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

FORM 10-K

(Mark one)

T ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from: _____ to _____

Commission File No. 1-13219

OCWEN FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Florida	**65-0039856**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2002 Summit Boulevard, 6th Floor Atlanta, Georgia	30319
(Address of principal executive office)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $.01 par value	**New York Stock Exchange (NYSE)**
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12 (g) of the Act: Not applicable.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes T No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No T

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes T No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes T No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated filer	T		Accelerated filer	o
Non-accelerated filer	o	(Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes o No T

Aggregate market value of the common stock of the registrant held by nonaffiliates as of June 28, 2013: $4,655,665,365

Number of shares of common stock outstanding as of February 24, 2014: 135,176,271 shares

DOCUMENTS INCORPORATED BY REFERENCE: Portions of our definitive Proxy Statement with respect to our Annual Meeting of Shareholders to be held on May 14, 2014, are incorporated by reference into Part II, Item 5 and Part III, Items 10 - 14.

OCWEN FINANCIAL CORPORATION
2013 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Annual 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. All statements, other than statements of historical fact included in this report, including, without limitation, statements regarding our financial position, business strategy and other plans and objectives for our future operations, are forward-looking statements.

These statements include declarations regarding our management's beliefs and current expectations. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could", "intend," "consider," "expect," "plan," "anticipate," "believe," "estimate," "predict" or "continue" or the negative of such terms or other comparable terminology. Such statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially from expected results. Important factors that could cause actual results to differ include, but are not limited to, the risks discussed in "Risk Factors" and the following:

- uncertainty related to legislation, regulations, regulatory agency actions, government programs and policies, industry initiatives and evolving best servicing practices;
- uncertainty related to claims, litigation and investigations brought by government agencies and private parties regarding our servicing, foreclosure, modification and other practices;
- the characteristics of our servicing portfolio, including prepayment speeds along with delinquency and advance rates;
- our ability to grow and adapt our business, including the availability of new loan servicing and other accretive business opportunities;
- uncertainty related to acquisitions, including our ability to close acquisitions and to integrate the systems, procedures and personnel of acquired assets and businesses;
- our ability to contain and reduce our operating costs;
- our ability to successfully modify delinquent loans, manage foreclosures and sell foreclosed properties;
- our ability to effectively manage our regulatory and contractual compliance obligations;
- the adequacy of our financial resources, including our sources of liquidity and ability to fund and recover advances, repay borrowings and comply with debt covenants;
- the loss of the services of our senior managers;
- uncertainty related to general economic and market conditions, delinquency rates, home prices and disposition timelines on foreclosed properties;
- uncertainty related to the actions of loan owners, including mortgage-backed securities investors and government sponsored entities (GSEs), regarding loan put-backs, penalties and legal actions;
- uncertainty related to the processes for judicial and non-judicial foreclosure proceedings, including potential additional costs or delays or moratoria in the future or claims pertaining to past practices;
- our reserves, valuations, provisions and anticipated realization on assets;
- our ability to effectively manage our exposure to interest rate changes and foreign exchange fluctuations;
- our credit and servicer ratings and other actions from various rating agencies;
- our ability to maintain our technology systems and our ability to adapt such systems for future operating environments;
- failure of our internal security measures or breach of our privacy protections; and
- uncertainty related to the political or economic stability of foreign countries in which we have operations.

Further information on the risks specific to our business is detailed within this report and our other reports and filings with the Securities and Exchange Commission (SEC) including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Forward-looking statements speak only as of the date they were made and except for our ongoing obligations under the U.S. federal securities laws, we undertake no obligation to update or revise forward-looking statements whether as a result of new information, future events or otherwise.

For more information on the uncertainty of forward-looking statements, see "Risk Factors" in this Annual Report.

PART I

ITEM 1. BUSINESS

GENERAL

Ocwen Financial Corporation is a financial services holding company which, through its subsidiaries, is one of the largest mortgage companies in the United States. When we use the terms “Ocwen,” “OCN,” “we,” “us” and “our,” we are referring to Ocwen Financial Corporation and its consolidated subsidiaries. Ocwen is headquartered in Atlanta, Georgia with offices throughout the United States (U.S.) and in the United States Virgin Islands (USVI) with support operations in India, the Philippines and Uruguay. Ocwen Financial Corporation is a Florida corporation organized in February 1988. Ocwen is the fourth largest servicer of mortgage loans in the United States and with its predecessors has been servicing residential mortgage loans since 1988. We have been originating forward mortgage loans since 2012 and reverse mortgage loans since mid-2013. We are subject to licensing requirements in the jurisdictions in which we originate and service mortgage loans.

OVERVIEW

Ocwen is a leader in the servicing industry in foreclosure prevention and loss mitigation that helps families stay in their homes and improves financial outcomes for investors. Our success is driven by state-of-the-art default management processes. Our leadership in the industry is evidenced by our high cure rate for delinquent loans and above average rate of continuing performance by borrowers whose loans we have modified. Ocwen has completed over 450,000 loan modifications since January 2008. We believe we have strong, sustainable competitive advantages within the servicing business, both in terms of cost and performance. Based on a comparison of Mortgage Industry Advisory Corporation (MIAC) data to our marginal cost per non-performing loan, we believe our cost to service non-performing, non-Agency loans is substantially lower than the industry average. Our systems and platform provide the flexibility and scalability to support our growth. Our success in lowering delinquencies reduces our operating costs, as delinquent loans are more costly to service than non-delinquent loans, and improves our cash flow by lowering servicing advances and related financing costs.

