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 28, 1998

OCWEN FINANCIAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

FLORIDA	0-21341	65-0039856
(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) 681-8000

N/A
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

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ITEM 5. OTHER EVENTS

The news release of Ocwen Financial Corporation dated July 28, 1998 announcing the second quarter 1998 results and certain other information, is attached hereto and filed herewith as Exhibit 99.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

The following exhibit is filed as part of this report:

(99) News release of Ocwen Financial Corporation dated July 28, 1998.

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: July 30, 1998

INDEX TO EXHIBIT

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Ocwen Financial Corporation Exhibit 99

1675 Palm Beach Lakes Blvd.

West Palm Beach, FL 33401

NYSE symbol: OCN

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NEWS RELEASE: IMMEDIATE July 28, 1998

OCWEN FINANCIAL CORPORATION REPORTS STRONG CORE SECOND QUARTER RESULTS BEFORE IO WRITE-DOWN

- Core earnings strong
- Capital up year to date
- Loss on sale of entire AAA-rated agency IO portfolio
- Exploring strategic alliances

WEST PALM BEACH, FL - Ocwen Financial Corporation (NYSE: OCN) ("OCN" or the "Company") today reported earnings for the second quarter ended June 30, 1998 of $0.40 per diluted share before the impact of a $1.02 per diluted share charge against earnings related to the Company's decision to immediately discontinue its investments in AAA-rated agency interest-only and inverse interest-only securities (together, "IOs"). Excluding the IO related charge, the Company reported earnings of $24.5 million for the 1998 second quarter and returns on average assets and average equity of 2.45% and 22.52%, respectively. Including the IO related charge, the Company reported a net loss of $37.9 million, or $(0.62) per diluted share, for the 1998 second quarter. This compares to net income of $18.8 million for the second quarter of 1997, or $0.35 per diluted share and returns on average assets and average equity of 2.75% and 32.29%, respectively.

Excluding the IO related charge, for the first six months of 1998 the Company reported earnings of $46.8 million or $0.76 per diluted share and returns on average assets and average equity of 2.58% and 21.75%, respectively. Including the IO related charge, net loss for the first six months of 1998 totaled $15.6 million, as compared to net income of $35.8 million for the same period in 1997. Diluted earnings per share were $(0.25) for the six months ended June 30, 1998 versus $0.66 for the same period in 1997.

William C. Erbey, Chairman and Chief Executive Officer, said, "Obviously, the write-down was very disappointing. However, we are very pleased with the strong results in our major lines of business, which remain very profitable and ahead of our 1998 business plan. Very simply, these results clearly demonstrate the underlying strengths of our core businesses."

Mr. Erbey added, "In addition to our major business lines, OCN has historically invested in a portfolio of AAA-rated agency IOs. Due to unprecedented levels of mortgage prepayments and a continued inversion in the shape of the yield curve, what we until very recently believed to be a sound investment strategy has become one of increasing volatility and sensitivity to interest rate movements. Therefore, we have decided to put this behind us and discontinue this investment activity. To that end, we wrote-down the book value of the IOs by $77.6 million in the second quarter and on July 27, 1998, we disposed of the entire portfolio at book value."

Mr. Erbey continued, "Our ability to generate strong earnings in the first half of 1998 from our core businesses and our high level of liquidity and capitalization will enable us to focus on and continue to grow these businesses both domestically and internationally. Since we went public, and looking back before that time, we have generated an impressive financial record which reflects our proven ability to successfully manage servicing-intensive assets. In the last three years, OCN has earned an average 28% return on equity and a 58% growth rate in earnings per share. We believe that OCN's core businesses will continue to see substantial growth and profitability in the future."

Mr. Erbey further stated, "Today, OCN is the largest purchaser of domestic distressed residential and commercial real estate loans (based on 1997 and 1996 loan acquisition volumes) and a leading servicer of distressed mortgage loans in the United States. This leadership position reflects our experience and expertise in this business and our use

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	Mark S. Zeidman	(561) 682-8600

of advanced computer systems and proprietary software. Moreover, we are the first financial services company designated by rating agencies as a top-ranked Special Servicer for both commercial and residential assets. Accordingly, as part of our strategic focus on further development of our core competencies and fee-based business lines, we have engaged an investment bank to identify strategic partners who can enable us to expand our franchise both domestically and internationally. By combining our strengths in systems and technology with strategic partners who have the ability to finance assets globally and provide wider brand name recognition, we believe that we will be able to penetrate the distressed asset marketplace more effectively and add value to our various constituencies. I am excited about the opportunities that such alliances may offer in the years to come."

SECOND QUARTER AND SIX MONTHS RESULTS AT A GLANCE

In thousands of dollars, except per share data	Second Quarter 1998	Second Quarter 1997	Six Months 1998	Six Months 1997
Revenues	$ 102,275	$ 62,664	$ 164,866	$ 115,751
Provision for loan losses	(9,675)	(7,909)	(11,929)	(17,651)
Impairment loss on AAA-rated agency IOs.........	(77,645)	--	(77,645)	--
Expenses	(59,169)	(31,080)	(96,621)	(53,777)
Income tax benefit (expense)	6,383	(5,126)	5,810	(8,733)
Minority interest	(68)	243	(35)	243
Net (loss) income	(37,899)	18,792	(15,554)	35,833
Earnings per share:				
Basic	(0.62)	0.35	(0.26)	0.67
Diluted	(0.62)	0.35	(0.25)	0.66
Weighted average shares outstanding:				
Basic	60,713,593	53,599,022	60,682,432	53,599,014
Diluted	61,326,784	54,127,521	61,336,494	54,137,127

ALL REFERENCES BELOW REGARDING CHANGES ARE BASED ON COMPARISONS TO THE SAME PERIOD A YEAR AGO.

