UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

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 31, 2006

OCWEN FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Florida	1-13219	65-0039856
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1661 Worthington Road Suite 100 West Palm Beach, Florida	33409
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (561) 682-8000

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Exhibit Index on Page 4

Explanatory Note
This Amendment No. 1 on Form 8-K/A is being filed to amend the Current Report on Form 8-K (the "Initial 8-K") filed August 4, 2006, by Ocwen Financial Corporation to include the financial information referred to in Item 9.01(a), below, relating to the acquisition of Bankruptcy Management Solutions, Inc. on July 31, 2006 and to provide the consent of the independent accountants. Pursuant to the instructions to Item 9.01 of Form 8-K, Ocwen Financial Corporation hereby amends Item 9.01 of the Initial 8-K to include previously omitted information and to update the consent of the independent accountants.

Forward Looking Statements
This Report 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, including, but not limited to assumptions related to deferred tax assets, the valuation of assets, and estimates utilized in development of the pro forma financial statements.

Forward-looking statements are not guarantees of future performance, and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the following:

- general economic and market conditions,
- prevailing interest or currency exchange rates,
- governmental regulations and policies, and
- real estate market conditions and trends.

Further information on the risks specific to our business are detailed within this report and our other reports and filings with the Securities and Exchange Commission, including our periodic report on Form 10-K for the year ended December 31, 2005, Form 10-Q for the quarters ended March 31 and June 30, 2006 and our Forms 8-K filed during 2006. The forward-looking statements speak only as of the date they are made and should not be relied upon. Ocwen Financial Corporation undertakes no obligation to update or revise the forward-looking statements.

Item 2.01 Completion of Acquisition of Assets.

On July 31, 2006, BMS Intermediate, Inc., an entity formed by Ocwen Financial Corporation ("Ocwen") and Charlesbank Equity Fund VI, Limited Partnership and other Charlesbank-related funds ("Charlesbank"), completed the acquisition of all of the issued and outstanding shares of Bankruptcy Management Solutions, Inc. ("BMS") from its stockholders and warrant holder. BMS is a leading provider of support services to Chapter 7 Bankruptcy Trustees. The total investment involved in this acquisition was approximately $440,000,000, including the purchase price (subject to various post-closing adjustments set forth in the associated Stock Purchase Agreement), the repayment of existing debt and certain related fees and expenses. Ocwen and Charlesbank each contributed approximately $46,000,000 in equity. Approximately $345,000,000 of the investment was funded through the issuance of senior and subordinated debt by BMS.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired.

(1) The audited balance sheets of Bankruptcy Management Solutions, Inc. as of December 31, 2005 and December 31, 2004 and the statements of operations, statements of stockholders' equity (deficit) and statements of cash flows for Bankruptcy Management Solutions, Inc. for each of the two years in the period ended December 31, 2005

(2) The unaudited balance sheet of Bankruptcy Management Solutions, Inc. as of June 30, 2006 and the statements of operations and statements of cash flows for the six-month periods ended June 30, 2006 and June 30, 2005

(b) Pro Forma Financial Information.

The unaudited pro forma balance sheet of Ocwen Financial Corporation as of June 30, 2006 and the statements of operations for the year ended December 31, 2005 and for the six months ended June 30, 2006.

(c) Not applicable

(d) Exhibits

The following exhibits are filed as part of this report:

Exhibit	Description
23.1	Consent of Independent Accountants
99.1	Audited balance sheets of Bankruptcy Management Solutions, Inc. as of December 31, 2005 and December 31, 2004 and the statements of operations, statements of stockholders' equity (deficit) and statements of cash flows for Bankruptcy Management Solutions, Inc. for each of the two years in the period ended December 31, 2005
99.2	Unaudited balance sheet of Bankruptcy Management Solutions, Inc. as of June 30, 2006 and the statements of operations and statements of cash flows for the six-month periods ended June 30, 2006 and June 30, 2005
99.3	Unaudited pro forma balance sheet of Ocwen Financial Corporation as of June 30, 2006 and the statements of operations for the year ended December 31, 2005 and for the six months ended June 30, 2006.

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/ DAVID J. GUNTER

David J. Gunter
Senior Vice President and
Chief Financial Officer

Date: October 16, 2006

INDEX TO EXHIBITS

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-44999 and 333-62217) and the Registration Statement on Form S-3 (Nos. 333-64915 and 333-119698) of Ocwen Financial Corporation of our report dated March 2, 2006 relating to the financial statements of Bankruptcy Management Solutions, Inc., which appears in the Current Report on Form 8-K of Ocwen Financial Corporation dated October 16, 2006.