We believe that we have competitive advantages and achieve our results through the use of proprietary technology and processes. Our servicing platform runs on an information technology system that we license under long-term agreements with Altisource Portfolio Solutions S.A. (Altisource). We believe this system is highly robust and capable of managing more data than the systems used by most other mortgage servicers. The system utilizes non-linear loss mitigation models that we believe optimize delinquent borrower resolutions. Altisource leverages software developers, modelers and psychology professionals who focus on borrower behavior and improvement of resolution models to continuously improve system performance and outcomes.

We strive to utilize new technology that incorporates consumer psychology to reduce our cost of servicing, improve customer service and enhance our ability to manage delinquencies. Moreover, we believe that our processes and technology improve our ability to cost-effectively address evolving servicing practices and regulatory requirements. For example, Ocwen addressed the requirements for single-point-of-contact through a unique appointment model approach that would have been difficult to develop without the technology and processes incorporated within our platform.

In addition to continuing investments in our servicing business, we have also invested in adjacent markets, including forward and reverse mortgage lending. Ocwen provides forward and reverse mortgages directly, through call-center-based operations, and indirectly, through brokers, correspondents and relationships with lending partners. Mortgage lending is a natural extension of our servicing business, as a substantial portion of our lending business comes from refinancing loans from our servicing portfolio. Liberty Home Equity Solutions, Inc. (Liberty) is the leading reverse mortgage originator based on industry data for November 2013. Based on Consumer Financial Protection Bureau (CFPB) data, we estimate the total potential size of the reverse mortgage market at $1.9 trillion, of which only about 3% has been penetrated to date. We believe the reverse mortgage business is a substantially under-developed market relative to its potential, and that it provides a potential source of long-term growth for Ocwen. Ocwen will continue to evaluate new adjacent market opportunities that are consistent with our growth strategies and to which we believe our competitive advantages in process management and financial services are transferable.

Finally, Ocwen has implemented an “asset-light” strategy that we believe will improve returns to our shareholders. The most important example of this strategy has been the sale of rights to receive servicing fees, excluding ancillary income, with respect to certain mortgage servicing rights (Rights to MSRs), together with the related servicing advances, to a third party, Home Loan Servicing Solutions, Ltd. (HLSS), while retaining the rights to subservice the portfolio. Similarly, we developed a means to mitigate the prepayment risks associated with conventional and government insured mortgage servicing rights (MSRs) by financing a portion of the servicing fees. On February 26, 2014, we issued $123.6 million of Ocwen Asset Servicing Income Series (OASIS), Series 2014-1 Notes (Notes) secured by Ocwen-owned MSRs relating to mortgages with an unpaid principal balance (UPB) of approximately $11.8 billion (such mortgages, the reference pool). Noteholders are entitled to

receive a monthly payment amount equal to the sum of: a) the designated servicing fee amount (21 basis points of the UPB of the reference pool); b) any termination payment amounts; c) any excess refinance amounts; and d) the note redemption amounts, each as defined in the indenture supplement for the Notes. The Notes have a final stated maturity of February 2028. This transaction is recorded as a financing and mitigates our match-funding risk as a result of prepayments as the noteholders' payments vary over the life of the Notes based on the duration of the underlying MSRs.

CORPORATE STRATEGY

Long-term success for Ocwen is driven by several factors, including:

- access to new business opportunities;
- low operating costs;
- strong customer service and quality processes;
- superior default management and loss mitigation;
- a scalable and compliant servicing platform; and
- diverse, cost-effective sources of capital.

Access to New Business

Servicing portfolio and platform acquisitions

Our residential servicing portfolio has grown from 351,595 residential loans with an aggregate UPB of $50.0 billion at December 31, 2009, to 2,861,918 residential loans with an aggregate UPB of $464.7 billion at December 31, 2013. Through acquisitions, we have substantially increased the share of our servicing portfolio that is made up of conventional (loans conforming to the underwriting standards of the government sponsored entities, the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the GSEs and Agency), government insured (loans insured by the Federal Housing Authority (FHA) of the Department of Housing and Urban Development (HUD) or Department of Veterans Affairs (VA) (collectively, government insured)) and prime non-Agency loans (loans generally conforming to the underwriting standards of the GSEs whose UPB exceeds the GSE loan limits, commonly referred to as jumbo loans). At December 31, 2013, these loans comprise 56.8% of the UPB of our servicing portfolio, up from 24.4% at December 31, 2012.