Revenues, excluding the impairment loss, increased $39.6 million or 63% in the second quarter of 1998 from a year ago and were up $49.1 million or 42% for the first six months of 1998.

o Net interest income before provision for loan losses increased $6.1 million or 22% to $34.2 million in the second quarter of 1998. In the first six months of 1998, net interest income increased $5.9 million or 13% to $51.3 million. The increase in net interest income during the second quarter of 1998 was largely due to a $21.3 million increase in interest income on loans available for sale offset by a $15.1 million increase in interest expense on obligations outstanding under lines of credit.

o Non-interest income, excluding the impairment loss, increased $34.8 million or 105% to $68.1 million in the second quarter of 1998. This increase is due primarily to a $10.5 million increase in gains on sales of interest earning assets, an $8.6 million increase in servicing fees and other charges, a $5.9 million increase in gain on real estate owned and a $9.8 million increase in other income. The increase in servicing fees reflects a significant increase in loans serviced for others, from $5.51 billion at December 31, 1997 to $8.17 billion at June 30, 1998, primarily as a result of securitizations of single family residential discount loans and subprime loans held by the Company, and agreements to service mortgage loans for others. OCN has also increasingly entered into special servicing arrangements whereby the Company services loans that become greater than 60 days past due and receives additional fees to the extent certain loss mitigation parameters are achieved. Through June 30, 1998, the Company has been designated as a special servicer for pools of loans totaling approximately $8.7 billion in unpaid principal balance. In the first six months of 1998, non-interest income excluding the impairment loss increased 108% to $113.5 million.

o Impairment loss on AAA-rated agency IOs amounted to $77.6 million, or $62.4 million after tax, for the second quarter and first six months of 1998. The entire AAA-rated agency IO portfolio was sold on July 27, 1998 at book value.

Provision for loan losses increased $1.8 million in the second quarter of 1998 as compared to 1997 due to the establishment of a $2.1 million general reserve on discount loans. Provision for loan losses decreased by $5.7 million during the first six months of 1998 primarily as a result of the recapture of previously established provisions for loan losses in connection with the securitization of single-family residential discount loans during the first quarter of 1998 and the inclusion in the provision for loan losses for the first quarter of 1997 of $2.0 million of additional reserves provided in connection with the unsecuritized discount loans remaining from the first quarter 1997 securitization.

Expenses rose $28.1 million or 90% in the second quarter of 1998 as a result of growth in our core business lines and expenses of OTX and Ocwen U.K. which amounted to $3.5 million and $11.3 million, respectively. Details of this growth include:

- Compensation and employee benefits increased $10.1 million or 51% primarily due to an 83% increase in the average number of employees from 823 to 1,510.
- Occupancy and equipment expense increased $4.6 million or 116%.
- Distributions on capital securities amounted to $ 3.4 million during the second quarter of 1998 as compared to $0 during the same period of 1997.
- Other operating expenses increased by $9.1 million primarily due to a $5.8 million increase in loan related expenses, a $2.2 million increase in professional expenses and a $1.4 million increase in marketing expenses.

Income tax benefit was recorded at a rate of 14.4% for the second quarter of 1998 as compared to income tax expense of 21.7% for the comparable period in the prior year. The Company estimates that its effective tax rate for 1998 will approximate 11.5% before the use of a net operating loss carry-forward which resulted in a $3.4 million increase in tax benefit for the first half of 1998.

RECENT DEVELOPMENTS

On April 24, 1998, the Company and Ocwen Asset Investment Corp. (NYSE: OAC) ("OAC") completed the joint closing of the transaction previously agreed to by the Company for the acquisition of substantially all of the assets, and certain liabilities, of the United Kingdom ("UK") operations of Cityscape Financial Corp ("Cityscape"). As consummated, the Company acquired Cityscape's mortgage loan portfolio and residential subprime mortgage loan origination and servicing businesses for (pound)249.6 million ($421.3 million) and assumed (pound)20.3 million ($34.3 million) of Cityscape's liabilities. OAC acquired Cityscape's securitized mortgage loan residuals for (pound)33.7 million ($56.9 million). In addition, the Company and OAC entered into an agreement for Ocwen Federal Bank FSB (the "Bank") to service the securitized mortgage loan residuals purchased by OAC in the transaction.

On May 12, 1998, the Company established a wholly-owned subsidiary, Ocwen Technology Xchange, Inc. ("OTX"), to supply its advanced mortgage loan servicing, resolution and work flow technology to the mortgage and real estate industries. OTX will also license its DATATrakTM technology. The Company decided to form OTX in order to leverage the Company's servicing experience and technology and to benefit from the opportunities presented by current inefficiencies in the real estate market. The foundation of OTX was strengthened by the Company's previous acquisition of two software companies: Amos, Inc. a developer of mortgage loan servicing and origination software and workflow technology, in October of 1997, and DTS Communications, Inc., a leading real estate technology company, in January of 1998.