/s/ PricewaterhouseCoopers LLP
Irvine, California

October 16, 2006

BANKRUPTCY MANAGEMENT
SOLUTIONS, INC.
Financial Statements
December 31, 2005 and 2004

Report of Independent Auditors

To the Board of Directors and Stockholders
Bankruptcy Management Solutions, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Bankruptcy Management Solutions, Inc. at December 31, 2005 and December 31, 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Irvine, California

March 2, 2006

BANKRUPTCY MANAGEMENT SOLUTIONS, INC.
Balance Sheets
At December 31, 2005 and 2004

	2005	2004
Assets		
Current assets		
Cash and cash equivalents	$ 12,676,442	$ 54,946,283
Accounts receivable, trade	3,901,181	1,780,217
Prepaid expenses and other current assets	407,533	406,420
Income taxes receivable	--	10,298
Deferred tax assets	116,005	--
Total current assets	17,101,161	57,143,218
Long-term assets		
Property and equipment, net	2,804,358	3,160,927
Goodwill	1,592,624	1,592,624
Other intangibles, net	28,936,105	34,540,788
Deferred financing costs, net	3,925,299	4,913,575
Deferred tax assets	2,236,010	1,875,060
Total assets	$ 56,595,557	$ 103,226,192
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	$ 483,967	$ 625,228
Accrued expenses	2,544,606	4,583,659
Income taxes payable	1,481,845	--
Dividends payable	--	48,046,752
Current portion of long-term debt	4,200,000	4,200,000
Total current liabilities	8,710,418	57,455,639
Long-term debt, less current portion	76,582,554	80,807,875
Commitments	--	--
Stockholders' equity		
Common stock	51,344	51,364
Additional paid in capital	15,928,519	15,928,539
Accumulated deficit	(44,677,278)	(51,017,225)
Total stockholders' equity (deficit)	(28,697,415)	(35,037,322)
Total liabilities and stockholders' equity (deficit)	$ 56,595,557	$ 103,226,192

See accompanying notes to financial statements.

BANKRUPTCY MANAGEMENT SOLUTIONS, INC.
Statements of Operations
Years Ended December 31, 2005 and 2004

	2005	2004
Revenues	$ 38,307,001	$ 19,720,358
Cost of sales	3,602,308	3,368,439
Gross profit	34,704,693	16,351,919
Other costs and expenses		
Selling, general and administrative	6,517,222	5,343,922
Loss on early extinguishment of debt	--	4,040,062
Depreciation and amortization	7,341,432	6,881,844
Total costs and expenses	13,858,654	16,265,828
Income from operations	20,846,039	86,091
Interest expense, net	10,378,190	5,033,443
Income (loss) before income taxes	10,467,849	(4,947,352)
Provision (benefit) for income taxes	4,127,902	(1,908,250)
Net income (loss)	$ 6,339,947	$ (3,039,102)

See accompanying notes to financial statements.

BANKRUPTCY MANAGEMENT SOLUTIONS, INC.
Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2005 and 2004

	Class A Common Stock		Class B Common Stock		Class C Stock Repurchased		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Note Receivable From Stockholders	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2003.	2,000	$ 20	4,393,536	$ 43,935	--	$ --	$ 15,871,132	$ 68,629	$ (569,687)	$ 15,414,029
Sale of common stock.	82	1	--	--	--	--	49,999	--	--	50,000
Sale of common stock.	--	--	741,775	7,418	--	--	7,418	--	--	14,836
Repurchase of common stock	--	--	(1,000)	(10)	--	--	(10)	--	--	(20)
Payment of note receivable	--	--	--	--	--	--	--	--	569,687	569,687
Exchange of common stock	--	--	(4,221,012)	(42,210)	4,221,012	42,210	--	--	--	--
Net loss	--	--	--	--	--	--	--	(3,039,102)	--	(3,039,102)
Dividends declared ..	--	--	--	--	--	--	--	(48,046,752)	--	(48,046,752)
Balance at December 31, 2004.	2,082	21	913,299	9,133	4,221,012	42,210	15,928,539	(51,017,225)	--	(35,037,322)
Repurchase of common stock	--	--	(2,000)	(20)	--	--	(20)	--	--	(40)
Net income	--	--	--	--	--	--	--	6,339,947	--	6,339,947
Balance at December 31, 2005.	2,082	$ 21	911,299	$ 9,113	4,221,012	$ 42,210	$ 15,928,519	$(44,677,278)	$ --	$(28,697,415)

See accompanying notes to financial statements.

BANKRUPTCY MANAGEMENT SOLUTIONS, INC.
Statements of Cash Flows
December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Net profit (loss)	$ 6,339,947	$ (3,039,102)
Adjustments to reconcile net profit (loss) to net cash provided by operating activities		
Depreciation and amortization	8,329,707	7,922,988
Deferred taxes	(476,955)	(1,914,664)
Increase in debt due to payment in kind interest and original issue discount accretion	974,679	316,319
Loss on disposal of property and equipment	11,680	--
Write-off of deferred financing costs and unamortized discount related to retired debt	--	3,794,095
Changes in operating assets and liabilities		
Accounts receivable	(2,120,964)	(967,791)
Income tax receivable	10,298	(10,298)
Prepaid expenses and other current assets	(1,113)	(280,583)
Accounts payable	(141,261)	400,642
Interest payable	697,897	(80,715)
Accrued expenses and other current liabilities	(2,736,950)	3,452,149
Income taxes payable	1,481,845	--
Net cash provided by operating activities	12,368,810	9,593,040
Cash flows from investing activities		
Purchases of property and equipment	(1,399,767)	(1,457,074)
Proceeds from disposal of property and equipment	7,908	--
Net cash used in investing activities	(1,391,859)	(1,457,074)
Cash flows from financing activities		
Payment of dividends	(48,046,752)	--
Repayment of debt	(5,200,000)	(1,000,000)
Payment in full of contingent note payable to seller	--	(2,000,000)
Early extinguishment of debt	--	(31,951,857)
Issuance of debt	--	85,000,000
Increase in deferred financing costs due to new debt	--	(4,913,575)
Issuance of common stock	--	64,836
Purchase of common stock	(40)	(20)
Payment of subscribed stock receivable	--	569,687
Net cash (used in) provided by financing activities	(53,246,792)	45,769,071
Increase in cash and cash equivalents	(42,269,841)	53,905,037
Cash and cash equivalents		
Beginning of year	54,946,283	1,041,246
End of year	$ 12,676,442	$ 54,946,283
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	$ 7,773,213	$ 3,723,744
Income taxes	3,119,424	16,660
Noncash financing activity		
Dividends declared	--	$ 48,046,752