Significant servicing asset and platform acquisitions during the five-years ended December 31, 2013 are as follows:

Counterparty	Acquisition Type	Date	Loan Count	MSR UPB (in billions)
Saxon (1)	Asset	May 2010	38,000	$ 6.9
HomeEq (2)	Platform	September 2010	134,000	22.4
Litton (3)	Platform	September 2011	245,000	38.6
Saxon (1)	Asset	April 2012	132,000	22.2
JPMorgan (4)	Asset	April 2012	41,200	8.1
Bank of America (5)	Asset	June 2012	51,000	10.1
Homeward (6)	Platform	December 2012	421,000	77.0
ResCap (7)	Platform	February 2013	1,740,000	183.1
Ally (8)	Asset	April - August 2013	466,900	87.5
OneWest (9)	Asset	August 2013 - March 2014	299,000	69.0
Greenpoint (10)	Asset	December 2013	31,400	6.3

(1) Consists of conventional and non-Agency (includes forward mortgage loans originated as Alt-A and subprime) MSRs acquired from Saxon Mortgage Services, Inc. (Saxon).
(2) Represents the U.S. non-Agency mortgage servicing business (HomeEq) acquired from Barclays Bank PLC.
(3) Represents the acquisition of the outstanding partnership interests of Litton Loan Servicing LP (Litton), a servicer and subservicer of primarily non-Agency mortgage loans, from The Goldman Sachs Group, Inc.
(4) Consists of non-Agency MSRs acquired from JP Morgan Chase Bank, N.A. (JPMorgan).
(5) Consists of conventional MSRs acquired from Bank of America, N.A. (Bank of America).
(6) On December 27, 2012, completed the merger of O&H Acquisition Corp. (O&H), a wholly-owned subsidiary of Ocwen, and Homeward Residential Holdings, Inc. (Homeward), a servicer and subservicer of conventional, government insured and non-Agency mortgage loans and conventional and government insured loan originator, substantially all of the stock of which was owned by certain private equity funds that were managed by WL Ross & Co. LLC.

(7) Represents the acquisition of the U.S. mortgage servicing business (ResCap) of Residential Capital, LLC, a servicer, subservicer and master servicer of conventional, government insured and non-Agency mortgage loans, pursuant to a plan under Chapter 11 of Title 11 of the U.S. Bankruptcy Code. Residential Capital, LLC is a wholly-owned subsidiary of Ally Financial Inc.

(8) Consists of conventional MSRs acquired from Ally Bank (Ally), a wholly-owned subsidiary of Ally Financial Inc. Ocwen assumed the subservicing agreement between ResCap and Ally at the time of the ResCap acquisition. Upon completion of the Ally acquisition, the subservicing contract was terminated.

(9) Consists of conventional and non-Agency MSRs acquired from OneWest Bank, FSB (OneWest). The transaction is closing in tranches with the first closing in August 2013 and the last closing scheduled to take place in the first quarter 2014.

(10) Consists of primarily non-Agency MSRs from Greenpoint Mortgage Funding, Inc. (Greenpoint), a subsidiary of Capital One Bank, N.A.

We expect servicing assets and platforms to continue to come to market as banks sell or subservice non-core servicing assets. In addition, banks have legacy mortgage loan portfolios that they may look to sell or subservice. Small specialty servicers may also view a sale and exit as their highest return alternative, especially given the increasingly high fixed costs associated with complying with state and federal servicing rules and regulations. We believe servicing and subservicing opportunities with an aggregate UPB in the range of $1.0 trillion could come to market in the next 3 years.

Subservicing opportunities

We also expect to continue to pursue subservicing transactions. We have increased our subservicing portfolio significantly, through our business development activities and through platform and asset acquisitions. Our subservicing portfolio at December 31, 2013 was comprised of approximately 450,000 loans with a UPB of approximately $67.0 billion, an increase of approximately 185% as compared to subserviced UPB at December 31, 2011. Subservicing opportunities enable us to generate fee revenue at attractive incremental margins without incurring the capital outlay to purchase servicing rights or the cash flow and financing obligations to fund servicing advances as the servicer typically reimburses the subservicer for these advances.

Expansion into adjacent markets

Through the Homeward and Liberty acquisitions, we have significantly expanded our forward and reverse mortgage origination activities, including our direct lending recapture capabilities, providing a source of new MSRs to replenish our servicing portfolio and offset the impact of amortization and prepayments. We originated or purchased forward and reverse mortgage loans with a UPB of $6.7 billion and $965.2 million, respectively, in 2013. These platforms provide us the opportunity to expand into new markets and offer new products, for example prime loans that exceed the GSE limits (jumbo loans), as market and investor demand develops. We do not currently expect to originate loans not considered qualified mortgages by the CFPB.

Low Cost Structure

We believe we have a strong, sustainable cost advantage with respect to competing mortgage servicers. For example, based on a comparison of Mortgage Industry Advisory Corporation (MIAC) cost per non-performing loan as of the second quarter of 2013 to Ocwen's marginal cost study for the same period, our cost of servicing non-performing, non-Agency loans on the REALServicing® platform is approximately 70% lower than industry averages. Our analysis of the businesses that we have acquired and our discussions with other market participants have also confirmed our belief that we are an industry leader in terms of our cost to service non-performing loans. We believe that our substantial cost advantages are primarily a result of proprietary technology and processes as well as through scale and global sourcing strategies.

Customer Service and Process Management

The technology we lease from Altisource integrates behavioral and psychological principles into the borrower communication process, which enhances our ability to provide solutions to borrowers. These tools are continuously improved via feedback loops from controlled testing and monitoring of alternative solutions.

By using these capabilities to tailor "what we say" and "how we say it" to each individual borrower, we create a "market of one" that is focused on the unique needs of each borrower. As a result, we are able to increase borrower acceptance rates of loan modifications and other resolution alternatives while at the same time lowering re-default rates.