On May 19, 1998, the Company announced the promotion of four key executives. The promoted executives are Christine A. Reich, who was promoted to the position of President; John R. Erbey, who was named Senior Managing Director and General Counsel as well as Chairman and Chief Executive Officer of OTX; and Jordan C. Paul and Ronald M. Faris, who were promoted to the newly created position of Executive Vice President.

On June 29, 1998, the Company completed the securitization of 4,522 subprime single family residential mortgage loans with an aggregate unpaid principal balance of $382.7 million. The Company recorded a net gain of $9.7 million on the sale of the senior classes of securities in connection with this transaction. The Company continues to service the loans for a fee and has retained an interest in the related residual security.

On June 29, 1998, the Company, as part of a larger transaction involving the Company, Black Rock Finance LP and Residential Funding Corporation, completed the securitization of 1,155 single family residential mortgage discount loans with an aggregate unpaid principal balance of $98.3 million. The Company recorded a net gain of $12.2 million on the sale of the senior classes of securities in connection with this transaction. The Company continues to service the loans for a fee and has retained an interest in the related subordinate security.

On June 30, 1998, the Company completed the securitization of 14,179 UK subprime single family residential mortgage loans with an aggregate unpaid principal balance of (pound)218.1 million ($363.8 million), the largest such securitization in the history of the UK. The Company recorded a net gain of (pound)5.5 million ($9.1 million) on the sale of (pound)222.0 million ($370.3 million) senior classes of securities in connection with this transaction. The Company continues to service the loans for a fee and has retained an interest in the related residual security.

For the six months ended June 30, 1998, the Company purchased discount loans with a total unpaid principal balance of approximately $673.7 million. Combined purchases and originations of subprime single family loans for the same period amounted to approximately $1.13 billion of unpaid principal balance, including $292.8 million purchased from the US operations of Cityscape and $421.3 million purchased in connection with the acquisition of the UK operations of Cityscape as previously announced.

THE REMAINDER OF THIS RELEASE CONTAINS SUMMARY INFORMATION ON THE COMPANY'S SEGMENT PROFITABILITY, SPECIFIC AREAS OF RESULTS, FINANCIAL CONDITION AND AVERAGE BALANCES AND RATES, AS WELL AS THE COMPANY'S INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS.

NET INCOME SUMMARY BY BUSINESS ACTIVITY

The Company continues to engage in significant discount loan acquisition and resolution activities and a variety of other mortgage lending activities, which generally reflect the Company's desire to focus on business lines which leverage its core competency, the servicing and management of servicing intensive assets. The following table presents the estimated contribution by business activity to the Company's net income for the periods indicated.

	Three Months				Six Months			
For the periods ended June 30,	1998		1997		1998		1997	
(Dollars in thousands)	Amount	%	Amount	%	Amount	%	Amount	%
Discount Loans:								
Single family residential loans	$ 5,524	23	$ 5,072	27	$ 22,519	48	$ 12,324	34
Large commercial real estate loans	10,434	43	6,813	36	13,297	29	9,804	27
Small commercial real estate loans	2,649	11	588	3	6,018	13	1,142	3
Investment in low-income housing tax credits	535	2	2,161	12	5,285	11	3,760	11
Commercial real estate lending	5,661	23	1,466	8	5,318	11	2,068	6
Subprime single family residential lending .	1,092	4	(198)	(1)	2,364	5	744	2
Mortgage loan servicing	2,600	11	38	--	4,128	9	1,108	3
Investment securities	(2,044)	(8)	1,761	9	(9,748)	(21)	3,405	10
OTX	(3,147)	(14)	--	--	(4,250)	(9)	--	--
Other	1,165	5	1,091	6	1,883	4	1,478	4
	24,469	100%	18,792	100%	46,814	100%	35,833	100%
Impairment loss on AAA-rated agency IOs.....	(62,368)		--		(62,368)		--	
	$(37,899)		$ 18,792		$(15,554)		$ 35,833	

REVENUES

NET INTEREST INCOME

Interest income of $87.1 million for the second quarter of 1998 increased by $20.1 million or 30% over that of the second quarter of 1997. This increase is the result of a $1.07 billion increase in average interest-earning assets, offset by a 135 basis point decrease in the average yield earned. The decline in the average yield earned for the second quarter of 1998 is primarily due to a decline in the yield on securities available for sale (primarily due to declining yields on the IO portfolio and a $4.2 million charge on the subprime residual securities due to accelerated prepayments of mortgage loans) offset in part by an increase in the yield on the loan portfolio (primarily due to additional interest received in connection with the payoff of nonresidential loans.) Of the $1.07 billion net increase in average interest-earning assets, $281.6 million and $862.5 million related to securities available for sale and loans available for sale, respectively, offset by $162.0 million decrease related to the loan portfolio. The $862.5 million increase in loans available for sale is primarily as a result of $292.8 million purchased from the U.S. operations of Cityscape and $421.3 million purchased in connection with the acquisition of the UK operations of Cityscape. The average yield on interest-earning assets was 10.24% and 11.47% in the second quarter of 1998 and 1997, respectively, and 9.60% and 10.79% in the first six months of 1998 and 1997, respectively. For the first six months of 1998, interest income amounted to $144.8 million, a $23.3 million or 19% increase over the same period in 1997.

