Business Update

Preliminary Third Quarter 2020

October 20, 2020

OCWEN

FORWARD-LOOKING STATEMENTS

This presentation 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. Our business has been undergoing substantial change and we are in the midst of a period of significant capital markets volatility and experiencing significant changes within the mortgage lending and servicing ecosystem which has 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, uncertainty relating to the continuing impacts of the COVID-19 pandemic, including the response of the U.S. government, state governments, the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) (together, 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; the proportion of borrowers who enter into forbearance plans, the financial ability of borrowers to resume repayment and their timing for doing so; 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 consummate a transaction with investors to implement our planned mortgage asset vehicle, the timeline for making such a vehicle operational, including obtaining required regulatory approvals, and the extent to which such a vehicle will accomplish our objectives; the future of our long-term relationship and remaining servicing agreements with NRZ; our ability to timely adjust our cost structure and operations following the completion of the loan transfer process 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 lending business and increase our lending volumes in a competitive market and uncertain interest rate environment; our ability to execute on identified business development and sales opportunities; uncertainty related to past, present or future claims, litigation, cease and desist orders and investigations regarding our servicing, foreclosure, modification, origination and other practices brought by government agencies and private parties, including 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); adverse effects on our business as a result of regulatory investigations, litigation, cease and desist orders or settlements and the reactions of key counterparties, including lenders, the GSEs and Ginnie Mae; our ability to comply with the terms of our settlements with regulatory agencies 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 effectively manage our regulatory and contractual compliance obligations; 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 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 any future downgrades; 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.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures, such as our references to adjusted expenses, adjusted pre-tax income (loss), adjusted pre-tax income (loss) excluding amortization of NRZ lump-sum cash payments. We believe these non-GAAP financial measures provide a useful supplement to discussions and analysis of our financial condition. We believe these non-GAAP financial measures provide an alternative way to view certain aspects of our business that is instructive. There are certain limitations on the analytical usefulness of these non-GAAP financial measures. For example, annualization of amounts relevant to one quarter may or may not be a good indicator of the relevant full year amount due to facts or circumstances impacting the quarter or the three subsequent quarters, among other factors. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Ocwen's reported results under accounting principles generally accepted in the United States. Other companies may use non-GAAP financial measures with the same or similar titles that are calculated differently to our non-GAAP financial measures. As a result, comparability may be limited. Further information may be found on Ocwen's website.

Continued turnaround and profitability momentum … today's Ocwen is stronger, more efficient and more diversified

1. Diversified and balanced business model, well positioned to capitalize on growth opportunities
2. Continued profitability improvement, strong operating and financial momentum
3. Originations business delivering solid growth, differentiated enterprise sales approach fueling future growth
4. Building a diverse servicing portfolio that can perform through the cycles, strong operating performance anchored by special servicing core competency
5. Impact of forbearance tracking favorably to forecast, necessary liquidity to fund portfolio replenishment and growth objectives
6. Near-term and long-term market opportunities aligned with our capabilities
7. Executing a focused strategy of balance, diversification, cost leadership and operational excellence to drive long-term growth and profitability

Ocwen is a leading mortgage special servicer and originator creating positive outcomes for homeowners, communities and investors

OCWEN

Balanced and Diversified Business Model

***Servicing* – scale, diversity and proven core competency in special servicing**

- 1.2 million residential and commercial loans; 4,000+ Investors, ~150 clients
- Largest subprime servicer[a] driving ~1.5M non-foreclosure outcomes for homeowners
- Strong operational and cost performance versus Moody's and MBA benchmarks

***Originations* – growing multi-channel platform with room for expansion**

- Retail, wholesale, correspondent, flow and enterprise sales
- Forward and reverse, agency and private investor products
- Targeting $35B+ in 2020 with ~60/40 mix owned / sub serviced
- $45 billion 3Q annualized volume; up 2X since 3Q 2019

(a) Moody's Analytics Sept 2020 Reporting, As on Aug 31, 2020

Positioned to Benefit from Macro Industry Trends

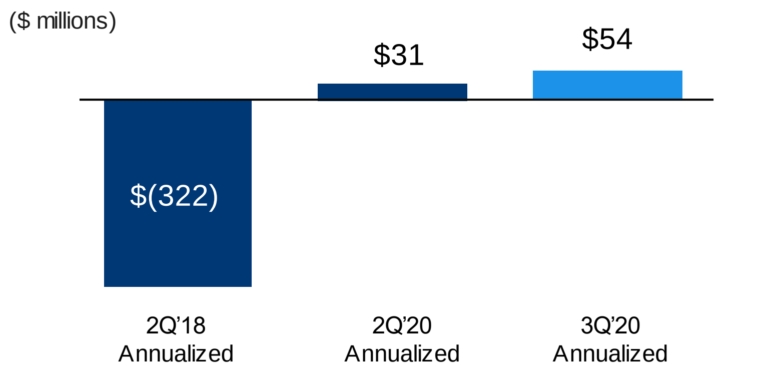
- Fed committed to record low interest rates driving robust industry volumes relative to 2019 and prior
- 44.9 million people over the next decade will turn age 34[a], the median age of first-time home buyers[b]
- $7.7T of untapped senior home equity to support cash flow needs as they progress through retirement[c]
- ~1.9 million consumers of GNMA and Private mortgages on COVID forbearance plans[d] – many likely to need loss mitigation assistance as plans mature in challenged economic times
- Proven team has demonstrated the ability to deliver de-novo growth, acquire and integrate, drive efficiency and effectiveness

(a) Source: Zillow census bureau data analysis
(b) Source: Inside Mortgage Finance, October 14, 2020
(c) Source: National Reverse Mortgage Lenders Association
(d) Source: Black Knight