We also continue to develop new programs, such as our innovative "Shared Appreciation Modification" (SAM) which incorporates principal reductions and lower payments for borrowers while providing a net present value for mortgage loan investors that is superior to that of foreclosure, including the ability to recoup principal reductions if property values increase over time. This program was developed in 2012, and was expanded to all eligible states in 2013.

The quality of Ocwen's servicing of high-risk loans is confirmed by internal benchmarking versus the industry and by numerous third-party studies, including, for example:

- Moody's Investor Services (January 2013) - Ocwen cured more loans than other subprime servicers and generated more cash-flow comparing the percentage of loans in static pools that started more than 90 days past due or in foreclosure and a year later became current, paid-off in full or were 60 days or less past due. Loans in bankruptcy at the beginning or end of the period were excluded from the Moody's analysis. The same study also showed that Ocwen moved subprime loans through foreclosure faster than did other subprime servicers.
- BlackBox Logic (September 2013) - Ocwen's modifications outstanding as a percentage of the portfolio of subprime securities was 59.2%, the highest across the other large subprime servicers. Ocwen's re-default rate (more than 60+ days delinquent) outstanding was 26.6%, the lowest across the other large subprime servicers.
- Moody's Investor Services (October 2013) - Ocwen's performance ranked best among the servicers for the performance on over 1.1 million loans which were 60+ days delinquent or in foreclosure at the height of the mortgage crisis in December 2008.

Superior Default Management

We have been consistently successful in reducing delinquencies on acquired business even though these acquired portfolios were previously managed by servicers that were, in many cases, considered among the best servicers in the business.

The following table includes the decline in delinquencies (mortgage loans 90 days or more past due) for non-prime servicing portfolios acquired on or before June 30, 2013, as of December 31, 2013:

		Delinquencies (% of UPB)	
Acquisition	**Acquisition Date**	**Upon Boarding to Ocwen's System**	**December 31, 2013**
HomeEq	September 2010	28.0%	20.3%
Litton	September 2011	35.0	25.8
Saxon	April 2012	28.7	23.5
Homeward	December 2012	21.7	17.0
ResCap	February 2013	11.4	9.4

While increasing borrower participation in modification programs is a critical component of our ability to reduce delinquencies, equally important is the persistency of those modifications to remain current. As of September 2013, only 26.9% of Ocwen modifications are 60 or more days delinquent as compared to non-Ocwen servicer re-default rates of 33.8%, according to data from BlackBox Logic LLC. According to the same data, Ocwen has modified a larger percentage of its portfolio, 58.8% versus 48.4% for the non-Ocwen large subprime servicers. The data also confirm our success in generating greater cash flow to investors showing that 76.3% of Ocwen's subprime borrowers have made 10 or more payments in the 12 months ending September 2013 as compared to only 65.4% for other large subprime servicers.

Scalable and Compliant Servicing Platform

We believe that we have the most scalable servicing platform in the industry primarily as a result of our access to superior technology. The significant growth in our servicing portfolio over the past three years demonstrates our ability to scale up our platform. On average, we complete all contractual conditions to initial closing in connection with portfolio acquisitions and transfer onto our platform in 60 to 90 days. Boarding timelines have ranged from 11 days to 150 days. It typically takes longer to fully complete transfers of loans from acquired platforms onto Ocwen's platform. Asset only acquisitions are typically boarded more quickly from signing an agreement to initial boarding. All loans were transferred off of the Homeward platform by April 2013, and we expect to complete the transfer of loans off of the ResCap platform by June 2014. The length of our integration timelines is driven by our obligations to our customers, investors and regulators.

We also believe that our platform enables us to operate in a compliant manner in an increasingly complex and highly regulated environment. While we have and will continue to incur significant operating costs on compliance matters, if we are able to comply with all applicable regulatory requirements in a manner that is more effective and efficient than other operators, we will have a competitive advantage over these other operators.

Diverse, Cost-Effective Sources of Capital

A significant portion of our growth since 2009 has been financed through term loans and assets sales under an increasingly efficient capital strategy which seeks to minimize the cost of capital and reduce the need for new equity issuance to fund growth. Improving debt markets have allowed us to lower funding costs for both corporate debt and servicing advance

financing. We will continue to look for opportunities to improve our capital structure from both a strength and cost perspective. Key examples of our past ability to create and capture value include the asset sales and capital efficiency strategies discussed below.

Asset Sales

In 2012, we implemented a strategic initiative through our relationship with HLSS that has substantially reduced the amount of capital that we require. HLSS acquires and holds Rights to MSRs and related servicing advances, and assumes the obligation to fund new servicing advances in respect to the Rights to MSRs.

Including our initial transaction on March 5, 2012, we have completed sales of Rights to MSRs and related servicing advances for serviced loans with a UPB of $202.3 billion to HLSS. HLSS may assume the related match funded liabilities, or we may use the proceeds from the sale to repay the related match funded liabilities. Concurrent with the sales to HLSS, Ocwen Loan Servicing, LLC (OLS) entered into a subservicing agreement, as amended, with HLSS under which we will subservice the MSRs if legal ownership of the MSRs transfers to HLSS under the same economic terms as before any such transfer. Together, these transactions are referred to as the HLSS Transactions. This strategy has enabled us to finance our substantial growth since early 2012 without the need to raise new equity beyond the $162.0 million of preferred stock issued to the sellers in connection with the Homeward acquisition as part of the transaction.