Interest expense of $52.9 million for the second quarter of 1998 increased by $14.1 million or 36% over the comparable period in the prior year as a result of a $836.5 million or 36% net increase in the average balance of interest-bearing liabilities. Of the $836.5 million net increase in the average balance of interest-bearing liabilities, $924.2 million and $145.1 million related to increases in borrowings under lines of credit and securities sold under agreements to repurchase, respectively, offset by a $187.4 million decline in certificates of deposit. The average rate paid on interest-bearing liabilities was 6.65% and 6.63% in the second quarter of 1998 and 1997, respectively. For the first six months of 1998, interest expense amounted to $93.4 million, a $17.4 million or 23% increase over the same period of the prior year.

As a result of the above, net interest income before provision for loan losses of $34.2 million for the second quarter of 1998 increased by $6.1 million or 22% from the second quarter of 1997 and the net interest margin for the second quarter of 1998 decreased to 4.02% from 4.81% for the second quarter of 1997. Net interest income of $51.3 million for the first six months of 1998 increased $5.9 million or 13% over the comparable period of the prior year and the net interest margin declined 64 basis points to 3.40%.

NON-INTEREST INCOME

Exclusive of the $77.6 million impairment loss on the IO portfolio, non-interest income for the second quarter of 1998 amounted to $68.1 million, an increase of $34.8 million or 105% from that of the second quarter of 1997. The increase was primarily due to a $10.5 million or 45% increase in gains on sales of interest-earning assets, an $8.6 million or 178% increase in servicing fees and other charges, a $5.9 million increase in gain on real estate owned, and a $9.8 million increase in other income which includes $2.9 million of gains on sales of investments in real estate, $2.7 million of brokerage commissions earned in connection with the UK loan originations, and a $1.1 million increase in management fees received from OAC. Gains on sales of interest-earning assets for the second quarter of 1998 of $33.8 million were primarily comprised of a $9.7 million gain recognized in connection with the securitization of 4,522 subprime single-family residential mortgage loans with an aggregate unpaid principal balance of $382.7 million, a $12.2 million gain recognized in connection with the securitization of 1,155 discount single family residential mortgage loans with an aggregate unpaid principal balance of $98.3 million, a $9.1 million gain recognized in connection with the securitization of 14,179 UK subprime single family residential mortgage loans with an aggregate unpaid principal balance of (pound)218.1 million ($363.8 million) and a $2.8 million gain recognized on the sale of discount loans. Gains on sales of interest-earning assets for the first six months of 1998 increased by $22.4 million from the same period in 1997 and includes $24.6 million in gains earned during the first quarter in connection with two securitizations of discount and subprime mortgage loans.

The increase in servicing fees and other charges reflects an increase in loan servicing and related fees as a result of an increase in loans serviced for others. The unpaid principal balance of loans serviced for others averaged $7.12 billion and $2.50 billion during the second quarter of 1998 and 1997, respectively, and $6.63 billion and $2.27 billion during the first six months of 1998 and 1997, respectively. At June 30, 1998, Ocwen serviced 125,318 loans for third parties totaling $8.17 billion.

IMPAIRMENT LOSS ON AAA-RATED AGENCY IOS

Impairment loss on AAA-rated agency IOs was $77.6 million, or $62.4 million after tax, for the second quarter and first six months of 1998. This charge resulted from the Company's decision to discontinue this activity and write-down the book value of the IO portfolio. On July 27, 1998 the Company disposed of the entire IO portfolio at book value.

EQUITY IN EARNINGS OF INVESTMENT IN JOINT VENTURES

On December 12, 1997, BCBF LLC (the "LLC"), a joint venture between the Company and Black Rock Finance LP, distributed all of its remaining assets to its partners. As a result, no equity in earnings of investment in joint venture was recorded during 1998. During the second quarter of 1997, the Company recorded $1.3 million of income related to its investment in joint ventures consisting primarily of net interest income. Income from the joint venture amounted to $15.7 million for the first six months of 1997 and includes $9.2 million of net gains related to the securitization of single-family residential loans in the first quarter of 1997.

PROVISION FOR LOAN LOSSES

The Company's provision for loan losses increased $1.8 million in the second quarter of 1998 as compared to 1997 due to an additional $2.1 million of general reserve established on discount loans. Provision for loan losses decreased by $5.7 million during the first six months of 1998 to $11.9 million primarily as a result of the recapture of previously established provisions in connection with the securitization of single-family residential discount loans during the first quarter of 1998 and the inclusion in provision for the first quarter of 1997 of $2.0 million of additional reserves provided in connection with the unsecuritized discount loans remaining from the first quarter 1997 securitization. At June 30, 1998, OCN had allowances for losses of $22.9 million and $4.1 million on its discount loan and loan portfolios, respectively, which amounted to 1.58% and 1.45% of the respective balances. The Company maintained reserves of 1.61% and 1.37% on its discount loans and loan portfolios, respectively, at December 31, 1997.

