



Ocwen Financial Accelerates Growth Trajectory With Strategic Relationship With Oaktree and New Servicing Contracts

December 22, 2020

Enters into definitive agreement with Oaktree to launch MSR investment vehicle; expected to add approximately \$50 to \$60 billion of subservicing

Oaktree may purchase up to 7.9% of newly issued Ocwen stock at closing

Awarded new contracts projected to add \$30 to \$40 billion in servicing

WEST PALM BEACH, Fla., Dec. 22, 2020 (GLOBE NEWSWIRE) -- Ocwen Financial Corporation (NYSE: OCN) ("Ocwen" or the "Company"), a leading non-bank mortgage servicer and originator, today announced significant developments on the Company's growth plans that are expected to generate approximately \$80 to \$100 billion of new servicing UPB in the aggregate.

Ocwen has entered into a definitive agreement with funds managed by Oaktree Capital Management, L.P. (collectively, "Oaktree") to form a strategic relationship that will acquire and hold mortgage servicing rights ("MSRs") through a licensed entity, or MSR asset vehicle ("MAV"). The newly-formed company is expected to invest up to \$250 million of equity capital into the MAV to acquire Fannie Mae and Freddie Mac MSRs. The parties will commit to fund the investment on a pro rata basis of 15% for Ocwen and 85% for Oaktree.

PHH Mortgage Corporation, a wholly-owned subsidiary of Ocwen, will subservice the loans acquired through the MAV, perform portfolio recapture services and provide certain other administrative services. Over time, the Company believes that the MAV could add approximately \$50 to \$60 billion of subservicing UPB for Ocwen.

The transaction is expected to close in the first half of 2021, subject to various closing conditions, including regulatory and other approvals.

At the closing of the transaction, Oaktree may exercise an option to purchase up to 4.9% of the Company's outstanding common stock at a price per share of \$23.15. In addition, the Company will issue Oaktree warrants to purchase an additional 3% of the Company's common stock at an exercise price of \$24.31.

The Company also announced that it has been awarded multiple contracts to provide subservicing, portfolio recapture and MSR transaction services with a projected subservicing volume of \$16 to \$24 billion. Ocwen expects to begin boarding loans in the first quarter of 2021. Additionally, the Company signed three bulk MSR purchase agreements totaling approximately \$16 billion, which are expected to close by December 31, 2020 and transfer in the first quarter of 2021.

The Company originated approximately \$10 billion of volume for the first two months of the fourth quarter, exceeding its volume levels for the comparable period in the third quarter by 32%. The Company also added 23 new correspondent sellers and MSR co-issue clients during the first two months of the fourth quarter.

Glen A. Messina, President and CEO of Ocwen, said, "We are very pleased to announce our new strategic relationship with Oaktree, a leading global investment firm, and the proposed transaction to launch an MSR investment vehicle. This transaction will support our subservicing and portfolio recapture growth objectives, drive increased scale and provide access to growth capital in order to acquire MSRs in a cost and risk efficient manner. We look forward to working with Oaktree to launch MAV and realize its growth potential."

Messina continued, "The market has welcomed our enterprise sales model and the team has done a tremendous job selling our full portfolio of servicing offerings. Our recent signings are a testament to the team's hard work, strength of our service offerings and new customer-focused technology. We are excited to welcome our new clients to the Ocwen family and to help them grow their business."

About Ocwen Financial Corporation

Ocwen Financial Corporation (NYSE: OCN) is a leading non-bank mortgage servicer and originator providing solutions through its primary brands, PHH Mortgage and Liberty Reverse Mortgage. PHH Mortgage is one of the largest servicers in the country, focused on delivering a variety of servicing and lending programs. Liberty is one of the nation's largest reverse mortgage lenders dedicated to education and providing loans that help customers meet their personal and financial needs. We are headquartered in West Palm Beach, Florida, with offices in the United States and the U.S. Virgin Islands and operations in India and the Philippines, and have been serving our customers since 1988. For additional information, please visit our website (www.ocwen.com).