In the future, HLSS may acquire additional MSRs, Rights to MSRs or similar assets from Ocwen and enter into related subservicing arrangements with Ocwen. HLSS may also acquire MSRs from third parties. If HLSS chooses to engage Ocwen as a subservicer on these third party acquisitions, the effect could be to increase the size of our subservicing portfolio with little or no capital requirement on the part of Ocwen.

Capital Efficiency Strategies

As part of an initiative to reorganize the ownership and management of our global servicing assets and operations under a single entity and cost-effectively expand our U.S.-based origination and servicing activities, Ocwen formed Ocwen Mortgage Servicing, Inc. (OMS) in 2012 under the laws of the USVI where OMS has its principal place of business. OMS is located in a federally recognized economic development zone and effective October 1, 2012 became eligible for certain benefits which have a favorable impact on our effective tax rate.

Our priorities for deployment of excess cash are: (1) supporting the growth of our core servicing and lending businesses, (2) expanding into similar or complimentary businesses that meet our return on capital requirements, and (3) repurchasing shares of our common stock.

On October 31, 2013, we announced that our board of directors had authorized a share repurchase program for an aggregate of up to $500.0 million of our issued and outstanding shares of common stock. The purpose of this plan is to provide a tax efficient way to return cash to shareholders when it is deemed the shares are attractively priced. Repurchases may be made in open market transactions at prevailing market prices or in privately negotiated transactions. Unless we amend the share repurchase program or repurchase the full $500.0 million amount by an earlier date, the share repurchase program will continue through July 2016. We may use SEC Rule 10b5-1 plans in connection with our share repurchase program. On February 27, 2014, we announced a general goal of buying at least the prior quarter’s earnings in the three months following our earnings announcements. We may buy more or less in any given period and our intentions may change. During the fourth quarter of 2013, we repurchased 1,125,707 shares of common stock in the open market under this program for a total purchase price of $60.0 million.

BUSINESS LINES

Servicing and Lending are our primary lines of business.

Our Servicing business is primarily comprised of our core residential mortgage servicing business and currently accounts for the majority of our total revenues. Our servicing clients include some of the largest financial institutions in the U.S., including Fannie Mae and Freddie Mac and the Government National Mortgage Association (Ginnie Mae). We are a leader in the servicing industry in foreclosure prevention and loss mitigation that helps families stay in their homes and improves financial outcomes for investors.

Servicing involves the collection and remittance of principal and interest payments received from borrowers, the administration of mortgage escrow accounts, the collection of insurance claims, the management of loans that are delinquent or in foreclosure or bankruptcy, including making servicing advances, evaluating loans for modification and other loss mitigation activities and, if necessary, foreclosure referrals and the sale of the underlying mortgaged property following foreclosure (real estate owned or REO) on behalf of investors or other servicers. Master servicing involves the collection of payments from servicers and the distribution of funds to investors in mortgage and asset-backed securities and whole loan packages. We earn

contractual monthly servicing fees pursuant to servicing agreements (which are typically payable as a percentage of UPB) as well as other ancillary fees in connection with owned MSRs.

We also earn fees under both subservicing and special servicing arrangements with banks and other institutions that own the MSRs. The owners of MSRs may choose to hire Ocwen as a subservicer or special servicer instead of servicing the MSRs themselves for a variety of reasons, including not having a servicing platform or not having the necessary capacity or expertise to service some or all of their MSRs. In a subservicing context, Ocwen may be engaged to perform all of the servicing functions previously described or it could be a limited engagement (e.g., sub-servicing only non-defaulted mortgage loans). Ocwen is also engaged as a special servicer. These engagements typically involve portfolios of defaulted mortgage loans, which require more work than performing mortgage loans and involve working out modifications with borrowers or taking properties through the foreclosure process. We typically earn subservicing and special servicing fees either as a percentage of UPB or on a per loan basis.

In our Lending business, we originate and purchase conventional and government insured forward mortgage loans through the direct, wholesale and correspondent lending channels of our Homeward operations. We also originate and purchase Home Equity Conversion Mortgages (HECM or reverse mortgage loans) insured by FHA through our Liberty operations. We leverage our direct forward mortgage lending channel to pursue refinancing opportunities from our servicing portfolio, where permitted. After origination, we package and sell the loans in the secondary mortgage market, through GSE and Ginnie Mae guaranteed securitizations and whole loan transactions. We typically retain the associated MSRs.

The results of operations for each of our reportable operating segments are contained in the individual business operations sections of Management's Discussion and Analysis of Financial Condition and Results of Operations. Financial information related to reportable operating segments is provided in Note 25 - Business Segment Reporting to the Consolidated Financial Statements.

COMPETITION

The financial services markets in which we operate are highly competitive. We compete with large and small financial services companies, including banks and non-bank entities, in the servicing and lending markets. Large banks are generally the biggest players, and their financial and other resources are far greater than are ours.