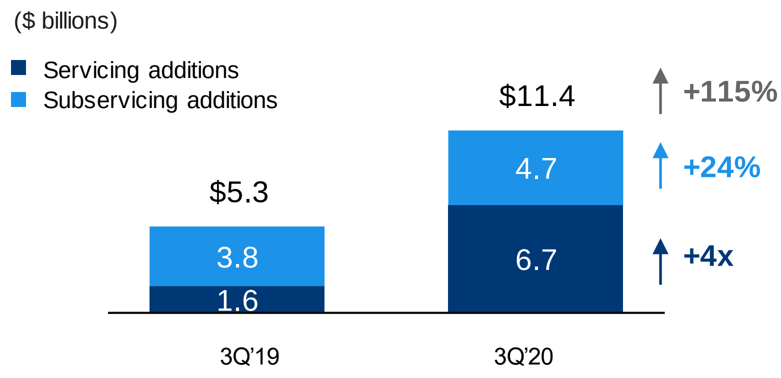
Multi-channel originations, core competency in special servicing
Low-cost, technology enabled, controlled scalable platform

3Q results reflects continued strong execution on our key priorities

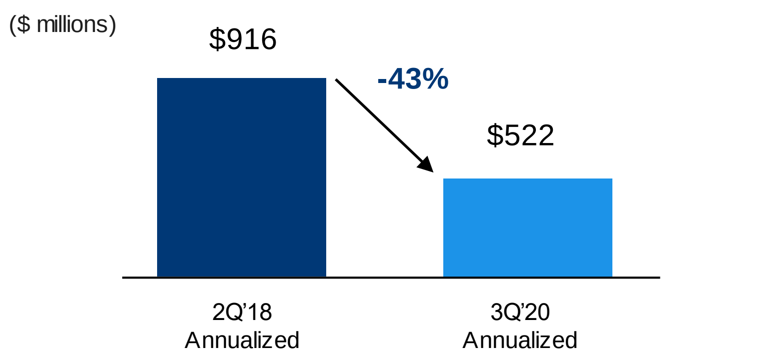
Improving Profitability[a]



Delivering originations growth



Cost reduction on track[b]



Resolving legacy matters

- Resolved legacy regulatory matter with the State of Florida on October 15
- New York data integrity audit completed, and report submitted
- Final escrow review report issued, and action plans submitted to participating states
- CFPB mediation commencing on October 23; final legacy matter from April 2017

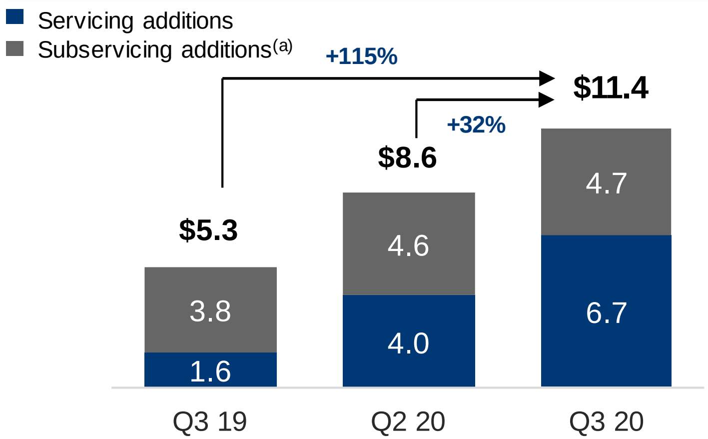
(a) Adjusted Pre-tax Income Excluding Lump-Sum Amortization. See Slides 20-24 for discussion of non-GAAP measures

(b) Adjusted Expenses. See Slides 20-24 for discussion of non-GAAP measures

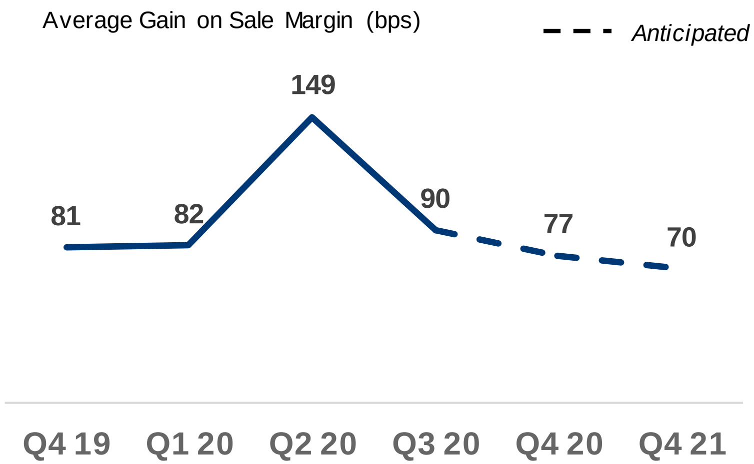
Our multi-channel originations platform is delivering solid YoY and sequential quarter growth in all channels

OCWEN

Origination volume continues to outpace recent periods



Margins normalizing in third party originations



Originations team executing very well

- Increasing volume offsetting expected margin normalization
- Correspondent Lending (CL) added 24 new sellers since Q2 20; increased volume 3x QoQ
- Added first 14 new FNMA Servicing Marketplace (SMP) co-issue partners in Q3 20
- Recapture rate of 18% for Q3 20 up from 16% in Q2 20; volume up ~3x YoY
- Issued 12 subservicing proposals in Q3; $15B of opportunities in late-stage discussions
- Strong cash on cash yield for new originations; ~17% across all channels
- Portfolio replenishment rate[a] increased to 104% from 34% YoY and remained flat QoQ

(a) Excludes runoff and transfers of loans related to terminated subservicing agreement between NRZ and PMC.