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

Description of Business

Bankruptcy Management Solutions, Inc. (the "Company") operated as a division of a bank from 1984 to 2003. In December 2003 Lincolnshire Equity Fund II, L.P. joined with the management of Bankruptcy Management Solutions, Inc. (the "Company") to acquire the business from JP Morgan Chase for approximately $45 million.

The Company provides technology-based case management solutions to trustees, law firms, and debtor companies that administer cases in the federal bankruptcy system.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company classifies cash on hand, deposits in banks, commercial paper, money market accounts and any other highly liquid investments with an original maturity of three months or less as cash and cash equivalents.

Intangible Assets

Intangible assets consist of goodwill, intellectual property, customer contracts and service agreements. Intellectual property, customer contracts and service agreements are being amortized on a straight-line basis over their estimated economic benefit period, ranging from 5 to 15 years.

The Company reviews its goodwill on an annual basis in December and between annual tests if events or changes in circumstances have indicated that the assets might be impaired in accordance with the provisions of Statements of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Intangible Assets.

The Company reviews its other intangibles for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable.

Revenue Recognition

Revenues are derived through the delivery of bankruptcy management services to bankruptcy trustees, law firms, and debtor companies. For its customers, the Company provides hardware, software related products, and back-office support at no direct charge. For these services the customers maintain bankruptcy estate deposit accounts at JP Morgan Chase through a contractual relationship with the Company. The Company then collects monthly fees based on custodial deposits maintained by its customers at JP Morgan Chase through a service agreement with JP Morgan Chase. Revenues are only recognized after the software related product is installed and deposits are transferred, and the revenue is earned and estimatable.

Income Taxes

The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of asset and liabilities and the related financial amounts. Deferred income taxes are recorded under the asset and liability method of accounting for income taxes, which requires the recognition of deferred income taxes, based upon the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Valuation allowances are established, when necessary, to reduce deferred tax assets that are not expected to be realized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In December 2004, the FASB issued SFAS No. 123 (revised 2004) Share-Based Payment or FAS 123R. FAS 123R revises SFAS No. 123 Accounting for Stock-Based Compensation, and supersedes APB No. 25 Accounting for Stock Issued to Employees and related interpretations and SFAS No. 148 Accounting for Stock-Based Compensation-Transition and Disclosure. FAS 123R requires compensation cost relating to all share-based payments to employees to be recognized in the financial statements based on their fair values in the first interim or annual

reporting period beginning after June 15, 2005. The pro forma disclosures previously permitted under FAS 123 will no longer be an alternative to financial statement recognition. As the Company has not granted any stock options, the Company does not expect adoption of this statement to have an impact on its financial statements.

In December 2004, the FASB issued SFAS No. 153 Exchanges of Nonmonetary Assets - an amendment of Accounting Principles Board ("APB") Opinion No. 29 Accounting for Nonmonetary Transactions. The guidance in APB 29 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS 153 amends APB 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS 153 are applicable for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of this statement is not expected to have a material impact on the Company's financial statements.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, Accounting Changes and Error Corrections--A Replacement of APB Opinion No. 20 and FASB Statement No. 3. SFAS 154 requires retrospective application to prior periods' financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Indirect effects of a change in accounting principle, such as a change in nondiscretionary profit-sharing payments resulting from an accounting change, should be recognized in the period of the accounting change. SFAS 154 also requires that a change in depreciation, amortization, or depletion method for long-lived nonfinancial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date this Statement is issued. Management does not believe the adoption of SFAS No. 154 will have a material impact on the Company's financial position and results of operations.

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

2. Property and Equipment

Property and equipment consist of the followings as of December 31, 2005 and 2004:

	2005	2004	Estimated Useful Life
	2005	2004	Estimated Useful Life
Leasehold improvements........................	$ 51,758	$ 10,000	Shorter of 10 years or remainder of lease
Office equipment..............................	72,321	25,000	5 years
Computer equipment and software..............	5,705,111	4,444,795	3 years
	5,829,190	4,479,795	
Accumulated depreciation and amortization.....	(3,024,832)	(1,318,868)	
	$ 2,804,358	$ 3,160,927	

Depreciation expense was $1,736,748 and $1,277,161 for the years ended December 31, 2005 and 2004, respectively.

