



Ocwen Announces Servicing Advance Recovery Policy Updates on Non-Agency RMBS Bonds

ATLANTA, July 14, 2011 -- Ocwen Loan Servicing, LLC ("Ocwen"), a subsidiary of Ocwen Financial Corporation (NYSE:OCN), today announced updates to its servicing advance recovery policies on future servicing acquisitions, including its impending acquisition of Litton Loan Servicing. The policy adjustments are intended to minimize cash shortfalls on current investment grade rated non-agency RMBS bonds following a servicing acquisition or transfer.

According to Ronald Faris, President and CEO, the changes are part of Ocwen's planned growth strategy through servicing acquisitions and subservicing engagements. Said Faris, "Acquisition opportunities are increasing as major financial institutions divest servicing operations. Ocwen's low operating and advance financing costs, coupled with access to capital, provide a competitive advantage to acquire available non-agency servicing. Our prior experience and proven processes make for operationally seamless servicing transfers of large portfolios, whether they involve acquisitions of entire platforms, mortgage servicing rights only or subservicing arrangements."

Faris went on to say that "Ocwen understands that servicing transfers can impact the timing of bond cash flows and potentially bond ratings if certain servicing practices utilized by the transferor servicer are different in practice or execution from those employed by Ocwen. For example, Ocwen is an industry-leader in executing loan modification. When we acquire a servicing portfolio, we often execute loan modifications at a higher rate than the prior servicer, which generally results in a temporary step up in servicer advance recoveries. In certain circumstances, this can cause cash shortfalls to investment grade bonds or swap counterparties. While our advance recoveries on modifications are consistent with industry practice, we are voluntarily adjusting our advance recovery practices on future servicing transfers to minimize the risk of these types of cash shortfalls and possible ratings downgrades. These adjustments are designed to avoid disruption of cash flows on highly rated bonds without prejudice to lower tranches."

The policy adjustments will work as follows:

- Ocwen will model each RMBS deal transferred and derive, prior to each remittance date, the amount of cash needed to maintain sufficient cash flow on highly rated bonds as well as any required swap payments.
- To the extent the model shows standard advance recovery procedures would contribute to a cash shortfall to highly rated bonds or swap counterparties, Ocwen will eliminate the shortfall, to the extent possible, by deferring recovery of certain advances in that remittance cycle.
 - Ocwen will first defer the recovery of any principal and interest amounts over-advanced by the previous servicer.
 - Ocwen will next defer recovery of principal and interest advances on completed loan modifications, and
 - Ocwen will maintain or increase these voluntary deferrals in subsequent months as may be necessary in order to achieve the targeted remittance amounts until cash flows are sufficient to allow reimbursement.
- Deals with multiple servicers may require coordination with trustees to determine upfront estimated payment amounts.

Ocwen Chairman Bill Erbey said, "Even though these adjustments are not legally required and will temporarily increase our cost of advance financing, we view them as part of the investment needed to successfully execute on our planned strategy. This updated policy combined with our ongoing success in rehabilitating a greater number of delinquent borrowers through loan modifications should generate more cash and lower overall pool losses thus benefiting all bondholders."

Ocwen estimates that its advance recovery changes, when implemented upon the Litton transfer, will defer up to \$25 million in servicing advance recoveries for a period of approximately four to six months. These changes are not expected to have a material negative effect on Ocwen's advance recovery timelines, liquidity position or financial results.

Ocwen Financial Corporation is a leading provider of residential and commercial loan servicing, special servicing and asset management services. Ocwen is headquartered in Atlanta, Georgia with offices in West Palm Beach and Orlando, Florida and

Washington, DC and support operations in India and Uruguay. Utilizing our global infrastructure, proprietary technology, world-class training and processes, we provide solutions that make our clients' loans worth more. Additional information is available at www.ocwen.com.

This press release contains forward-looking 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. The forward-looking statements speak only as of the date they are made and should not be relied upon. Ocwen undertakes no obligation to update or revise the forward-looking statements. Nothing in this press release is intended to or shall be construed as a recommendation to buy, hold or sell any security. Ocwen reserves the right to modify, amend and/or rescind any statement contained in this press release at any time without notice.

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