The majority of loan servicing in the United States is performed by banks such as Wells Fargo, JPMorgan Chase, Bank of America and Citibank, which together service approximately 55% of all outstanding mortgage loans on one to four-family residences as of September 30, 2013. We have, however, observed a substantial shift in the past three years as large banks have reduced their share of servicing while non-bank servicers, such as Ocwen, have increased their market share. We have observed that a number of large banks are shifting their focus to core customers - typically prime loan borrowers that use other services of the bank - and divesting themselves of servicing for non-prime, or credit impaired, borrowers. Ocwen has benefited from divestitures by large banks, particularly as we specialize in servicing non-prime portfolios that are often the most expensive portfolios for these large banks to service. We also believe that the relative strength of our balance sheet as compared to other non-bank servicers is a source of competitive strength.

In the servicing industry, we compete on the basis of price, quality and counterparty risk. We face fee competition for subservicing transactions as well as MSR price competition in acquiring servicing portfolios and platforms. Potential sources of business also examine the quality of our servicing, including our systems and processes, for demonstrating regulatory compliance. Some of our competitors, including the larger financial institutions, have substantially lower costs of capital. We believe that our competitive strengths flow from our ability to control and drive down delinquencies through the use of proprietary technology and processes and our lower cost to service.

In the lending industry, we face significant competition in most areas, including product offerings, rates, pricing and fees, and customer service. Some of our competitors, including the larger financial institutions, have substantially lower costs of capital. We believe our competitive strengths flow from our customer service (e.g., time to close) and our customer relationships, especially our close work with the Lenders One network.

THIRD-PARTY SERVICER RATINGS

HUD, Freddie Mac, Fannie Mae and Ginnie Mae have approved OLS as a loan servicer. We are also the subject of mortgage servicer ratings issued and revised from time to time by credit rating agencies including Moody's Investors Services, Inc. (Moody's), Morningstar, Inc. (Morningstar), Standard & Poor's Rating Services (S&P) and Fitch Ratings (Fitch).

The following table summarizes our current ratings and outlook by the respective nationally recognized rating agencies.

Rating Agency	Residential Prime Servicer	Residential Subprime Servicer	Residential Special Servicer	Master Servicing	Date of last action
Moody's	na	SQ2	SQ2	na	March 2012
Morningstar	na	MOR RS1 (1)	MOR RS1	na	October 2012
S&P	na	Above Average	Above Average	Average	November 2012 (RMBS Master Servicer July 2013)
Fitch	RPS3	RPS3	RSS3	RMS3	October 2013

(1) Non-prime rating.

See "Risk Factors - Risks Relating to Our Business" for a discussion of the adverse effects that a downgrade in our servicer ratings could have on our business, financing activities, financial condition or results of operations.

ALTISOURCE SPIN-OFF

In 2009, we completed the distribution of our Ocwen Solutions (OS) line of business (the Separation) via the spin-off of a separate publicly traded company, Altisource. OS consisted primarily of Ocwen's former unsecured collections business, residential fee-based loan processing businesses and technology platforms. Altisource provides important technology products and other services to us that support our servicing and origination businesses. In addition, Ocwen and Altisource continue to provide corporate services to each other under agreements entered into following the Separation. In 2013, we completed the sale of the diversified fee-based businesses acquired in the Homeward and ResCap acquisitions to Altisource.

REGULATION

Our business is subject to extensive regulation by federal, state and local governmental authorities, including the CFPB), the Federal Trade Commission (FTC), the SEC and various state agencies that license, audit and conduct examinations of our mortgage servicing, origination and collection activities. From time to time, we also receive requests from federal, state and local agencies for records, documents and information relating to our policies, procedures and practices regarding our mortgage servicing, origination and collection activities. In addition, the GSEs and their regulator, the Federal Housing Finance Authority (FHFA), Ginnie Mae, various investors, non-Agency securitization trustees and others also subject us to periodic reviews and audits.

As a result of the current regulatory environment, we have faced and expect to continue to face increased regulatory and public scrutiny as well as stricter and more comprehensive regulation of our business. We continue to work diligently to assess and understand the implications of the regulatory environment in which we operate and the regulatory changes we are facing. We devote substantial resources to regulatory compliance, while, at the same time, striving to meet the needs and expectations of our customers and clients.

We must comply with a number of federal, state and local consumer protection laws including, among others, the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the Real Estate Settlement Procedures Act (RESPA), the Truth in Lending Act (TILA), the Fair Credit Reporting Act, the Servicemembers Civil Relief Act, the Homeowners Protection Act, the Federal Trade Commission Act and, more recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and state foreclosure laws. These statutes apply to loan origination, debt collection, use of credit reports, safeguarding of non-public, personally identifiable information about our customers, foreclosure and claims handling, investment of and interest payments on escrow balances and escrow payment features, and mandate certain disclosures and notices to borrowers. These requirements can and do change as statutes and regulations are enacted, promulgated or amended.

Our failure to comply with applicable federal, state and local consumer protection laws could lead to:

- civil and criminal liability;
- loss of our licenses and approvals to engage in the servicing of residential mortgage loans;
- damage to our reputation in the industry;
- inability to raise capital;
- administrative fines and penalties and litigation, including class action lawsuits;
- governmental investigations and enforcement actions; and
- inability to execute on our business strategy, including our growth plans.