Driving differentiated Enterprise Sales approach and origination capacity expansion to fuel future owned MSR and subservicing growth

OCWEN

Ocwen offers a broad portfolio of services across the mortgage lifecycle

Product Capability
- Forward, Reverse and Small Balance Commercial
- GSE, Government, Non-Agency, Subservicing, Master Servicing
- Insurance Products

- Independent Mortgage Companies
- Regional and Community Banks
- Financial Investors

Agency Co-Issue	Correspondent Lending	Wholesale Lending	Retail / Recapture	Sub-servicing	Bulk Purchase
Flow MSR, Fannie SMP, Freddie CRX	Approved third party sellers	Broker originated reverse mortgages	Reverse and recapture services	Interim and long term	Opportunistic market purchases

Top 10 prospects represent ~$125B in combined subservicing, flow and recapture services

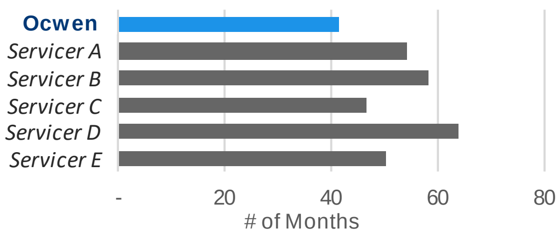
Continuing to expand capacity and capability

- Flow, correspondent, wholesale, and retail channels provided access to $50B+ of potential volume in 3Q
- Expanding CL and Flow seller base: year-end target of 250+, 400+ by end of 2021
- CL and Flow are expected to originate $1.5 - 2B monthly MSR volume in 2021
- Expect to begin participation in GNMA co-issue program by first half of 2021
- Recapture capacity expansion through staffing, technology and process optimization
- Targeting $60B in 2021 with a 40/60 owned / subservicing mix

Servicing continues to deliver strong operating performance anchored by a core competency in special servicing

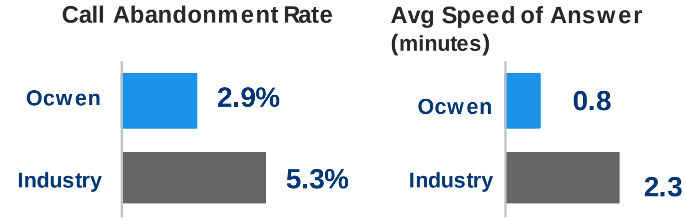
OCWEN

Shorter Delinquency Cycle Drives Faster Recovery
(May 2019 – April 2020 Reporting Period)



Source: Moody Analytics Structured Finance Portal (May 2020). Timelines are for Delinquency to REO.

Call Center Response to COVID-19 Better than Industry
(9/21 – 9/27 Reporting Period)



Source: MBA's Forbearance and Call Volume Survey (Oct 5, 2020)

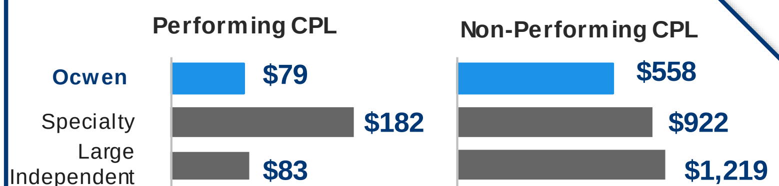
Operations Effectiveness Drives Lower Losses

6-month average – Dec '19 to May '20

Committed to Enhancing Customer Experience

- ✓ NPS score improved 5x over 12 months
- ✓ Leveraging technology to automate processes, reduce cycle time and ensure accuracy
  - *Consumers:* Enhanced IVR, redesigned website, new self-service tools
  - *Clients:* Enhanced Covid-19 reporting and borrower relief programs

Value for Investors … Lower Direct Cost Per Loan



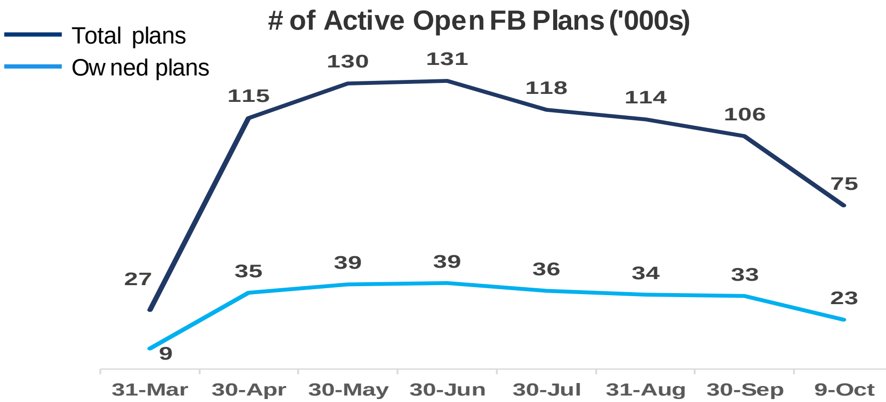
Source: MBA 2020 SOSF (2019 Data)
Performing reflects OCN current run-rate estimate
Non-performing reflects default expenses per defaulted loans

Strong Track Record of Helping Homeowners

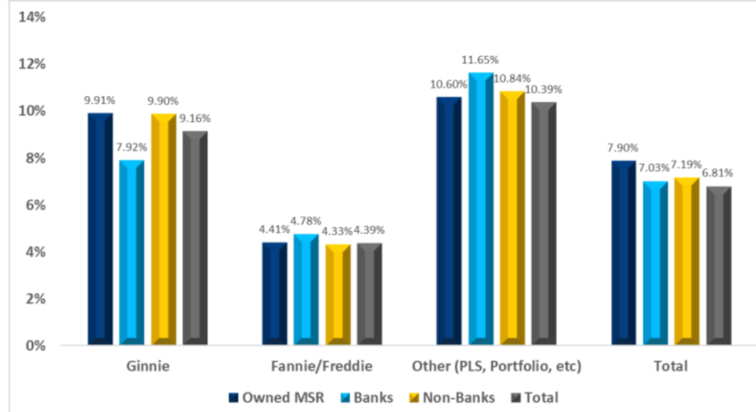
- Since financial crisis, helped more than **1.5 million** homeowners avoid foreclosure and forgiven approximately **$19B** in mortgage debt
- Provided more than **170,000** homeowners with forbearance relief due to COVID-19
- Completed **560+** borrower outreach events since 2009 to assist homeowners in need