3. Intangible Assets

Intangible assets consisted of the following as of December 31, 2005 and 2004:

	Estimated Useful Life	2005		
		Cost	Accumulated Amortization	Net
Intellectual property...............	5 years	$ 21,059,000	$ (8,599,092)	$ 12,459,908
Customer lists......................	15 years	17,522,000	(2,384,938)	15,137,062
Service agreements..................	8 years	1,798,000	(458,865)	1,339,135
		$ 40,379,000	$ (11,442,895)	$ 28,936,105

	Estimated Useful Life	2004		
		Cost	Accumulated Amortization	Net
Intellectual property................	5 years	$ 21,059,000	$ (4,387,292)	$ 16,671,708
Customer lists.......................	15 years	17,522,000	(1,216,805)	16,305,195
Service agreements...................	8 years	1,798,000	(234,115)	1,563,885
		$ 40,379,000	$ (5,838,212)	$ 34,540,788

Amortization expense for the years ended December 31, 2005 and 2004 was $5,604,683, and for the years ending December 31, is as follows:

2006...	$ 5,604,683
2007...	5,604,683
2008...	5,429,191
2009...	1,392,883
2010...	1,392,883

4. Line of Credit and Long-Term Obligations

On December 29, 2004 the Company went through a re-capitalization where it retired its existing debt of $31,657,331 (net of discount of $294,526) and assumed new debt of $85,000,000. The Company incurred a $4,040,062 loss on the early extinguishment of the debt as a result of the immediate write off of deferred financing costs of $3,499,569 related to the acquisition of the debt, along with prepayment penalties related to the sub-debt of $245,967 and unamortized discount of $294,526.

As of December 31, 2005, the Company's credit facility consists of $52,800,000 of senior term loans, with amortizing principal quarterly payments of $1,050,000, which began on March 1, 2005, and $27,000,000 in subordinated term loans. Additionally, the Company has available a $2,500,000 revolving loan. The senior term loans and revolver mature beginning on December 29, 2009, while the subordinated term loans mature on December 29, 2012. Interest on the credit facility is generally based on a spread over the LIBOR rates. The subordinated term loans also include payment in kind interest at the rate of 3% and 4%. The credit facility is guaranteed by BMS, LLC and contains financial covenants related to EBITDA, total debt and interest charges, limits on capital expenditures, and is collateralized by all assets of the Company. Principal payments on the senior term loans and the subordinated loans outstanding at December 31, 2005 are $4,200,000 per year for the years ending December 31, 2006 through 2008; $3,200,000 for the year ending December 31, 2009; $37,000,000 for the year ending December 31, 2010; and $27,000,000 thereafter.

As of December 31, 2005, the accrued interest on the long-term debt was $762,823; no borrowings were outstanding on the revolving loan; and the Company was in compliance with all covenants.

5. Commitments and Contingencies

The Company has noncancelable operating leases for office space expiring in April 2010. Additionally, the Company has noncancelable operating leases for office equipment expiring through July 2009.

Future minimum lease payments during the years ended December 31 are as follows:

Fiscal year	
2006...	$ 275,842
2007...	280,680
2008...	288,227
2009...	294,484
2010...	98,496
	$ 1,237,729

Total operating lease expense for the year ended December 31, 2005 was $233,369.

6. Stockholders' Equity

On December 28, 2004 the stockholders approved an amendment to the Company's Certificate of Incorporation authorizing 11,020,000 shares of which (i) 20,000 shares shall be Class A Common Stock, par value $0.01, (ii) 5,500,000 shares shall be Class B Common Stock, par value $0.01, and (iii) 5,500,000 shares shall be Class C Common Stock, par value $0.01. In the event of a liquidation, dissolution or merger of the company the holders of the Class A Common Stock are entitled to a preference payment in cash of their original purchase price plus a cumulative return at a rate of 30% per annum. Further, upon written notice a holder of Class B Common Stock may convert all or any such shares in to Class C Common Stock, which resulted in 4,221,012 shares of Class B common stock converted to Class C common stock.

On December 28, 2004 the Company declared dividends of:

- $9,672.46 per share on all outstanding shares of Class A Common Stock payable in cash on January 3, 2005 to all stockholders of record on the close of business on June 15, 2005

- $5.24 per share on all outstanding shares of Class B Common Stock payable in cash on August 1, 2005 to all stockholders of record on the close of business on June 15, 2005

- $5.24 per share on all outstanding shares of Class C Common Stock payable in cash on January 3, 2005 to all stockholders of record on the close of business on December 31, 2004

- $993,778 to American Capital Financial Services in respect of warrants if they had been exercised.

7. Employee Benefit Plans

The Company has a defined contribution 401(k) plan covering substantially all employees. The Company matches 100% of the first 5% of employee contributions. Contributions were $555,087 and $471,322 for the years ended December 31, 2005 and 2004, respectively.

8. Income Taxes

At December 31, 2004, the Company had net operating loss carryforwards for federal income and state franchise tax purposes of approximately $1,363,000 and $1,705,000, respectively. These carryforwards were utilized in full in 2005.

Deferred income taxes are recorded under the asset and liability method of accounting for income taxes, which requires the recognition of deferred income taxes, based upon the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical profitability and projections for future taxable income, management believes it is more likely than not the Company will realize the benefits of the deferred tax assets. Accordingly, no deferred tax asset valuation allowance was recorded at December 31, 2005.