The recent trend among federal, state and local lawmakers and regulators has been toward increasing laws, regulations and investigative proceedings with regard to residential real estate lenders and servicers. Over the past few years, state and federal

lawmakers and regulators have adopted a variety of new or expanded laws and regulations, including the Dodd-Frank Act discussed below. These regulatory and legislative measures, or changes in enforcement practices, could, either individually, in combination or in the aggregate, require that we further change our business practices, impose additional costs on us, limit our product offerings, limit our ability to efficiently pursue business opportunities, negatively impact asset values and reduce our revenues. Accordingly, they could materially and adversely affect our business and our financial condition, liquidity and results of operations. For additional information, see Item 1A, Risk Factors, below.

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act constitutes a sweeping reform of the regulation and supervision of financial institutions, as well as the regulation of derivatives, capital market activities and consumer financial services. Many provisions of the Dodd-Frank Act must be implemented through rule making by the appropriate federal regulatory agency and will take effect over several years. The ultimate impact of the Dodd-Frank Act and its effects on our business will, therefore, not be fully known for an extended period of time.

The Dodd-Frank Act is extensive and significant legislation that, among other things:

- creates an inter-agency body that is responsible for monitoring the activities of the financial system and recommending a framework for substantially increased regulation of large interconnected financial services firms;
- creates a liquidation framework for the resolution of certain bank holding companies and other large and interconnected nonbank financial companies;
- strengthens the regulatory oversight of securities and capital markets activities by the SEC; and
- creates the CFPB, a new federal entity responsible for regulating consumer financial services.

The CFPB directly affects the regulation of residential mortgage servicing and lending in a number of ways. First, the CFPB has rule making authority with respect to many of the federal consumer protection laws applicable to mortgage servicers and lenders, including TILA and RESPA, as reflected in the new rules for servicing and origination that went into effect on January 10, 2014. Second, the CFPB has supervision, examination and enforcement authority over consumer financial products and services offered by certain non-depository institutions and large insured depository institutions. The CFPB's jurisdiction includes those persons originating, brokering or servicing residential mortgage loans and those persons performing loan modification or foreclosure relief services in connection with such loans. Accordingly, we are subject to supervision, examination and enforcement by the CFPB.

On January 17, 2013, the CFPB issued a set of new rules under the Dodd-Frank Act that will require mortgage servicers to (i) warn borrowers before any interest rate adjustments on their mortgages and provide alternatives for borrowers to consider, (ii) provide monthly mortgage statements that explicitly breakdown principal, interest, fees, escrow and due dates, (iii) provide options for avoiding lender-placed (or "forced-placed") insurance, (iv) provide early outreach to borrowers in danger of default regarding options to avoid foreclosure, (v) provide that payments be credited to borrower accounts the day they are received, (vi) require that borrower account records be kept current, (vii) provide borrowers with increased accessibility to servicing staff and records and (viii) investigate errors within 30 days and improve staff accessibility to consumers, among other things. The new rules took effect on January 10, 2014 and could cause us to modify servicing processes and procedures and to incur additional costs in connection therewith.

Title XIV of the Dodd-Frank Act contains the Mortgage Reform and Anti-Predatory Lending Act (Mortgage Act). The Mortgage Act imposes a number of additional requirements on servicers of residential mortgage loans, such as OLS, by amending certain existing provisions and adding new sections to TILA and RESPA. The penalties for noncompliance with TILA and RESPA are also significantly increased by the Mortgage Act and could lead to an increase in lawsuits against mortgage servicers.

The Mortgage Act prevents servicers of residential mortgage loans from taking certain actions, including the following:

- force-placing insurance, unless there is a reasonable belief that the borrower has failed to comply with a contractual requirement to maintain insurance;
- charging a fee for responding to a valid qualified written request;
- failing to take timely action to respond to the borrower's request to correct errors related to payment, payoff amounts, or avoiding foreclosure;
- failing to respond within 10 business days of a request from the borrower to provide contact information about the owner or assignee of their loan; and
- failing to return an escrow balance or provide a credit within 20 business days of a residential mortgage loan being paid off by the borrower.

In addition to these restrictions, the Mortgage Act imposes certain new requirements and/or shortens the existing response time for servicers of residential mortgage loans. These new requirements include the following:

- acknowledging receipt of a qualified written request under RESPA within 5 business days and providing a final response within 30 business days;

- promptly crediting mortgage payments received from the borrower on the date of receipt except where payment does not conform to previously established requirements; and
- sending an accurate payoff statement within a reasonable period of time but in no case more than 7 business days after receipt of a written request from the borrower.

We expect to continue to incur substantial ongoing operational and system costs in order to comply with these new laws and regulations. Furthermore, there may be additional federal or state laws enacted that place additional obligations on servicers and originators of residential mortgage loans.

Our Homeward, OLS and Liberty subsidiaries are licensed to originate and/or service forward and reverse mortgage loans in the jurisdictions in which they operate. The licensed entities are subject to minimum net worth requirements in connection with these licenses. These minimum net worth requirements are unique to each state and type of license. Failure to meet these minimum capital requirements can result in the initiation of certain mandatory actions by federal, state, and foreign agencies that could have a material effect on our results of operations and financial condition. The most restrictive of these requirements is based on the outstanding UPB of our owned and subserviced portfolio and was $862.8 million at December 31, 2013. Our licensed subsidiaries were in compliance with all of their capital requirements at December 31, 2013.