EXPENSES

NON-INTEREST EXPENSE

Non-interest expense of $55.8 million for the second quarter of 1998, which includes $3.5 million and $11.3 million related to OTX and Ocwen UK, respectively, increased by $24.7 million or 79% as compared to the same period for 1997. Compensation and employee benefits increased by $10.1 million as the average number of employees increased to 1,510 from 823. Occupancy and equipment expense increased $4.6 million primarily due to an increase in data processing costs, general office equipment expenses and rent expense, all largely attributable to an increase in corporate and loan production office space and the increase in the number of employees discussed above. Other operating expenses increased by $9.1 million primarily due to a $5.8 million increase in loan related expenses, a $2.2 million increase in professional expenses and a $1.4 million increase in marketing expenses.

DISTRIBUTIONS ON COMPANY-OBLIGATED, MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY JUNIOR SUBORDINATED DEBENTURES

In August 1997, Ocwen Capital Trust I, a wholly-owned subsidiary of Ocwen, issued $125.0 million of 10 7/8% Capital Securities. Distributions amounted to $3.4 million and $6.8 million during the three and six months ended June 30, 1998, respectively, as compared to $0 for the same periods in 1997.

INCOME TAXES

Income tax benefit (expense) amounted to $6.4 million and $(5.1) million during the second quarter of 1998 and 1997, respectively, and $5.8 million and $(8.7) million for the first six months of 1998 and 1997, respectively. The Company's income taxes reflect an expected tax rate of 11.52% for 1998 and a $3.4 million tax benefit resulting from the use of prior year net operating loss carryforwards. This compares to an effective tax rate of 21.4% for 1997. The Company's expected tax rate is less than its statutory tax rate primarily due to tax credits of $4.3 million and $2.9 million for the second quarter of 1998 and 1997, respectively, and $9.0 million and $6.5 million for the first six months of 1998 and 1997, respectively, resulting from investments in low-income housing tax credit interests. No valuation allowance was required at June 30, 1998 because it is expected that losses and tax credits will be utilized to offset taxable income and tax expense.

ASSETS AND LIABILITIES

At June 30, 1998, the Company had $3.51 billion of total assets as compared to $3.07 billion at December 31, 1997, an increase of $436.4 million or 14%. The increase in total assets was primarily due to a $161.3 million increase in loans available for sale, a $112.5 million increase in securities available for sale, primarily short duration collateralized mortgage obligations, and a $74.1 million increase in investment securities. OCN acquired discount loans with a combined total unpaid principal balance of approximately $585.8 million during the three months ended June 30, 1998 resulting in total acquisitions of $673.7 million for the six months ended June 30, 1998. In addition, OCN purchased and originated single family residential loans to subprime borrowers with a total unpaid principal balance of approximately $646.8 million during the second quarter of 1998, including $421.3 million purchased from the U.K. operations of Cityscape. At June 30, 1998, the Company had $2.95 billion of total liabilities as compared to $2.52 billion at December 31, 1997. The increase in total liabilities was due primarily to a $161.6 million increase in deposits and a $203.2 million increase in obligations outstanding under lines of credit (obtained to finance the acquisition and origination of single family residential subprime loans).

CAPITAL

Stockholders' equity increased $7.6 million or 2% during the first six months of 1998 from $419.7 million at December 31, 1997 to $427.3 million at June 30, 1998 primarily as the result of a $24.4 million increase in net unrealized gains on securities available for sale, offset by a net loss of $15.6 million. At June 30, 1998, stockholders' equity included $19.4 million of net unrealized gains on securities available for sale, as compared with $5.0 million of net unrealized losses at December 31, 1997.

Ocwen Financial Corporation (OCN)
Second Quarter Results
July 28, 1998

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 "SEC"), 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," "INTEND," "MAY," " PLAN," "PRESENT," "PROPOSE," "PROSPECT," "WILL," 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, GOVERNMENT FISCAL AND MONETARY POLICIES, PREVAILING INTEREST OR CURRENCY EXCHANGE RATES, GOVERNMENT REGULATIONS AFFECTING FINANCIAL INSTITUTIONS (INCLUDING REGULATORY FEES AND CAPITAL REQUIREMENTS), COMPETITIVE PRODUCTS AND PRICING, CREDIT, PREPAYMENT, BASIS AND ASSET/LIABILITY RISKS (INCLUDING INTEREST AND RELATED PREPAYMENT RISK WITH RESPECT TO RESIDENTIAL AND SUBORDINATE SECURITIES RELATED BY THE COMPANY FROM ITS SECURITIZATIONS), LOAN SERVICING EFFECTIVENESS, 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, ACQUISITIONS AND THE INTEGRATION OF ACQUIRED BUSINESSES, SOFTWARE INTEGRATION, DEVELOPMENT AND LICENSING, THE FINANCIAL AND SECURITIES MARKETS, THE AVAILABILITY OF AND COSTS ASSOCIATED WITH OBTAINING ADEQUATE AND TIMELY SOURCES OF LIQUIDITY, DEPENDENCE ON EXISTING SOURCES OF FUNDING, AVAILABILITY OF DISCOUNT LOANS FOR PURCHASE, SIZE AND NATURE OF THE SECONDARY MARKET FOR MORTGAGE LOANS AND THE SECURITIZATION MARKET, GEOGRAPHIC CONCENTRATIONS OF ASSETS, 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 SEC, INCLUDING ITS REGISTRATION STATEMENTS ON FORM S-1 AND PERIODIC REPORTS ON FORMS 10-Q, 8-K AND 10-K. THE COMPANY DOES NOT UNDERTAKE, AND SPECIFICALLY DISCLAIMS ANY OBLIGATION, TO PUBLICLY RELEASE THE RESULT(S) OF ANY REVISIONS WHICH 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.

