



Ocwen Financial Corporation

Audit Committee Charter
Version 13



Audit Committee Charter, v13

APPROVED: 12/03/2019

APPROVED BY: Board of Directors

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I. SUMMARY

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Ocwen Financial Corporation (the "Company") is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries. This includes, without limitation, (a) assisting the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Company's independent auditors' qualifications and independence and (iv) the performance of the Company's independent auditors and the Company's internal audit function, and (b) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement.

II. CONTENTS

- Responsibilities and Scope
- Membership
- Meetings
- Reporting
- Evaluation and Charter Review

III. RESPONSIBILITIES AND SCOPE

The following are within the authority of the Committee:

(a) Obtain and review at least annually the Company's internal audit plan and internal audit budget;

(b) Select, in its sole discretion (and taking into consideration shareholder ratification votes), the firm of independent auditors to audit the books and accounts of the Company and its subsidiaries for each fiscal year, instruct the Company's independent auditors that they are ultimately accountable to the Committee and approve the independent auditors' annual engagement letter as well as all audit and, as provided in the Securities Exchange Act of 1934 (the "Exchange Act"), all permitted non-audit engagements and relationships between the Company and such auditors and pre-approve all audit and, unless the *de minimus* exception of applicable law permits otherwise, permitted non-audit services to be performed by the independent auditors subject to such procedures as may be established by the Committee. The Committee delegates to the Chair of the Committee the authority to grant such pre-approvals between Committee meetings;

(c) Review the performance of the Company's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion, make decisions regarding the replacement or termination of the independent auditors when circumstances warrant;

(d) Obtain and review at least annually the report of the independent auditors describing:

- (i) the independent auditors' internal quality-control procedures;



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- (ii) any material issues raised by the most recent internal quality-control review, or by a peer review, of the independent auditors or by any inquiry or investigation by any governmental or professional authority such as the PCAOB, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and
- (iii) all relationships between the independent auditors and the Company (including a description of each category of services provided by the independent auditors to the Company and a list of the fees billed for each such category);

As part of its reporting to the Board, the Committee shall report to the Board as it deems appropriate with respect to its review of the above matters, as well as its review of the lead partner of the independent auditors, and its views on whether there should be a regular rotation of the independent auditors;

- (e) Oversee the independence of the independent auditors by, among other things:
 - (i) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors, and taking appropriate action to satisfy it of the auditors' independence;
 - (ii) inquiring that the lead audit partner and reviewing audit partner responsible for the audit of the Company's financial statements have not performed audit services for the Company for more than the previous five consecutive fiscal years of the Company;
 - (iii) inquiring that the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or other persons serving in an equivalent position of the Company, was not, within one year prior to the initiation of the audit, an employee of the independent auditors who participated in any capacity in the Company's audit; and
 - (iv) considering whether there should be a regular rotation of the Company's independent auditors;
- (f) Review the annual audit plan of the Company's independent auditors, including the scope of the audit, and monitor such plan's progress and results during the year;
- (g) Review the results of the year-end audit of the Company by the independent auditors, including any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of their audit;
- (h) Meet to review and discuss with management and the independent auditors the Company's annual audited financial statements and Management's Discussion and Analysis disclosures, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;



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- (i) Meet to review and discuss with management and the independent auditors, the Company's quarterly financial statements, Management's Discussion and Analysis and the results of the independent auditor's review of the quarterly financial statements;
- (j) Review with management, the Company's independent auditors and the senior-most executive of the Company's internal auditing department, the following:
 - (i) critical accounting policies and such other accounting policies of the Company as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body, including any financial reporting issues which could have a material impact on the Company's financial statements;
 - (ii) any significant changes in the Company's selection or application of accounting principles;
 - (iii) alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the auditors;
 - (iv) all other material written communications between the independent auditors and management; and
 - (v) the effect of off-balance sheet structures on the financial statements of the Company;
- (k) Review with the Chief Executive Officer and Chief Financial Officer and independent auditors, periodically, the following:
 - (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data, including any material weaknesses in internal controls identified by the Company's independent auditors;
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
 - (iii) any significant changes in internal controls over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses.
- (l) Attempt to resolve all disagreements between the Company's independent auditors and management regarding financial reporting;
- (m) Review on a regular basis with the Company's independent auditors any major issues or serious difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant



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disagreements with management. In connection therewith, the Committee should review with the independent auditors the following:

- (i) any accounting adjustments that were noted or proposed by the independent auditors but were rejected by management;
 - (ii) any significant consultations on matters that are otherwise required to be disclosed to the Committee made with the independent auditor's national office respecting auditing or accounting issues; and
 - (iii) any "management" or "internal control" letter issued by the independent auditors to the Company;
- (n) Confirm that the Company's interim financial statements included in Quarterly Reports on Form 10-Q have been reviewed by the Company's independent auditors;
- (o) Review:
- (i) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget and staffing of the Company's internal audit function and reports on internal audits and other matters from the senior-most executive of the internal audit department (who shall report to the Chair of the Committee and the Chief Executive Officer), through inquiry and discussions with the Company's internal auditors and management of the Company; and
 - (ii) any required report prepared by management, and attested to by the Company's independent auditors, regarding the effectiveness of the Company's internal controls over financial reporting and stating management's responsibility to establish and maintain such internal controls, prior to its inclusion in the Company's annual report;
- (p) Review with management the Company's administrative, operational and accounting internal controls, including any special steps adopted in light of the discovery of material control deficiencies, and evaluate and discuss with management the operation of such internal controls;
- (q) Receive periodic reports from management to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;
- (r) Confirm that free and open means of communication exist between and among the Board, the Committee, the Company's independent auditors, the Company's internal auditing department and management, and provide the Company's independent auditors, the Company's internal auditing department and management with appropriate opportunities to meet separately and privately with the Committee on a periodic basis;
- (s) Review the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting



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principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance;

(t) Ensure that management has established clear hiring policies for employees or former employees of the Company's independent auditors, as needed;

(u) Discuss with the Company's Chief Risk and Compliance Officer, Chief Executive Officer and/or other members of management, as appropriate, the Company's policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

(v) Understand the respective roles of the Risk and Compliance Committee and other Board Committees as they relate to risk management and discuss the Company's guidelines and policies to govern the process by which risk assessment and management is undertaken (bearing in mind the New York Stock Exchange's guidance that when companies (such as financial companies) manage and assess their risk through mechanisms other than the audit committee, the processes these companies have in place should be reviewed in a general manner by the audit committee, but they need not be replaced by the audit committee);

(w) Meet at least annually with the General Counsel, and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Company;

(x) Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement;

(y) Obtain from the Company's independent auditors any information pursuant to Section 10A of the Exchange Act, if triggered;

(z) Ensure that the Company has appropriate procedures in place for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(aa) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent expert advisors to be borne by the Company;

(bb) Conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and retain, at the Company's expense, such independent counsel or other advisers as it deems necessary;

(cc) Discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;



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(dd) Discuss significant, complex or unusual transactions with management and the independent auditor; and

(ee) Report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities, it is recognized that members of the Committee are not full-time employees of the Company. It is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (iii) statements made by management or third parties as to any information technology, internal audit and other non-audit services provided by the auditors to the Company.

In carrying out its duties and responsibilities, the Committee's practices should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions.

IV. MEMBERSHIP

The Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE") and the Exchange Act, as the Board interprets such requirements in its business judgment and the rules and regulations promulgated by the SEC pursuant to the Exchange Act. Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Committee may receive from the Company.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company's annual proxy statement.

The chair of the Committee shall be designated by the Board, provided that if the Board does not so designate a chair, the members of the Committee, by a majority vote, may designate a chair. Each member of the Committee must be "financially literate," as the Board interprets such qualification in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee must have "accounting or related financial management expertise", as the Board interprets such qualification in its business judgment. Further, either (i) at least one member of the Committee must be an "audit committee financial expert", as such term is defined in the rules and regulations promulgated by the SEC, as the Board interprets such qualification in its business



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judgment or (ii) if no member of the Committee is an "audit committee financial expert", the Committee shall so inform the Company.

Any vacancy on the Committee shall be filled by majority vote of the Board, either at the next meeting of the Board following the occurrence of the vacancy or at such later time as the Board deems appropriate. No member of the Committee may be removed except by majority vote of the Independent Directors then in office (excluding any member subject to such vote).

V. MEETINGS

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Chair of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. In the absence of a different determination by the Committee, a majority of members shall constitute a quorum. Any action required or permitted to be taken at any meeting of the Committee or of any sub-committee thereof may be taken without a meeting, if all of the members of the Committee or sub-committee thereof, as the case may be, consent thereto in writing (which may be given by email or other form of electronic transmission). The Committee may form and delegate authority to subcommittees when it deems it to be appropriate. The Committee shall meet as frequently as it shall determine is necessary to carry out its duties and responsibilities.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall make copies of such minutes available to the Board.

The Committee, in its discretion, may ask members of management, any directors or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (i) the senior-most executive of the Company's internal auditing department and (ii) the Company's independent auditors, in each case to discuss any matters that the Committee or any of the above persons or firms believes should be discussed privately.

VI. REPORTING

The Committee shall provide minutes of its meetings to the Board and otherwise report to the Board as it determines is appropriate. Such reports shall be oral, unless otherwise determined by the Committee.

The Committee shall also report to the Board as provided below under "VII Evaluation and Charter Review."

VII. EVALUATION AND CHARTER REVIEW

The Committee shall, on at least an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which matters were discussed or debated, and



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whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall report to the Board regarding the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures. Such report shall be oral, unless otherwise determined by the Committee.

The Committee shall review this Charter on an annual basis or on such other basis as it deems appropriate.