COVID-19 forbearance (FB) tracking favorable to forecast

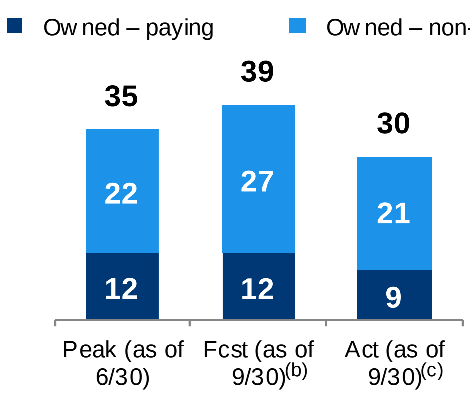
Total loans on FB declining, generally consistent with industry, ~75,000 active FB plans[a]



Owned servicing FB plan levels comparable to other non-bank servicers

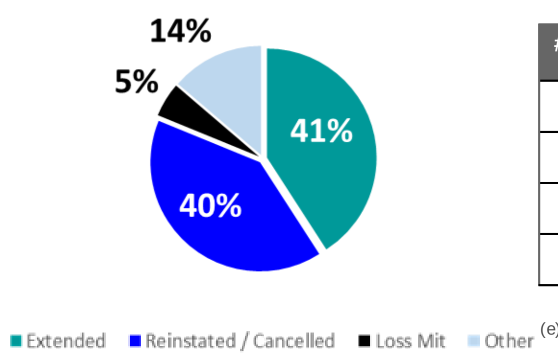


 # FB[b] plans where OCN advances are 14% below peak and 23% below forecast



~40% loans on owned portfolio whose initial FB period is maturing are extending

~46,000 FB plans on owned portfolio matured to date



Estimated loss mitigation waterfall

# Loans (000s)	*FB plans*
75	Active as of Oct 9th
23	~30% paying[c]
34	~45% reinstate[d]
19	25% loss mitigation

(a) As of 10/9. Chart reflects granted plans, ~173,000 active plans net of ~98,000 plans closed
(b) Forecast reflects only those FB plans requiring advances
(c) Percentages reflect those borrowers that made a payment in Sep. Payment trends within the month not meaningful
(d) Reflects maturing plans that exited FB and made at least one payment since their FB plan was initiated
(e) Plans cancelled by borrower or plan ended awaiting borrower direction

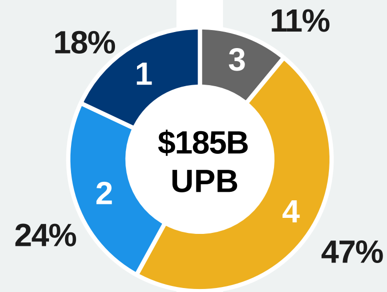
Servicing portfolio composition strategy provides balance and diversity to manage risks and optimize returns through economic cycles

OCWEN

1	2	3	4
Performing Owned UPB: $34B, ALB: $194k, DQ: 4.8%	**Special Owned** UPB: $44B, ALB: $155k, DQ: 12.5%	**Performing Subservicing** UPB: $21B, ALB: $133k, DQ; 1.7%	**Special Subservicing** UPB: $87B, ALB: $149k, DQ: 16.2%

CHARACTERISTICS

- Capital intensive, profitability is counter cyclical to originations
- Higher average loan balances drive lower cost as % of revenue



- Generate fee-based income without capital commitment
- Revenue continues on delinquent accounts and profitability can improve as delinquency rises[(a)]

OBJECTIVES[(a)]

Owned Servicing

5 to 7 bps profitability

Increase average loan balance; replace PLS runoff with GNMA

Replenish and grow through correspondent, flow, recapture, bulk; strong recapture essential to deliver targeted economics

Targeting $90B+ of owned UPB[(a)]

Subservicing

1 to 3 bps profitability

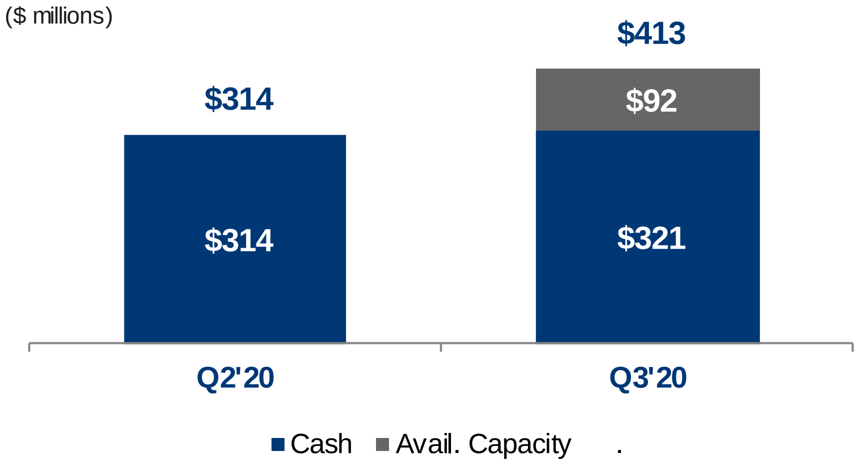
Replenish and grow through existing client growth, new client additions, synthetic subservicing (MSR asset vehicle), recapture services; Enterprise Sales

Targeting $100B+ of subservicing[(a)]