ATTACHED ARE THE FINANCIAL SUMMARY, THE AVERAGE BALANCE AND RATE ANALYSIS TABLES AND THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS.

Ocwen Financial Corporation (OCN)
Second Quarter Results
July 28, 1998

OCWEN FINANCIAL CORPORATION FINANCIAL SUMMARY	At or for the Three Months ended June 30,			At or for the Six Months ended June 30,		
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)	1998	1997	Change %	1998	1997	Change %
OPERATIONS DATA:						
Interest income	$ 87,082	$ 66,942	30	$ 144,769	$ 121,469	19
Interest expense	52,930	38,868	36	93,432	76,032	23
Net interest income	34,152	28,074	22	51,337	45,437	13
Provision for loan losses	9,675	7,909	22	11,929	17,651	(32)
Net interest income after provision for loan losses	24,477	20,165	21	39,408	27,786	42
Servicing fees and other charges	13,488	4,845	178	23,260	10,081	131
Gain on sale of interest-earning assets, net	33,828	23,365	45	62,565	40,143	56
Impairment loss on AAA-rated agency IOs	(77,645)	--	--	(77,645)	--	--
Other non-interest income	20,807	5,079	310	27,704	4,416	527
Total non-interest income	(9,522)	33,289	(129)	35,884	54,640	(34)
Compensation and employee benefits	29,766	19,676	51	51,247	34,599	48
Other non-interest expense	26,005	11,404	128	38,577	19,178	101
Total non-interest expense	55,771	31,080	79	89,824	53,777	67
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures	3,398	--		6,797	--	--
Equity in earnings of investment in joint ventures	--	1,301	(100)	--	15,674	(100)
(Loss) income before income taxes	(44,214)	23,675	(287)	(21,329)	44,323	(148)
Income tax benefit (expense)	6,383	(5,126)	225	5,810	(8,733)	167
Minority interest	(68)	243	(128)	(35)	243	(114)
Net (loss) income	$ (37,899)	$ 18,792	(302)	$ (15,554)	$ 35,833	(143)
Earnings per share:						
Basic	$ (0.62)	$ 0.35	(277)	$ (0.26)	$ 0.67	(139)
Diluted	$ (0.62)	$ 0.35	(277)	$ (0.25)	$ 0.66	(138)
KEY RATIOS:						
Net interest spread	3.59%	4.84%	(26)	2.91%	4.18%	(30)
Net interest margin	4.02%	4.81%	(16)	3.40%	4.04%	(16)
Annualized Return on Average:						
Assets (1) (2)	(3.80)%	2.75%	(238)	(0.86)%	2.68%	(132)
Equity (2)	(34.88)%	32.29%	(208)	(7.23)%	32.23%	(122)
Efficiency Ratio (3)	226.44%	49.60%	357	102.98%	46.46%	122
AVERAGE BALANCES:						
Securities available for sale	$ 589,879	$ 308,267	91	$ 559,602	$ 323,640	73
Loan portfolio	285,609	447,591	(36)	283,412	435,642	(35)
Discount loan portfolio	1,307,021	1,350,151	(3)	1,343,067	1,234,186	9
Total interest-earning assets	3,401,335	2,334,115	46	3,015,879	2,251,951	34
Total assets	3,992,902	2,732,315	46	3,623,476	2,671,306	36
Deposits	1,871,984	2,075,371	(10)	1,827,846	2,032,980	(10)
Total interest-earning liabilities	3,181,946	2,345,476	36	2,793,556	2,302,046	21
Total liabilities	3,558,304	2,499,557	42	3,192,932	2,448,920	30
Total stockholders' equity	434,598	232,758	87	430,544	222,386	94

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(1) Includes the Company's pro rata share of average assets held by the joint venture for the three and six months ended June 30, 1997.

(2) Exclusive of the impairment loss of $77,645 ($62,368 after tax), the annualized return on average assets would have been 2.45% and 2.58% for the three and six months ended June 30, 1998, respectively, and the annualized return on average equity would have been 22.52% and 21.75% for the three and six months ended June 30, 1998, respectively.

(3) Before provision for loan losses, and including equity in earnings of investment in joint venture for the three and six months ended June 30, 1997. Exclusive of the pre-tax impairment loss of $77,645, the efficiency ratio would have been 54.53% and 54.48% for the three and six months ended June 30, 1998, respectively.

