



Ocwen, Leading Subprime Mortgage Servicer, Begins Modifying Mortgages Under Government's New Program

Scalable Technology Enables Servicer to be Among First to Execute Treasury's Wide-Sweeping Plan to Prevent Foreclosures

Ocwen Embraces President Obama's Bold Loan Modification Initiative as Key to Curing Housing Crisis

WEST PALM BEACH, Fla., April 13, 2009 -- Ocwen Financial Corporation (NYSE:OCN), a leading servicer of subprime mortgages, is among the first servicers (if not the first) in the country to begin executing loan modifications under the U.S. Treasury Department's new Home Affordable Modification Program. The expansive initiative, the contractual details of which are still being developed, is designed to help three to four million distressed homeowners avoid foreclosure by reducing their monthly mortgage payments.

Even though the form servicing contracts have not yet been provided, Treasury invited servicers ready to adopt the Program to do so, given the exigencies of the foreclosure crisis. Ocwen was able to very quickly adapt its already robust modification initiatives to be compliant with the government's Program because the company's Home Retention Consultant staff is enabled with a highly automated, scalable loan servicing platform.

Said Ocwen Chairman William C. Erbey, "We're proud to be able to aggressively implement the President's plan, which we support and are committed to helping make a success."

In a letter to President Obama, Mr. Erbey wrote, "On behalf of Ocwen Financial Corporation, I applaud you, Secretaries Geithner and Donovan and your economic team on the adoption of . . . a sweeping loan modification program to assist homeowners with unaffordable mortgages and prevent avoidable foreclosures. We share your view that loan modifications are the key for a lasting solution to the daunting foreclosure crisis -- a crisis that lies at the very heart of our nation's economic problems and threatens millions of families with the loss of their American Dream -- their home. We fully support your new Plan and will work hard to help make it a success."

Ocwen's President Ronald M. Faris added, "We were well positioned for a vigorous launch of this new government Program. Since the outset of the mortgage crisis, we have increased key staffing by over 65%. Our modification processes required very little tweaking to comply with Program guidelines."

Government Program Guidelines Consistent with Ocwen's Customized, Win/Win/Win Approach

Treasury's Program covers mortgages that are in default, or in imminent default, within the FHFA conforming limit of \$729,750 on owner-occupied homes. Participating servicers must reduce monthly payments on those loans to no more than 31% of the homeowner's monthly gross income so long as the modified loan provides more cash flow to the loan owner than what would be realized in a foreclosure. The reduced payments are to be achieved through interest rate reductions, extended amortization terms and/or principal forbearance or forgiveness. Servicers will receive an up-front incentive fee of \$1,000 for every modification under the Program, plus a \$1,000 success fee for each year that modified loan stays current, for up to three years. Borrowers receive a principal reduction of \$1,000 per year for staying current for up to five years.

"The Program guidelines are very similar to the customized modification approach we had already adopted," Mr. Erbey said. In an appearance at a Congressional hearing in February, he explained that "Loan modifications crafted in this way are consistent with our contractual obligations and result in a win/win/win solution for all involved. The homeowner keeps their home; the loan investor avoids a substantial loss; and the loan servicer retains the loan in its servicing portfolio. Since the inception of the crisis, we have saved over 90,000 homes from foreclosure." He also pointed out that an industry study by Credit Suisse showed that, for investors, "Ocwen's loan modification program generates the highest cash flows by any servicer on 90+ days delinquent loans -- an amount that is twice the industry average."

Said Mr. Faris, "We particularly like the 'imminent default' feature of the Treasury Program guidelines. Not having to wait until a homeowner is several months behind permits the servicer to proactively head off a serious delinquency in its incipency, with far greater sustainability results. By using this same approach with our customers, Ocwen's Early Intervention staff was able to

avoid over 9,000 foreclosures last year."

The customized loan modifications that Ocwen engineers have a re-default rate of 24% after six months, compared to an industry average 41% for loans serviced for third parties according to the most recent report issued by the OCC and OTS.

Ocwen's Approach to Heavy Volumes of Delinquencies

Over the past 10 years, Ocwen has invested more than \$100 million in designing and refining its REALServicing® and REALResolution® systems. The technology uses artificial intelligence, rules-based systems, scripting engines and net present value cash flow algorithms to enable Ocwen to apply common elements quickly across a range of modifications, while still allowing for an analytic approach to individual loans. Ocwen has also established a Psychology Department, staffed with academics, to help the company's loan analytics experts integrate behavioral sciences into decisioning models. "The goal here is to remove variability from key processes and make interactions with distressed customers more effective so we can reach successful resolutions faster. The scalability of our technology also allows us to take on many multiples of the volumes of delinquencies we have already cured in our portfolio," Mr. Erbey said.

About Ocwen

Ocwen Financial Corporation is a leading asset manager and business process solutions provider specializing in loan servicing, special servicing, mortgage loan due diligence and receivables management services. Ocwen is headquartered in West Palm Beach, Florida with offices in Arizona, California, the District of Columbia, Florida, Georgia and New York and global operations in Canada, Germany, India and Uruguay. Utilizing our global infrastructure, state of the art technology, world-class training and six sigma processes, we provide solutions that make our clients' loans worth more. Additional information is available at www.ocwen.com.

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