The components of the income tax provision for the years ended December 31 are as follows:

	2005	2004
Current		
Federal	$ 3,689,020	$ 6,414
State	915,837	--
	4,604,857	6,414
Deferred		
Federal	(376,100)	(1,567,867)
State	(100,855)	(346,797)
	(476,955)	(1,914,664)
	$ 4,127,902	$ (1,908,250)

Actual income tax provision differs from the income tax provision computed by applying the U.S. federal statutory tax rate of 34% to income before provision for income taxes for operations for the years ended December 31, 2005 and 2004 as follows:

	2005	2004
Provision at the federal statutory rate	$ 3,559,069	$ (1,678,938)
State income taxes, net of federal benefit	537,888	(224,653)
Meals and entertainment	19,061	17,244
Reversal of payable true up	--	(39,553)
True up	11,884	17,650
	$ 4,127,902	$ (1,908,250)

The components of the Company's deferred tax assets (liabilities) at December 31, 2005 and 2004 are as follows:

	2005	2004
Current deferred tax asset		
State taxes	$ 116,005	$ --
Noncurrent deferred tax asset		
Depreciation and amortization	2,236,010	1,221,149
State taxes	--	68,138
Net operating loss carryforward	--	585,773
Noncurrent deferred tax asset	2,236,010	1,875,060
	$ 2,352,015	$ 1,875,060

9. Related Party Transactions

The Company has a management agreement with Lincolnshire Management Inc., a majority stockholder in the Company. The fees under this agreement totaled $792,500 and $440,950 for the years ended December 31, 2005 and 2004, respectively. Amounts owed to Lincolnshire Management Inc. are $46,720 and $10,500 as of December 31, 2005 and 2004, respectively.

The credit and note agreements are with American Capital Financial Services, Inc. who own approximately 5.5% of the outstanding shares along with warrants to purchase an additional 2% as of December 31, 2005.

10. Subsequent Events

As of January 1, 2006, the Company incorporated a subsidiary, which is 100% owned by Bankruptcy Management Solutions Inc. The subsidiary has not commenced operations.

On February 8, 2006, the Company declared dividends of:

- $1.429 per share on all outstanding shares of Class B Common Stock payable in cash on February 10, 2006 to all stockholders of record on the close of business on February 9, 2006

- $1.429 per share on all outstanding shares of Class B Common Stock payable in cash on February 10, 2006 to all stockholders of record on the close of business on February 9, 2006

- $114,523 to American Capital Financial Services in respect of warrants if they had been exercised.

BANKRUPTCY MANAGEMENT
SOLUTIONS, INC.
Financial Statements
For the Six Months Ended June 30, 2006 and June 30, 2005
(Unaudited)

Bankruptcy Management Solutions, Inc.
Balance Sheet
At June 30, 2006 (Unaudited)

Assets	
Current assets	
Cash and cash equivalents	$ 10,705,477
Accounts receivable, trade	3,689,989
Prepaid expenses and other current assets	330,014
Deferred tax assets	116,005
Total current assets	14,841,485
Property, plant and equipment, net	2,307,119
Other assets	
Goodwill and other intangible assets	27,726,387
Deferred financing costs	3,467,268
Total other assets	31,193,655
Deferred tax assets	2,236,010
Total assets	$ 50,578,269
Liabilities and stockholders' equity (deficit)	
Current liabilities	
Accounts payable	$ 529,442
Interest payable	772,148
Accrued expenses	1,204,883
Income taxes payable	1,199,898
Current portion of long-term debt	4,200,000
Total current liabilities	7,906,371
Total long-term debt, less current portion	74,979,031
Commitments	--
Shareholders' equity (deficit)	
Common stock	51,323
Additional paid in capital	15,926,409
Accumulated deficit	(48,284,865)
Total shareholders' equity (deficit)	(32,307,133)
Total liabilities and stockholders' equity (deficit)	$ 50,578,269

See Accompanying Notes to Financial Statements

Bankruptcy Management Solutions, Inc.
Statements of Operations
For the Six Months Ended June 30 (Unaudited)

	2006	2005
Revenues	$ 21,548,953	$ 16,366,488
Cost of sales	1,916,124	1,822,194
Gross profit	19,632,829	14,544,294
Other costs and expenses		
Selling, general and administrative	3,967,771	3,064,227
Depreciation and amortization	3,811,510	3,605,276
Total costs and expenses	7,779,281	6,669,503
Income from operations	11,853,548	7,874,791
Interest expense, net	5,401,272	5,058,266
Income before income taxes	6,452,276	2,816,525
Provision for income taxes	2,580,911	1,126,461
Net Income	$ 3,871,365	$ 1,690,064

See Accompanying Notes to Financial Statements

Bankruptcy Management Solutions, Inc.
Statements of Cash Flows
For the Six Months Ended June 30 (Unaudited)