OCWEN FINANCIAL CORPORATION
AVERAGE BALANCE/RATE ANALYSIS

	Three months ended June 30,					
	1998			1997		
	Average Balance	Interest	Annualized Yield/Rate	Average Balance	Interest	Annualized Yield/Rate
	(Dollars in thousands)					
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements	$ 127,444	$ 1,758	5.52%	$ 63,192	$ 795	5.03%
Securities available for sale	589,879	4,565	3.10	308,267	6,509	8.45
Loans available for sale	998,282	25,291	10.13	135,801	3,973	11.70
Investment securities and other	93,100	1,532	6.58	29,113	745	10.24
Loan portfolio	285,609	11,655	16.32	447,591	10,674	9.54
Discount loan portfolio	1,307,021	42,281	12.94	1,350,151	44,246	13.11
Total interest-earning assets, interest income	3,401,335	87,082	10.24	2,334,115	66,942	11.47
Non-interest earning cash	25,264			12,204		
Allowance for loan losses...........	(24,143)			(21,441)		
Investments in low-income housing tax credit interests	113,851			100,779		
Investment in joint ventures........	1,056			30,128		
Real estate owned, net..............	176,613			102,527		
Other assets........................	298,926			174,003		
Total assets......................	$3,992,902			$2,732,315		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits ...	$ 26,884	$ 257	3.82	$ 42,600	$ 496	4.66
Savings deposits	1,743	10	2.29	2,037	12	2.36
Certificates of deposit	1,843,357	28,410	6.16	2,030,734	30,863	6.08
Total interest-bearing deposits...	1,871,984	28,677	6.13	2,075,371	31,371	6.05
Notes, debentures and other	226,373	6,734	11.90	245,523	7,148	11.65
Obligations outstanding under lines of credit	924,218	15,103	6.54	--	--	--
Securities sold under agreements to repurchase	159,371	2,416	6.06	14,272	204	5.72
Federal Home Loan Bank advances	--	--	--	10,310	145	5.63
Total interest-bearing liabilities, interest expense ..	3,181,946	52,930	6.65	2,345,476	38,868	6.63
Non-interest bearing deposits	19,440			28,147		
Escrow deposits.....................	142,986			72,006		
Other liabilities...................	213,932			53,928		
Total liabilities.................	3,558,304			2,499,557		
Stockholders' equity................	434,598			232,758		
Total liabilities and stockholders' equity	$3,992,902			$2,732,315		
Net interest income before provision for loan losses		$ 34,152			$ 28,074	
Net interest rate spread............			3.59%			4.84%
Net interest margin.................			4.02%			4.81%
Ratio of interest-earning assets to interest-bearing liabilities......	107%			100%		

OCWEN FINANCIAL CORPORATION
AVERAGE BALANCE/RATE ANALYSIS

	Six months ended June 30,					
	1998			1997		
	Average Balance	Interest	Annualized Yield/Rate	Average Balance	Interest	Annualized Yield/Rate
	(Dollars in thousands)					
AVERAGE ASSETS:						
Federal funds sold and repurchase agreements	$ 102,164	$ 2,437	4.77%	$ 97,765	$ 2,453	5.02%
Securities available for trading .	--	--	--	6,589	248	7.53
Securities available for sale	559,602	8,526	3.05	323,640	14,682	9.07
Loans available for sale	668,838	34,794	10.40	127,823	6,824	10.68
Investment securities and other ..	58,796	2,017	6.86	26,306	1,426	10.84
Loan portfolio	283,412	17,917	12.64	435,642	21,366	9.81
Discount loan portfolio	1,343,067	79,078	11.78	1,234,186	74,470	12.07
Total interest-earning assets, interest income	3,015,879	144,769	9.60	2,251,951	121,469	10.79
Non-interest earning cash.........	22,744			11,781		
Allowance for loan losses.........	(25,026)			(18,897)		
Investments in low-income housing tax credit interests ..	122,775			95,588		
Investment in joint ventures......	1,056			46,882		
Real estate owned, net............	174,283			107,377		
Other assets......................	311,765			176,624		
Total assets...................	$ 3,623,476			$2,671,306		
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing demand deposits .	$ 22,018	$ 613	5.57	$ 33,275	$ 723	4.35
Savings deposits	1,739	20	2.30	2,328	27	2.32
Certificates of deposit	1,804,089	55,889	6.20	1,997,377	60,514	6.06
Total interest-bearing deposits	1,827,846	56,522	6.18	2,032,980	61,264	6.03
Notes, debentures and other	226,626	13,486	11.90	235,547	13,863	11.77
Obligations outstanding under lines of credit	604,214	19,623	6.50	--	--	--
Securities sold under agreements to repurchase	131,130	3,701	5.64	17,603	477	5.42
Federal Home Loan Bank advances ..	3,740	100	5.35	15,916	428	5.38
Total interest-bearing liabilities, interest expense....	2,793,556	93,432	6.69	2,302,046	76,032	6.61
Non-interest bearing deposits.....	21,022			20,765		
Escrow deposits...................	126,283			71,860		
Other liabilities.................	252,071			54,249		
Total liabilities..............	3,192,932			2,448,920		
Stockholders' equity..............	430,544			222,386		
Total liabilities and stockholders' equity.........	3,623,476			2,671,306		
Net interest income before provision for loan losses......		$ 51,337			$ 45,437	
Net interest rate spread..........			2.91%			4.18%
Net interest margin...............			3.40%			4.04%
Ratio of interest-earning assets to interest-bearing liabilities...................	108%			98%		