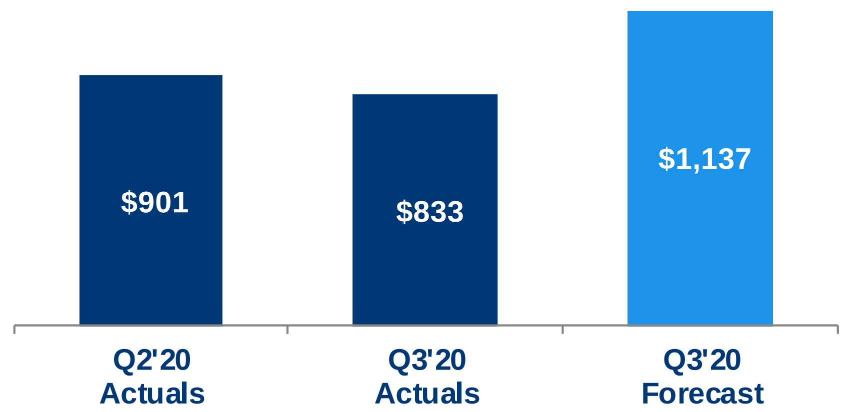
(a) Objectives and targets expected by second half of 2021. Assumes we achieve our objectives and there are no adverse changes to market, industry, or business conditions or legal and regulatory matters. Expectations assume mortgage market consistent with the MBA and GSE forecasts as of Sep 2020

Total liquidity position improved from 2Q; balance sheet optimization on-track and liquidity position supports our volume and business objectives

Liquidity



Servicing Advance Trend favorable to Forecast



Liquidity Highlights

- Balance sheet optimization actions delivering as expected
- Originations cash consumption continues to be low
- Reducing borrowings and interest expense consistent with disciplined cash management practice
- Capital allocation framework continues to prioritize investment in growth and portfolio replenishment

Available Liquidity to Fund Growth

- Expect current liquidity levels will support owned MSR growth objectives and support business needs
- Continued progress on approvals for MSR asset vehicle (“MAV”) and in advanced discussions with investors
- MAV is expected to provide funding for up to $55B in synthetic subservicing and enable portfolio retention services

Continued progress on the implementation of MAV

Overview

- In advanced discussions with potential investors to launch MSR asset vehicle ("MAV") focused on investing in Agency MSRs
- Would leverage Ocwen's servicing and portfolio recapture capabilities and expertise
- GSE approvals on track; substantial interest from investors seeking capital deployment in Agency MSRs.
- Based on interest and progress to date, targeting MAV to be operational in 2021[(a)]

Benefits

Expected to provide up to $55B in synthetic subservicing

Supports subservicing and recapture services growth objectives

Provides access to the MSR asset class in a cost and risk efficient manner

Potential Strategic Benefits:

Access to growth capital

Drives greater cost efficiency through increased scale

Predictable earnings streams

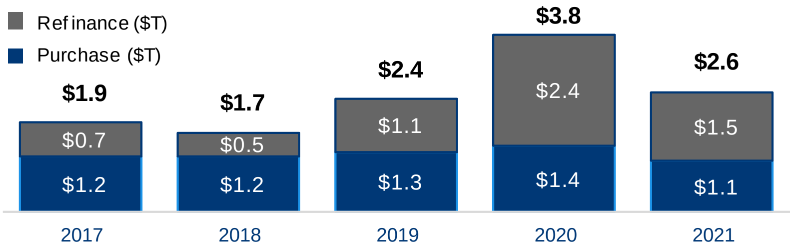
(a) Subject to the negotiation of definitive agreements and receipt of regulatory approvals

Market dynamics present sizeable potential growth opportunities aligned with Ocwen's capabilities

OCWEN

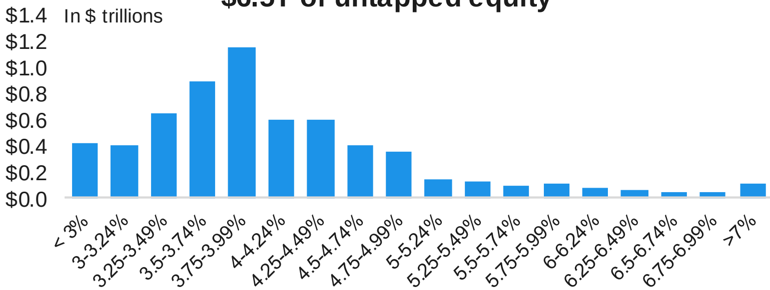
Opportunities in Performing Originations

Fed commitment to record low interest rates driving robust industry volumes



Source: Fannie Mae Housing Forecast (Sep 10, 2020)

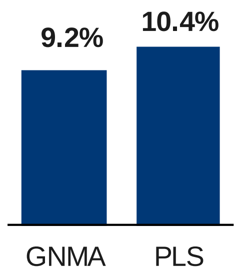
19.3M high-quality refinance eligible homeowners – $6.5T of untapped equity



Source: Black Knight (July 8, 2020)

Opportunities in Special Servicing and Reverse Mortgage

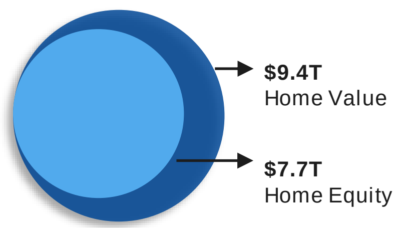
% Loans on FB



- ~1.9M homeowners on FB plans
- ~40% are extending FB plans
- We estimate at least 25% will require loss mitigation

Source: MBA Weekly Survey Data and Black Knight

Significant Opportunity to Help Seniors



- $7.7T of untapped senior home equity to support cash flow needs in retirement

Source: National Reverse Mortgage Lenders Association; total home value for seniors 62+ and total senior home equity as of Q2 2020

Multi-channel origination platform and superior special servicing skills position us to capitalize on current and emerging industry opportunities

Exploring all options to realize the full value potential of our platform in this environment