	2006	2005
Cash flow from operating activities		
Net income	$ 3,871,365	$ 1,690,064
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	4,269,541	4,108,798
Increase in debt due to payment in kind interest and original issue discount accretion	496,478	479,032
Change in operating assets and liabilities		
Accounts receivable	211,192	(1,352,820)
Prepaid expenses and other current assets	77,519	76,827
Accounts payable	45,475	(29,555)
Interest payable	9,325	625,231
Accrued expenses and other current liabilities	(576,907)	(3,563,951)
Income taxes payable	(281,947)	(41,015)
Net cash provided by operating activities	8,122,041	1,992,611
Cash flows from investing activities		
Purchases of property and equipment	(511,929)	(786,124)
Net cash used in investing activities	(511,929)	(786,124)
Cash flows from financing activities		
Payment of dividends	(7,478,946)	(43,262,954)
Repayment of debt	(2,100,000)	(3,100,000)
Purchase of common stock	(2,131)	(21)
Net cash used in financing activities	(9,581,077)	(46,362,975)
Net increase (decrease) in cash and cash equivalents	(1,970,965)	(45,156,488)
Cash and cash equivalents		
Beginning of period	12,676,442	54,946,283
End of period	$ 10,705,477	$ 9,789,795

See Accompanying Notes to Financial Statements

Bankruptcy Management Solutions, Inc.
Notes to Financial Statements
As of June 30, 2006 and
For the Six Months Ended June 30, 2006 and 2005 (Unaudited)

1. Organization and Basis of Presentation

Bankruptcy Management Solutions, Inc. (the "Company") operated as a division of a bank from 1984 to 2003. In December 2003 Lincolnshire Equity Fund II, L.P. joined with the management of the Company to acquire the business from JP Morgan Chase for approximately $45 million.

The Company provides technology-based case management solutions to trustees, law firms, and debtor companies that administer cases in the federal bankruptcy system.

The accompanying financial statements as of June 30, 2006 and for the six months ended June 30, 2006 and 2005 reflect the financial position and operations of the Company.

The accompanying unaudited financial statements have been prepared in conformity with the instructions of the Securities and Exchange Commission ("SEC") to Form 10-Q and SEC Regulation S-X, Article 10, Rule 10-01 for interim financial statements. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In our opinion, the accompanying unaudited financial statements contain all adjustments, consisting only of normal recurring accruals, necessary for a fair statement. The results of operations and other data for the six months ended June 30, 2006 are not necessarily indicative of the results that may be expected for any other interim period or for the entire year ending December 31, 2006. The unaudited financial statements presented herein should be read in conjunction with the Company's audited financial statements and related notes thereto included elsewhere in Item 9.01 of this Form 8-K/A.

2. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consisted of the following as of June 30, 2006:

	Estimated Useful Life	2005		
		Cost	Accumulated Amortization	Net
Goodwill............................	N/A	$ 1,592,624	$ --	$ 1,592,624
Intellectual property...............	5 years	21,059,000	(10,704,992)	10,354,008
Customer lists......................	15 years	17,522,000	(2,969,005)	14,552,995
Service agreements..................	8 years	1,798,000	(571,240)	1,226,760
		$ 41,971,624	$ (14,245,237)	$ 27,726,387

3. Subsequent Event

On May 23, 2006, the Company and its stockholders and warrant holder entered into a stock purchase agreement with BMS Holdings, Inc. under which the stockholders and warrant holder agreed to sell their outstanding shares and cancel the warrant in exchange for $384,500,000, subject to certain adjustments.

The transaction closed on July 31, 2006.

OCWEN FINANCIAL CORPORATION
AND SUBSIDIARIES
Unaudited Pro Forma Consolidated Financial Statements
As of and for the Six Months Ended June 30, 2006
And for the Year Ended December 31, 2005

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On July 31, 2006, BMS Intermediate, Inc., an entity formed by Ocwen and Charlesbank, completed the acquisition of all of the issued and outstanding shares of BMS from its stockholders and warrant holder.

The following unaudited pro forma balance sheet and statements of operations (the "pro forma financial statements") give effect to the acquisition as if it had occurred on earlier dates using the purchase method of accounting as required by Financial Accounting Standards Board Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141"). Under this method of accounting, the purchase price is allocated to the fair values of assets acquired and liabilities assumed. The allocation of purchase price requires extensive use of accounting estimates and judgments, including but not limited to estimating future cash flows and developing appropriate discount rates. In order to complete this estimation process, Ocwen and Charlesbank have engaged an independent third-party valuation firm to assist in determining the fair values of identifiable intangible assets and certain tangible assets, and have received preliminary information from them. We believe that the fair values assigned to the assets acquired and liabilities assumed, as reflected in the pro-forma financial statements, are based on reasonable assumptions. The purchase price and fair value estimates for the purchase price allocation will be refined as additional information becomes available.

We have determined that we will account for Ocwen's 46% investment in BMS as an investment in an unconsolidated entity using the equity method of accounting. As a result, the assets and liabilities of BMS will not be reflected in the unaudited pro forma financial statements. The effect of the acquisition will be reflected as an investment in unconsolidated entities and equity in earnings of unconsolidated entities, which will include the pro forma effect of the acquisition and purchase accounting adjustments on the historical financial statements of BMS.