Forward-Looking Statements

This press 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. These forward-looking statements may be identified by a reference to a future period or by the use of forward-looking terminology. Forward-looking statements are typically identified by words such as "expect", "believe", "foresee", "anticipate", "intend", "estimate", "goal", "strategy", "plan", "target" and "project" or conditional verbs such as "will", "may", "should", "could" or "would" or the negative of these terms, although not all forward-looking statements contain these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. We are in the midst of a period of capital markets volatility and experiencing significant changes within the mortgage lending and servicing ecosystem which have magnified such uncertainties. Readers should bear these factors in mind when considering such statements and should not place undue reliance on such statements.

Forward-looking statements involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. In the past, actual results have differed from those suggested by forward looking statements and this may happen again. 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 ability to obtain regulatory approvals and the satisfaction of the closing conditions under the MAV transaction agreement and the expected timing for closing the related transactions, uncertainty relating to the future impacts of the COVID-19 pandemic, including with respect to the response of the U.S. government, state governments, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac, and together with Fannie Mae, the GSEs), the Government National Mortgage Association (Ginnie Mae) and regulators, as well as the potential for ongoing disruption in the financial markets and in commercial activity generally, increased unemployment, and other financial difficulties facing our borrowers; impacts on our operations resulting from employee illness, social distancing measures and our shift to greater utilization of remote work arrangements; the adequacy of our financial resources, including our sources of liquidity and ability to sell, fund and recover servicing advances, forward and reverse whole loans, and HECM and forward loan buyouts and put backs, as well as repay, renew and extend borrowings, borrow additional amounts as and when required, meet our MSR or other asset investment objectives and comply with our debt agreements, including the financial and other covenants contained in them; increased servicing costs based on increased borrower delinquency levels or other factors; our ability to collect anticipated tax refunds, including on the timeframe expected; the future of our long-term relationship and remaining servicing agreements with New Residential Investment Corp. (NRZ), our ability to execute an orderly and timely transfer of responsibilities in connection with the previously disclosed termination by NRZ of the PMC subservicing agreement, including our ability to respond to any concerns raised by regulators, lenders and other contractual counterparties in connection with such transfer; our ability to timely adjust our cost structure and operations as the loan transfer process is being completed in response to the previously disclosed termination by NRZ of the PMC subservicing agreement; our ability to continue to improve our financial performance through cost re-engineering efforts and other actions; our ability to continue to grow our origination business and increase our origination volumes in a competitive market and uncertain interest rate environment; uncertainty related to claims, litigation, cease and desist orders and investigations brought by government agencies and private parties regarding our servicing, foreclosure, modification, origination and other practices, including uncertainty related to past, present or future investigations, litigation, cease and desist orders and settlements with state regulators, the Consumer Financial Protection Bureau (CFPB), State Attorneys General, the Securities and Exchange Commission (SEC), the Department of Justice or the Department of Housing and Urban Development (HUD) and actions brought under the False Claims Act regarding incentive and other payments made by governmental entities; adverse effects on our business as a result of regulatory investigations, litigation, cease and desist orders or settlements and related responses by key counterparties, including lenders, the GSEs and Ginnie Mae; our ability to comply with the terms of our settlements with regulatory agencies, as well as general regulatory requirements, and the costs of doing so; increased regulatory scrutiny and media attention; any adverse developments in existing legal proceedings or the initiation of new legal proceedings; our ability to interpret correctly and comply with liquidity, net worth and other financial and other requirements of regulators, the GSEs and Ginnie Mae, as well as those set forth in our debt and other agreements; our ability to comply with our servicing agreements, including our ability to comply with our agreements with, and the requirements of, the GSEs and Ginnie Mae and maintain our seller/servicer and other statuses with them; our ability to fund future draws on existing loans in our reverse mortgage portfolio; our servicer and credit ratings as well as other actions from various rating agencies, including the impact of prior or future downgrades of our servicer and credit ratings; as well as other risks and uncertainties detailed in Ocwen's reports and filings with the SEC, including its annual report on Form 10-K for the year ended December 31, 2019 and its current and quarterly reports since such date. Anyone wishing to understand Ocwen's business should review its SEC filings. Our forward-looking statements speak only as of the date they are made and, we disclaim any obligation to update or revise forward-looking statements whether as a result of new information, future events or otherwise.

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