FINANCIAL UPDATES

Fourth consecutive quarter of adjusted pre-tax income

($ millions, except Book Value per Share)	Q2'20	Q3'20	VPQ$
Revenues	**$173**	**$180**	**$7**
• Servicing	118	122	3
• Originations	53	57	5
• Corporate	2	2	(1)
MSR valuation adjustments, net[a]	**(9)**	**(20)**	**(11)**
Operating Expenses	**(135)**	**(130)**	**5**
Other Income / (Expense)	**(21)**	**(17)**	**4**
• Interest Expense	(27)	(27)	0
• Other[b]	6	10	4
Adjusted Pre-Tax Income (Loss)[c]	**$8**	**$14**	**$5**
NRZ lump-sum amortization	10	0	(10)
Notables[d]	(24)	(25)	(1)
Pre-tax Income (Loss)	**(6)**	**(11)**	**(5)**
Income Tax (Benefit) Expense	(8)	(2)	(6)
Net Income (Loss)	**$2**	**$(9)**	**$(11)**
Book Value per Share	$50	$49	$(1)

Key Results

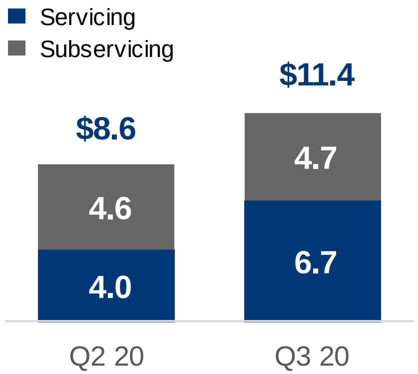
- Revenue increase driven by volume growth across originations channels.
- Operating expense improvement from leveraging technology and productivity actions as we invest in our originations platform.
- MSR adjustment increase driven by higher run-off from prior vintages. Continuing to grow MSR originations to offset higher runoff.
- Adjusted PTI[c] $14M, $5M higher than prior quarter as higher revenue and lower expenses offset higher run-off.
- Income tax during the quarter driven primarily by CARES Act net tax benefit partly offset by offshore tax expenses.

(a) Includes $13 million and $12 million MSR valuation gain in Q2'20 and Q3'20 respectively relating to certain MSRs that we opportunistically purchased
(b) Other = All Other Income (Expense) except for Net Servicing Fees remitted to NRZ, Pledged MSR liability fair value change and NRZ lump-sum amortization recognized in Pledged MSR Liability Expense
(c) Excludes NRZ lump-sum amortization
(d) See Slides 20-24 for discussion of non-GAAP measures

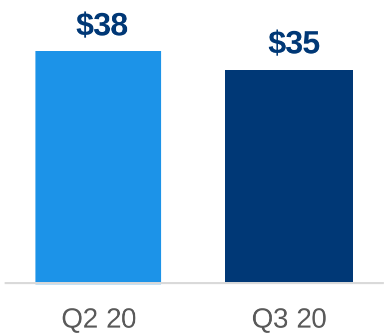
Our balanced business model is operating well, originations growth and profitability replenishing servicing portfolio and offsetting runoff impact

Originations Highlights

Origination Volume ($B)



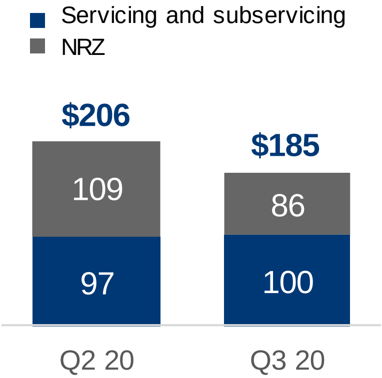
Adjusted PTI ($M)[a]



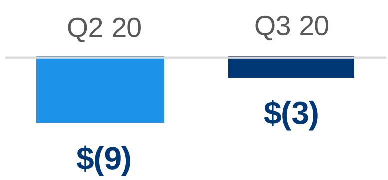
- Multi-channel platform with a diverse product mix fueling strong Originations volume growth, up 32% QoQ
- Servicing originated volume for the quarter up 67% QoQ driving strong replenishment[b] of 104%
- Adjusted PTI $35M, 8% lower than prior quarter as higher volume offset by expected margin normalization and investment in our platform

Servicing Highlights

Servicing UPB ($B)



Adjusted PTI ex. Lump-sum Amortization ($M)[a]



- Servicing segment demonstrating strong performance through the refinance cycle delivering QoQ improved adjusted PTI in spite of increased MSR runoff
- Productivity savings and leveraging technology is improving efficiency and driving down operating costs
- UPB run-off replenishing through originated servicing and subservicing. Strong subservicing pipeline with top 10 prospects at ~$125B with additional opportunity from MAV

(a) See Slides 20-24 for discussion of non-GAAP measures. Servicing results normalized for Corporate debt allocation

(b) Excludes runoff and transfers of loans related to terminated subservicing agreement between NRZ and PMC

We are driving growth, balance and diversification, cost leadership and operational excellence to drive long-term value creation

Sep 2020 – Dec 2021 Targeted

Key Drivers	Originations	Servicing	Corporate
Market Dynamics	Industry volume down from $3.9T to $2.6T → Avg revenue[a] down from 100 bps to 90 bps	Lower prepays, forbearance & advances/ costs → ~20% prepays down from 23%; $10M annual interest savings	Implement hybrid remote work model → Reduction in facilities footprint/exp
Originations Growth	~2X increase in CL and flow sellers and recapture % → Qtrly MSR vol at ~$6B	MSR UPB replenish ment of 150%+ → Owned MSR UPB to $90B (revenue[b] of ~37bps)	
Balance & Diversification	Conversion of ~25% of SS pipeline → Annl. SS vol to $35B; Recap. svcs revenue to $9M annualized	SS replenish ment of ~90% → Subservice portfolio $100B (revenue[b] of ~20bps)	
Cost Leadership & Ops Excellence	Sales and operations productivity initiatives → Maintain opex[c] at ~50 bps	Operations and claims productivity initiatives → Lower opex[d] to 15 bps from 16 bps	Continuous cost improvement → Decrease opex[e] to 3 bps from 4 bps

(a) Total originations revenue (GOS, origination fees and interest income)/(orig. vol. ex. bulk and S/S). Q3'20 margin includes $12 million gains in opportunistically purchased MSRs

(b) Includes all servicing revenues: Servicing and Subservicing Fees and all ancillary revenues

(c) As a % of orig vol (ex. bulk MSR and subservicing growth). GAAP exps. of $35M adjusted for $1M of re-engineering & COVID-19 exps..