The unaudited pro forma financial statements are provided for informational purposes only. The unaudited pro forma financial statements are not necessarily and should not be assumed to be an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. Furthermore, no effect has been given in the unaudited pro forma statements of operations for synergistic benefits that may be realized through the acquisition of BMS. The unaudited pro forma financial statements should be read in conjunction with the respective historical financial statements and the notes thereto for Ocwen that are filed on Form 10-K and Form 10-Q with the Securities and Exchange Commission and the historical statements of operations of BMS that are included elsewhere in Item 9.01 of this Form 8-K/A.

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2006
(Dollars in thousands, except share data)

	Historical	Pro Forma Adjustments	Pro Forma
Assets			
Cash	$ 193,129	$ (45,435)(3)	$ 147,694
Trading securities, at fair value			
Investment grade	202,444	--	202,444
Subordinates and residuals	57,421	--	57,421
Loans held for resale, at lower of cost or market value	114,485	--	114,485
Advances	263,963	--	263,963
Match funded advances	351,593	--	351,593
Mortgage servicing rights	151,501	--	151,501
Receivables	60,738	--	60,738
Deferred tax assets, net	171,300	--	171,300
Premises and equipment, net	37,446	--	37,446
Other assets	55,655	45,435 (3)	101,090
Total assets	$ 1,659,675	$ --	$ 1,659,675
Liabilities and Stockholders' Equity			
Liabilities			
Match funded liabilities	$ 313,963	$ --	$ 313,963
Servicer liabilities	395,936	--	395,936
Lines of credit and other secured borrowings	187,835	--	187,835
Debt securities	150,329	--	150,329
Other liabilities	93,283	--	93,283
Total liabilities	1,141,346	--	1,141,346
Minority interest in subsidiaries	1,892	--	1,892
Stockholders' Equity			
Common stock, $.01 par value; 200,000,000 shares authorized; 62,429,907shares issued and outstanding at June 30, 2006	624	--	624
Additional paid-in capital	176,320	--	176,320
Retained earnings	338,817	--	338,817
Accumulated other comprehensive income (loss), net of taxes	676	--	676
Total stockholders' equity	516,437	--	516,437
Total liabilities and stockholders' equity	$ 1,659,675	$ --	$ 1,659,675

See Accompanying Notes to Unaudited Pro Forma Consolidated Financial Statements

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2006
(Dollars in thousands, except share data)

	Historical	Pro Forma Adjustments	Pro Forma
Revenue			
Servicing and subservicing fees	$ 162,857	$ --	$ 162,857
Process management fees	38,149	--	38,149
Other revenues	6,580	--	6,580
Total revenue	207,586	--	207,586
Operating expenses			
Compensation and benefits	47,707	--	47,707
Amortization of servicing rights	53,952	--	53,952
Servicing and origination	25,904	--	25,904
Technology and communications	12,673	--	12,673
Professional services	15,399	--	15,399
Occupancy and equipment	9,799	--	9,799
Other operating expenses	6,294	--	6,294
Total operating expenses	171,728	--	171,728
Other income (expense)			
Interest income	24,411	--	24,411
Interest expense	(27,316)	--	(27,316)
Gain (loss) on trading securities	1,327	--	1,327
Loss on loans held for resale, net	(1,221)	--	(1,221)
Other, net	5,793	--	5,793
Other income (expense), net	2,994	--	2,994
Income before income taxes and equity in loss of unconsolidated entity	38,852	--	38,852
Income tax benefit	(136,767)	--	(136,767)
Equity in loss of unconsolidated entity	--	(2,362)(4)	(2,362)
Net income	$ 175,619	$ (2,362)	$ 173,257
Earnings per share			
Basic	$ 2.79	$ (0.04)	$ 2.75
Diluted	$ 2.47	$ (0.04)	$ 2.43
Weighted average common shares outstanding			
Basic	63,033,454	--	63,033,454
Diluted	71,876,666	--	71,876,666

See Accompanying Notes to Unaudited Pro Forma Consolidated Financial Statements

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Dollars in thousands, except share data)

	Historical	Pro Forma Adjustments	Pro Forma
Revenue			
Servicing and subservicing fees	$ 293,569	$ --	$ 293,569
Process management fees	71,961	--	71,961
Other revenues	9,846	--	9,846
Total revenue	375,376	--	375,376
Operating expenses			
Compensation and benefits	94,625	--	94,625
Amortization of servicing rights	96,692	--	96,692
Servicing and origination	17,676	--	17,676
Technology and communications	30,375	--	30,375
Professional services	25,975	--	25,975
Occupancy and equipment	61,083	--	61,083
Other operating expenses	27,060	--	27,060
Total operating expenses	353,486	--	353,486
Other income (expense)			
Interest income	25,238	--	25,238
Interest expense	(37,261)	--	(37,261)
Gain (loss) on trading securities	13	--	13
Loss on loans held for resale, net	4,258	--	4,258
Other, net	6,742	--	6,742
Other income (expense), net	(1,010)	--	(1,010)
Income before income taxes and equity in loss of unconsolidated entity	20,880	--	20,880
Income tax expense (benefit)	5,815	--	5,815
Equity in loss of unconsolidated entity	--	(5,643)(4)	(5,643)
Net income	$ 15,065	$ (5,643)	$ 9,422
Earnings per share			
Basic	$ 0.24	$ (0.09)	$ 0.15
Diluted	$ 0.24	$ (0.09)	$ 0.15
Weighted average common shares outstanding			
Basic	62,912,768	--	62,912,768
Diluted	63,885,439	--	63,885,439

