of the year as reflected by an equity to assets ratio of 32.7% as of June 30, 2006 as compared to 18.7% as of December 31, 2005."

Residential Servicing

For the periods ended June 30,	Three months		Six months	
	2006	2005	2006	2005
Revenue	\$ 82,969	\$ 68,459	\$ 162,911	\$ 136,906
Operating expenses	58,658	60,644	114,288	122,040
Other income (expense)	(6,163)	(5,215)	(12,607)	(9,319)
Pre-tax income (loss)	\$ 18,148	\$ 2,600	\$ 36,016	\$ 5,547

- o As of June 30, 2006, we were the servicer of approximately 404 thousand loans with an unpaid principal balance (UPB) of \$47.1 billion as compared to approximately 369 thousand loans and \$42.8 billion of UPB at December 31, 2005.
- o Revenue in the 2006 periods reflects increased servicing fees and float income from a larger servicing portfolio and higher interest rates.
- o The decline in operating expenses reflects a reduction in interest paid to investors related to loan pay-offs as well as a reduction in operating expenses reflecting process improvements and automation. Operating expenses also include a provision of \$2.9 million to increase litigation reserves related to ongoing cases.

Commercial Servicing

For the periods ended June 30,	Three months		Six months	
	2006	2005	2006	2005
Revenue	\$ 3,084	\$ 4,558	\$ 6,199	\$ 8,999
Operating expenses	2,784	4,025	5,634	8,398
Other income (expense)	(18)	(198)	(18)	(245)
Pre-tax income (loss)	\$ 282	\$ 335	\$ 547	\$ 356

- o Revenue and expense declines primarily reflect the sale of GSS Japan and reduced revenue and expenses in GSS Taiwan reflecting reduced activity in that location.

Ocwen Recovery Group

For the periods ended June 30,	Three months		Six months	
	2006	2005	2006	2005
Revenue	\$ 1,856	\$ 3,274	\$ 4,057	\$ 7,086
Operating expenses	1,928	3,057	4,561	6,454
Other income (expense)	192	27	274	117
Pre-tax income (loss)	\$ 120	\$ 244	\$ (230)	\$ 749

- o The decline in revenue in the 2006 periods primarily reflects a shift in revenue from proprietary assets to lower yielding third-party contracts.
- o Operating expenses declined in 2006 as a result of process improvements, technology enhancements and a greater concentration of India resources.

Residential Origination Services

For the periods ended June 30,	Three months		Six months	
	2006	2005	2006	2005
Revenue	\$ 14,431	\$ 12,870	\$ 29,006	\$ 25,137
Operating expenses	17,551	13,259	38,310	24,340
Other income (expense)	1,037	2,113	12,244	3,761
Pre-tax income (loss)	\$ (2,083)	\$ 1,724	\$ 2,940	\$ 4,558

- o Second quarter and six month 2006 results include transaction losses of approximately \$(3.2) million and transaction gains of \$1.2 million, respectively, related to our securitization and loan sale activities. No such transactions were conducted in the first half of 2005.
- o Excluding these transactions, segment results reflect the net impact of losses in loan origination activities and declines in the revenue earned from our maturing UK residual securities portfolio, partially offset by improvements in our loan processing operations.

Business Process Outsourcing

For the periods ended June 30,	Three months		Six months	
	2006	2005	2006	2005
Revenue	\$ 2,656	\$ 2,858	\$ 5,379	\$ 5,443
Operating expenses	1,963	2,575	4,688	5,030
Other income (expense)	(7)	(19)	(17)	(51)
Pre-tax income (loss)	\$ 686	\$ 264	\$ 674	\$ 362

- o Revenue declines in 2006 reflect the loss of a client due to a merger during the first quarter of the year.
- o Expenses have declined as a result of cost reduction efforts initiated during the second quarter.

Corporate Items and Other

For the periods ended June 30,	Three months		Six months	
	2006	2005	2006	2005
Revenue	\$ 140	\$ (4)	\$ 34	\$ (68)
Operating expenses	1,530	2,489	4,247	4,476
Other income (expense)	1,631	2,499	3,118	1,082
Pre-tax income (loss)	\$ 241	\$ 6	\$ (1,095)	\$ (3,462)

- o Results for 2006 include a gain of approximately \$0.9 million in the first quarter representing interest income arising from a cash distribution on a commercial residual security now approaching the end of its economic life, and a gain of approximately \$1.2 million from the sale of a real estate asset in the second quarter.
- o In the first six months of 2005 we retained greater interest expense in Corporate, reflecting the high cash balances we were holding in preparation for debanking, and also incurred expenses in Corporate related to that initiative.