(d) As a % of Servicing UPB. GAAP exps. of $80M adjusted for $3M of re-engineering and COVID-19 exps.

(e) As a % of Servicing UPB. GAAP exps. of $35M adjusted for $15M of re-engineering, COVID-19 exps. and legacy and sig. legal expenses

Expect positive adjusted pre-tax income for 2020; expect positive GAAP earnings in 2021 with low double digit to mid teen after-tax ROE by mid-2021[f]

(f) Assumes we achieve our objectives and there are no adverse changes to market, industry, or business conditions or legal and regulatory matters.

Continued turnaround and profitability momentum … today's Ocwen is stronger, more efficient and more diversified

1. Diversified and balanced business model, well positioned to capitalize on growth opportunities
2. Continued profitability improvement, strong operating and financial momentum
3. Originations business delivering solid growth, differentiated enterprise sales approach fueling future growth
4. Building a diverse servicing portfolio that can perform through the cycles, strong operating performance anchored by special servicing core competency
5. Impact of forbearance tracking favorably to forecast, necessary liquidity to fund portfolio replenishment and growth objectives
6. Near-term and long-term market opportunities aligned with our capabilities
7. Executing a focused strategy of balance, diversification, cost leadership and operational excellence to drive long-term growth and profitability

Appendix

- Notes Regarding Non-GAAP Financial Measures
- Expense Notables
- Income Statement Notables
- Expense Notables by Segment
- Income Statement Notables by Segment
- MSR Valuation Assumptions

Note Regarding Adjustments to GAAP Expenses and Pre-tax Income (Loss)

In the following slides, we present supplemental information (including reconciliations) relating to certain illustrative adjustments to GAAP expenses, and pre-tax income (loss). We believe this information is instructive as an alternative way to view certain aspects of our business. In addition, management believes that these presentations may assist investors with understanding and evaluating our continuous cost and productivity improvement efforts and other initiatives to drive improved financial performance. However, the adjustments we make to GAAP expenses and pre-tax income (loss) should not be analyzed in isolation or as a substitute to analysis of our GAAP expenses and pre-tax income (loss). There are certain limitations on the analytical usefulness of the adjustments we make to GAAP expenses and pre-tax income (loss) and, accordingly, we rely primarily on our GAAP results and use these adjustments only for purposes of supplemental analysis. Readers are cautioned not to place undue reliance on analysis of the adjustments we make to GAAP expenses and pre-tax income (loss).

Beginning with the three months ended June 30, 2020, we refined our definitions of Expense Notables, which we previously referred to as "Expenses Excluding MSR Valuation Adjustments, net, and Expense Notables," and Income Statement Notables in order to be more descriptive of the types of items included.

The slide titled "Expense Notables" adjusts GAAP operating expenses for the following factors (1) expenses related to severance, retention and other actions associated with continuous cost and productivity improvement efforts, (2) significant legal and regulatory settlement expense items[(a)], (3) NRZ consent process expenses related to the transfer of legal title in MSRs to NRZ, (4) PHH acquisition and integration planning expenses, and (5) certain other significant activities including, but not limited to, insurance related expense and settlement recoveries, compensation or incentive compensation expense reversals and non-routine transactions (collectively, Other) consistent with the intent of providing management and investors with a supplemental means of evaluating our expenses.

On the slide titled "Income Statement Notables", we show certain adjustments to GAAP pre-tax loss for the following factors (1) Expense Notables, (2) changes in fair value of our Agency and Non-Agency MSRs due to changes in interest rates, valuation inputs and other assumptions, net of hedge positions, (3) offsets to changes in fair value of our MSRs in our NRZ financing liability due to changes in interest rates, valuation inputs and other assumptions, (4) changes in fair value of our reverse originations portfolio due to changes in interest rates, valuation inputs and other assumptions, (5) certain other non-routine transactions, including but not limited to pension benefit cost adjustments and gains related to exercising servicer call rights and fair value assumption changes on other investments (collectively, Other) and (6) amortization of NRZ lump-sum cash payments consistent with the intent of providing management and investors with a supplemental means of evaluating our net income/(loss).

(a) Including however not limited to CFPB, Florida Attorney General/Florida Office of Financial Regulations and Massachusetts Attorney General litigation related legal expenses, state regulatory action related legal expenses and state regulatory action settlement related escrow analysis costs (collectively, CFPB and state regulatory defense and escrow analysis expenses)

Expense Notables

$ Millions	Q2'18	Q3'20		
	OCN + PHH (Annualized)	OCN	OCN (Annualized)	
I Expenses (as reported)[(a)]	**1,107**			
II Reclassifications[(b)]	5			
III Deduction of MSR valuation adjustments, net	(132)			
IV Operating Expenses (I+II+III)	**979**	**150**	**598**	
Adjustments for Notables				
Re-engineering costs	(32)	(7)		
Significant legal and regulatory settlement expenses	(43)	(6)		
NRZ consent process expenses	(2)	0		
PHH acquisition and integration planning expenses	(8)	-		
Expense recoveries	23	-		
COVID-19 Related Expenses	-	(6)		
Other	(1)	(0)		**Annualized Savings**
V Expense Notables	**(63)**	**(19)**		
VI Adjusted Expenses (IV+V)	**916**	**130**	**522**	**(394)**

(a) Q2'18 expenses as per OCN Form 10-Q of $206 filed on July 26, 2018 and PHH Form 10-Q of $71 filed August 3, 2018, annualized to equal $1,107 on a combined basis

(b) Reclassifications made to PHH reported expenses to conform to Ocwen presentation