See Accompanying Notes to Unaudited Pro Forma Consolidated Financial Statements

(Dollars in thousands)

The pro forma adjustments are based upon the following assumptions with regard to the purchase of BMS

1. Purchase Price

Ocwen and Charlesbank each contributed cash of $45,435 as equity in the purchase transaction. This amount is reflected as the initial investment in unconsolidated entities reflected on the unaudited pro forma balance sheet as of June 30, 2006. The assumed total purchase price of $310,678 consists of cash payments of $300,521 (including Ocwen and Charlesbank contributions as well as new debt financing), the conversion of management equity in BMS to equity in BMS Holdings, Inc. in the amount of $7,400 (representing an 8% ownership interest), estimated direct transactions costs of $1,150 and cash transferred to BMS of $1,607. All of the adjustments related to the recording of this transaction have been pushed down to the financial statements of BMS.

2. Allocation of Purchase Price

The allocation of the total purchase price is summarized as follows:

Tangible assets acquired	$ 7,979
Other assets	56,288
Intangible assets	258,600
Goodwill	223,022
Total assets	545,889
Less:	
Liabilities assumed	134,838
Deferred tax liability	100,373
Net assets acquired	$ 310,678

The tangible assets, other assets and assumed liabilities of BMS have been recorded at their estimated fair value. The intangible assets have been recorded based upon preliminary information obtained from the independent appraisal firm engaged to assist in valuing the assets under SFAS No. 141. The deferred tax liability has been recorded to recognize the tax liability associated with the excess of the fair values assigned for accounting purposes over the tax bases of the assets acquired, excluding goodwill. This excess relates primarily to the intangible assets acquired. The following intangible assets have been identified and valued at their estimated fair value:

Customer list (estimated useful life 23 years)	$ 255,900
Software (estimated useful life 6 years)	2,700
Total intangible assets	$ 258,600

The final purchase price allocation will be determined when the valuation process is completed, and the fair values could differ from those presented above.

3. Unaudited Pro Forma Balance Sheet

The unaudited pro forma balance sheet gives effect to the acquisition as if it had occurred on June 30, 2006. No effect is given to the pro forma adjustment for equity in earnings of BMS Holdings, Inc. that is reflected in the pro forma income statements. The adjustments reflected in the unaudited pro forma balance sheet represents the initial equity investment of Ocwen Financial Corporation in BMS Holdings, Inc.

4. Unaudited Pro Forma Statements of Operations

The unaudited pro forma statements of operations give effect to the acquisition as if it had occurred at the beginning of each of the periods presented. The adjustments reflected in the unaudited pro forma statements of operations reflect the recording of Ocwen's equity in the earnings of BMS Holdings, Inc for the applicable periods and the related tax effect of those earnings at the statutory rate.

5. Pro Forma Adjustments

The pro forma adjustments to the Ocwen unaudited pro forma financial statements are based on the following adjustments to the historical statements of operations of BMS:

	Six Months Ended June 30, 2006	Year Ended December 31, 2005
Previously reported net income	$ 3,871	$ 6,340
Plus:		
Eliminate interest costs associated with pre-existing debt	5,438	10,421
Eliminate amortization of pre-existing intangibles	2,802	5,605
Less:		
Interest on new debt (a)	(16,307)	(33,133)
Amortization of debt issuance costs on new debt (a)	(918)	(1,834)
Amortization of customer list (b)	(5,563)	(11,126)
Amortization of software (b)	(225)	(450)
Net adjustment before income taxes	(14,773)	(30,517)
Income taxes at statutory rate	5,776	11,932
Net adjustment after income taxes	(8,997)	(18,585)
Pro forma net loss (c)	$ (5,126)	$ (12,245)
Ocwen Financial Corporation percentage interest in BMS Holdings, Inc.	46.0839%	46.0839%
Ocwen Financial Corporation equity in pro forma loss of BMS Holdings, Inc. (c)	$ (2,362)	$ (5,643)

(a) The new debt bears interest at variable rates over time. For purposes of this pro forma adjustment, the rate of 9.51%, which represents the blended rate in effect as of the date of acquisition, was utilized. Interest expense also includes the amortization of debt issuance costs associated with the new debt, using the effective interest rate method. All scheduled principal repayments were considered in determining the pro forma adjustments.

(b) Reflects amortization on a straight-line basis over the estimated useful lives.

(c) Effective August 1, 2006 and as an integral component of the acquisition transaction, the software services agreement with JPM Chase was amended to increase the rate inherent in the net fees earned by BMS. In August 2006, the first month in which the amended agreement was in effect, the rate earned by BMS increased by 50.47% and 64.22% from the rates earned during the six months ended June 20, 2006 and the year ended December 31, 2005, respectively, presented above. Had the August rate been in effect during the periods presented, the pro forma earnings of BMS would have been $1,498 for the six months ended June 30, 2006 and $2,738 for the year ended December 31, 2005. Correspondingly, Ocwen's equity in the pro forma earnings would have been $690 and $1,262 for the six months ended June 30, 2006 and the year ended December 31, 2005, respectively.