Ocwen Financial Corporation is a leading provider of servicing and origination processing solutions to the loan industry with headquarters in West Palm Beach, Florida, offices in, Orlando, Florida, Downers Grove, Illinois and Atlanta, Georgia and global operations in Canada, Germany, India and Taiwan. We make our clients' loans worth more by leveraging our superior processes, innovative technology and high-quality, cost-effective global human resources. Additional information is available at www.ocwen.com.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to the securitization market and our plans to securitize loans and expectations as to the impact of rising interest rates and cost-effective resources in India. Forward-looking statements are not guarantees of future performance, and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially.

Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the following: general economic and market conditions, prevailing interest or currency exchange rates, governmental regulations and policies, international political and economic uncertainty, availability of adequate and timely sources of liquidity, federal income tax rates, real estate market conditions and trends and the outcome of ongoing litigation as well as other risks detailed in OCN's reports and filings with the Securities and Exchange Commission, including its periodic report on Form 10-K for the year ended December 31, 2005 and Form 10-Q for the quarter ended March 31, 2006. The forward-looking statements speak only as of the date they are made and should not be relied upon. OCN undertakes no obligation to update or revise the forward-looking statements.

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	
	2006	2005	2006	2005
Revenue				
Servicing and subservicing fees	\$ 82,772	\$ 71,651	\$ 162,857	\$ 144,031
Process management fees	18,837	17,454	38,149	34,406
Other revenues	3,527	2,910	6,580	5,066
Total revenue	105,136	92,015	207,586	183,503
Operating expenses				
Compensation and benefits	22,006	24,355	47,707	48,727
Amortization of servicing rights	27,663	24,930	53,952	50,045
Servicing and origination	12,707	15,148	25,904	29,181
Technology and communications	6,034	7,862	12,673	15,261
Professional services	7,620	5,715	15,399	10,733
Occupancy and equipment	4,823	4,571	9,799	8,813
Other operating expenses	3,561	3,468	6,294	7,978
Total operating expenses	84,414	86,049	171,728	170,738
Other income (expense)				
Interest income	6,298	6,764	24,411	13,096
Interest expense	(10,062)	(9,072)	(27,316)	(17,512)
Gain (loss) on trading securities	1,701	(1,269)	1,327	(2,667)
Gain (loss) on loans held for resale, net	(3,437)	--	(1,221)	--
Other, net	2,172	2,784	5,793	2,428
Other income (expense), net	(3,328)	(793)	2,994	(4,655)
Income before income taxes	17,394	5,173	38,852	8,110
Income tax expense (benefit)	(141,692)	2,265	(136,767)	2,815
Net income	\$ 159,086	\$ 2,908	\$ 175,619	\$ 5,295
Earnings per share				
Basic	\$ 2.53	\$ 0.05	\$ 2.79	\$ 0.08
Diluted	\$ 2.23	\$ 0.05	\$ 2.47	\$ 0.08
Weighted average common shares outstanding				
Basic	62,821,428	62,809,286	63,033,454	62,776,469
Diluted (1)	71,767,873	63,709,246	71,876,666	63,864,247

(1) For purposes of computing diluted earnings per share, the 2006 periods reflect the assumed conversion of our 3.25% Convertible Notes into 7,962,205 shares of common stock. Conversion of the Convertible Notes has not been assumed for the 2005 periods because the effect would be anti-dilutive.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	June 30, 2006	December 31, 2005
	-----	-----
Assets		
Cash	\$ 204,134	\$ 269,611
Trading securities, at fair value		
Investment grade	111,780	1,685
Subordinates and residuals	57,421	30,277
Loans held for resale	114,485	624,671
Advances	263,963	219,716
Match funded advances	351,593	377,105
Mortgage servicing rights	151,501	148,663
Receivables	60,738	68,266
Deferred tax assets, net	171,300	20,270
Premises and equipment, net	37,446	40,108
Other assets	55,655	53,761
	-----	-----
Total assets	\$ 1,580,016	\$ 1,854,133
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities		
Match funded liabilities	\$ 313,963	\$ 339,292
Servicer liabilities	316,277	298,892
Lines of credit and other secured borrowings	187,835	626,448
Debt securities	150,329	154,329
Other liabilities	93,283	85,912
	-----	-----
Total liabilities	1,061,687	1,504,873
	-----	-----
Minority interest in subsidiary	1,892	1,853
Stockholders' Equity		
Common stock, \$.01 par value; 200,000,000 shares authorized; 62,429,907 and 63,133,471 shares issued and outstanding at June 30, 2006 and December 31, 2005, respectively	624	631
Additional paid-in capital	176,320	184,262
Retained earnings	338,817	163,198
Accumulated other comprehensive income (loss), net of taxes	676	(684)
	-----	-----
Total stockholders' equity	516,437	347,407
	-----	-----
Total liabilities and stockholders' equity	\$ 1,580,016	\$ 1,854,133
	=====	=====