(c) OCN changed the presentation of expenses in Q4' 19 to separately report MSR valuation adjustments, net from operating expenses

Income Statement Notables

$ Millions	Q2'18 [c]	Q3'20	
	OCN + PHH (Annualized)	OCN	OCN (Annualized)
I Reported Pre-Tax Income / (Loss)[a]	**(253)**	**(11)**	**(46)**
Adjustments for Notables			
Expense Notables (from prior slide)	63	19	
Non-Agency MSR FV Change[b]	(20)	(14)	
Agency MSR FV Change, net of macro hedge[b]	-	4	
NRZ MSR Liability FV Change (Interest Expense)	36	10	
Reverse FV Change	17	4	
Call Rights Execution Gain	(23)	-	
Other	-	1	
II Total Income Statement Notables	**72**	**25**	
III Adjusted Pre-tax Income (Loss) (I+II)	**(181)**	**14**	**54**
IV Amortization of NRZ Lump-sum Cash Payments	(141)	-	
V Adjusted Pre-Tax Income (Loss) excluding Amortization of NRZ Lump-sum Payment (III+IV)[c]	**(322)**	**14**	**54**

(a) Q2'18 pre-tax loss as per respective Forms 10-Q filed on July 26, 2018 and August 3, 2018, respectively

(b) FV changes that are driven by changes in interest rates, valuation inputs or other assumptions, net of unrealized gains / (losses) on macro hedge. Non-Agency = Total MSR excluding GNMA & GSE MSRs. Agency = GNMA & GSE MSRs. The adjustment does not include $12 million valuation gains of certain MSRs that were opportunistically purchased in disorderly transactions due to the market environment in Q3 2020 (nil in Q2 2018).

(c) Represents OCN and PHH combined adjusted pre-tax income (loss) excluding amortization of NRZ lump-sum cash payments, annualized to equal $(322) million on a combined basis

Expense Notables by Segment

$ Millions	Q2'20		Q3'20	
	Servicing	Originations	Servicing	Originations
I Operating Expenses	**83**	**29**	**80**	**35**
Adjustments for Notables				
Re-engineering costs	(0)	(0)	(1)	(1)
Significant legal and regulatory settlement expenses	0	-	-	-
NRZ consent process expenses	-	-	0	-
Expense recoveries	7	-	-	-
COVID-19 Related Expenses	(3)	(0)	(2)	(0)
Other	0	(0)	(0)	-
II Expense Notables	**4**	**(1)**	**(3)**	**(1)**
III Adjusted Expenses (I+II)	**87**	**28**	**76**	**35**

Income Statement Notables by Segment

$ Millions	Q2'20		Q3'20	
	Servicing	**Originations**	**Servicing**	**Originations**
I Reported Pre-Tax Income / (Loss)	**10**	**29**	**(28)**	**30**
Adjustments for Notables				
Expense Notables (from prior table)	(4)	1	3	1
Non-Agency MSR FV Change[(a)]	3	-	(14)	-
Agency MSR FV Change, net of macro hedge[(a)]	2	0	4	
NRZ MSR Liability FV Change (Interest Expense)	(1)	-	10	-
Reverse FV Change	-	6	-	4
Other	(0)	1	1	0
II Total Income Statement Notables	**(0)**	**8**	**5**	**5**
III Adjusted Pre-tax Income (Loss) (I+II)[(b)]	**10**	**38**	**(23)**	**35**
IV Amortization of NRZ Lump-sum Cash Payments	(10)	-	-	-
V Adjusted Pre-Tax Income (Loss) excluding Amortization of NRZ Lump-sum Payment (III+IV)	**0**	**38**	**(23)**	**35**

(a) FV changes that are driven by changes in interest rates, valuation inputs or other assumptions, net of unrealized gains / (losses) on macro hedge. Non-Agency = Total MSR excluding GNMA & GSE MSRs. Agency = GNMA & GSE MSRs. The adjustment does not include $12 million valuation gains of certain MSRs that were opportunistically purchased in disorderly transactions due to the market environment in Q3 2020 ($13 million in Q2 2020).

(b) Servicing segment includes $28.8M year-to-date interest allocation charge for the financing of MSRs and servicing advances funded by corporate debt. This includes $10.5 million and $9.5 million related to the first and second quarter of 2020, respectively

MSR Valuation Assumptions

$ in millions	At 9/30/2020				
	FN/ FH	FHA/ VA	Non-Agency	Total Retained	NRZ Sold[d]
UPB	33,683	13,882	22,816	70,380	66,865
Loan Count (000s)	167	106	137	411	502
Fair Value	268	74	150	492	577
Fair Value (% of UPB)	0.80%	0.53%	0.66%	0.70%	0.86%
Collateral Metrics:					
Weighted Average Note Rate	3.96	4.46	4.21	4.14	4.24
Weighted Average Svc Fee	0.26	0.34	0.32	0.30	0.48
Weighted Average Remaining Term	286	272	196	254	198
% D30 (MBA)	1.5%	5.5%	4.7%	3.6%	6.2%
% D60 (MBA)	0.7%	2.5%	1.3%	1.4%	2.2%
% D90+ (MBA)	3.2%	10.1%	6.4%	6.1%	9.1%
% D30-60-90+	5.4%	18.1%	12.4%	11.0%	17.5%
Fair Value Assumptions[a]:					
Lifetime CPR[b]	15.3	14.7	11.7	14.0	11.8
Cost to Service[c]	$70	$136	$223	$133	$280
Ancillary Income[c]	$45	$61	$142	$80	$125
Discount Rate	9.1	10.2	11.1	10.0	11.47

(a) 3rd part broker assumptions

(b) Total voluntary payoffs and involuntary defaults; does not include scheduled payments

(c) Annual $ per loan

(d) NRZ sale transactions did not achieve sale accounting treatment and MSR remains on balance sheet with offsetting liability. Does not include subservicing UPB and terminated PHH-NRZ contract which met true sale accounting treatment in Q1 2020