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	June 30, 1998 (Unaudited)	December 31, 1997 (Audited)
ASSETS		
Cash and amounts due from depository institutions	$ 16,160	$ 12,243
Interest bearing deposits	19,870	140,001
Federal funds sold and repurchase agreements	138,000	--
Securities available for sale, at market value	589,283	476,796
Loans available for sale, at lower of cost or market	338,359	177,041
Investment securities, net	87,378	13,295
Loan portfolio, net	280,951	266,299
Discount loan portfolio, net	1,421,506	1,434,176
Investments in low income housing tax credit interests	132,983	128,614
Investment in joint ventures	1,056	1,056
Real estate owned, net	151,607	167,265
Investment in real estate	22,453	65,972
Premises and equipment, net	38,207	21,542
Income taxes receivable	10,607	--
Deferred tax asset	61,505	45,148
Excess of purchase price over net assets acquired	36,372	15,560
Principal, interest and dividends receivable	23,329	17,284
Escrow advances on loans	58,041	47,888
Other assets	77,912	38,985
	$ 3,505,579	$ 3,069,165
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	$ 2,144,377	$ 1,982,822
Securities sold under agreements to repurchase	133,970	108,250
Obligations outstanding under lines of credit	321,457	118,304
Notes, debentures and other interest bearing obligations	225,469	226,975
Accrued interest payable	32,640	32,238
Income taxes payable	--	3,132
Accrued expenses, payables and other liabilities	94,233	51,709
Total liabilities	2,952,146	2,523,430
Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures of the Company	125,000	125,000
Minority interest	1,134	1,043
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; 60,771,897 and 60,565,835 shares issued and outstanding at June 30, 1998 and December 31, 1997, respectively	608	606
Additional paid-in capital	165,992	164,751
Retained earnings	243,795	259,349
Unrealized gain (loss) on securities available for sale, net of taxes	19,377	(5,014)
Foreign currency translation adjustment, net	(2,473)	--
Total stockholders' equity	427,299	419,692
	$ 3,505,579	$ 3,069,165

Ocwen Financial Corporation (OCN)
Second Quarter Results
July 28, 1998

OCWEN FINANCIAL CORPORATION AND
SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	Three months		Six months	
For the periods ended June 30,	1998	1997	1998	1997
Interest income:				
Federal funds sold and repurchase agreements ..	$ 1,758	$ 795	$ 2,437	$ 2,453
Securities available for sale	4,565	6,509	8,526	14,682
Securities held for trading	--	--	--	248
Loans available for sale	25,291	3,973	34,794	6,824
Loans	11,655	10,674	17,917	21,366
Discount loans	42,281	44,246	79,078	74,470
Investment securities and other	1,532	745	2,017	1,426
	87,082	66,942	144,769	121,469
Interest expense:				
Deposits	28,677	31,371	56,522	61,264
Securities sold under agreements to repurchase	2,416	204	3,701	477
Advances from the Federal Home Loan Bank	--	145	100	428
Obligations outstanding under lines of credit .	15,103	--	19,623	--
Notes, debentures and other interest bearing obligations	6,734	7,148	13,486	13,863
	52,930	38,868	93,432	76,032
Net interest income before provision for loan losses	34,152	28,074	51,337	45,437
Provision for loan losses	9,675	7,909	11,929	17,651
Net interest income after provision for loan losses	24,477	20,165	39,408	27,786
Non-interest income:				
Servicing fees and other charges	13,488	4,845	23,260	10,081
Gains on sales of interest earning assets, net	33,828	23,365	62,565	40,143
Impairment loss on AAA-rated agency IOs	(77,645)	--	(77,645)	--
Gain on real estate owned, net	10,521	4,629	11,547	3,835
Other income	10,286	450	16,157	581
	(9,522)	33,289	35,884	54,640
Non-interest expense:				
Compensation and employee benefits	29,766	19,676	51,247	34,599
Occupancy and equipment	8,553	3,960	15,010	6,789
Net operating loss on investments in real estate and certain low income housing interests tax credit	1,046	104	2,292	1,197
Other operating expenses	16,406	7,340	21,275	11,192
	55,771	31,080	89,824	53,777
Distributions on Company-obligated, mandatorily redeemable securities of subsidiary trust holding solely junior subordinated debentures .	3,398	--	6,797	--
Equity in earnings of investment in joint ventures	--	1,301	--	15,674
(Loss) income before income taxes	(44,214)	23,675	(21,329)	44,323
Income tax benefit (expense)	6,383	(5,126)	5,810	(8,733)
Minority interest in net (income) loss of consolidated subsidiary	(68)	243	(35)	243
Net (loss) income	$ (37,899)	$ 18,792	$ (15,554)	$ 35,833
(Loss) income per share:				
Basic	$ (0.62)	$ 0.35	$ (0.26)	$ 0.67
Diluted	$ (0.62)	$ 0.35	$ (0.25)	$ 0.66
Weighted average common shares outstanding:				
Basic	60,713,593	53,599,022	60,682,432	53,599,014
Diluted	61,326,784	54,127,521	61,336,494	54,137,127