Homeward, OLS and Liberty are also parties to seller/servicer agreements with one or more of the GSEs, FHA, VA and Ginnie Mae. These seller/servicer agreements contain financial covenants that include capital requirements related to tangible net worth, as defined in each agreement, as well as extensive requirements regarding servicing, selling and other matters. To the extent that these requirements are not met, the counterparty may, at its option, utilize a variety of remedies ranging from sanctions or suspension to termination of the seller/servicer agreements, which would prohibit future originations or securitizations of forward or reverse mortgage loans or being an approved seller/servicer. We were in compliance with these net worth requirements at December 31, 2013.

There are a number of foreign laws and regulations that are applicable to our operations in India, Uruguay and the Philippines, including acts that govern licensing, employment, safety, taxes, corporate social responsibility obligations, insurance and the laws and regulations that govern the creation, continuation and the winding up of companies as well as the relationships between shareholders, our corporate entities, the public and the government in these countries. Non-compliance with the laws and regulations of India, Uruguay or the Philippines could result in (i) restrictions on our operations in these counties, (ii) fines, penalties or sanctions or (iii) reputational damage.

EMPLOYEES

We had approximately 10,100 and 7,600 employees at December 31, 2013 and 2012, respectively. We maintain operations in the U.S., USVI, India, the Philippines and Uruguay. At December 31, 2013, approximately 5,700 of our employees were located in India and approximately 400 in other foreign countries. Of our foreign-based employees, more than 80% are engaged in our Servicing operations.

SUBSIDIARIES

For a listing of our significant subsidiaries, refer to Exhibit 21 of this Annual Report on Form 10-K.

AVAILABLE INFORMATION

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are made available free of charge through our website (www.ocwen.com) as soon as such material is electronically filed with or furnished to the SEC. The public may read or copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers, including Ocwen, that file electronically with the SEC. The address of that site is www.sec.gov. We have also posted on our website, and have available in print upon request, the charters for our Audit Committee, Compensation Committee, Nomination/Governance Committee and Compliance Committee, our Corporate Governance Guidelines, our Code of Conduct and Ethics and our Code of Ethics for Senior Financial Officers. Within the time period required by the SEC and the New York Stock Exchange, we will post on our website any amendment to or waiver of the Code of Ethics for Senior Financial Officers, as well as any amendment to the Code of Conduct and Ethics or waiver thereto applicable to any executive officer or director. We may post information that is important to investors on our website. The information provided on our website is not part of this report and is, therefore, not incorporated herein by reference.

ITEM 1A. RISK FACTORS

An investment in our common stock involves significant risks that are inherent to our business. We describe below the principal risks and uncertainties that management believes affect or could affect us. The risks and uncertainties described below

are not the only ones facing us. You should carefully read and consider the risks and uncertainties described below together with all of the other information included or incorporated by reference in this report before you make any decision regarding an investment in our common stock. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of our common stock could significantly decline, and you could lose some or all of your investment.

Risks Relating to Government Regulation and Financial Regulatory Reforms

The business in which we engage is complex and heavily regulated. If we fail to operate our business in compliance with both existing and future regulations, our business, reputation, financial condition or results of operations could be materially and adversely affected.

Our business is subject to extensive regulation by federal, state and local governmental authorities, including the CFPB, the FTC, the SEC and various state agencies that license, audit and conduct examinations of our mortgage servicing, origination and collection activities. From time to time, we also receive requests from federal, state and local agencies for records, documents and information relating to our policies, procedures and practices regarding our mortgage servicing, origination and collection activities. In addition, the GSEs and their regulator, the FHFA, Ginnie Mae, various investors, non-Agency securitization trustees and others also subject us to periodic reviews and audits.

As a result of the current regulatory environment, we have faced and expect to continue to face increased regulatory and public scrutiny as well as stricter and more comprehensive regulation of our business. We must devote substantial resources to regulatory compliance, and we incur, and expect to continue to incur, significant ongoing costs to comply with new and existing laws and governmental regulation of our business. If we fail to effectively manage our regulatory and contractual compliance obligations, the resources we are required to devote and our compliance expenses would likely increase.

We must comply with a number of federal, state and local consumer protection laws including, among others, the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the RESPA, TILA, the Fair Credit Reporting Act, the Servicemembers Civil Relief Act, the Homeowners Protection Act, the Federal Trade Commission Act and, more recently, the Dodd-Frank Act and state foreclosure laws. These statutes apply to loan origination, debt collection, use of credit reports, safeguarding of non-public, personally identifiable information about our customers, foreclosure and claims handling, investment of and interest payments on escrow balances and escrow payment features, and mandate certain disclosures and notices to borrowers. These requirements can and do change as statutes and regulations are enacted, promulgated or amended.

Our failure to comply with applicable federal, state and local consumer protection laws could lead to:

- loss of our licenses and approvals to engage in our servicing and lending businesses
- damage to our reputation in the industry
- governmental investigations and enforcement actions
- administrative fines and penalties and litigation
- civil and criminal liability, including class action lawsuits
- inability to raise capital
- inability to execute on our business strategy, including our growth plans

Any of these outcomes could materially and adversely affect our business and our financial condition, liquidity and results of operations.

The recent trend among federal, state and local lawmakers and regulators has been toward increasing laws, regulations and investigative proceedings with regard to residential mortgage servicing and origination. Over the past few years, state and federal lawmakers and regulators have adopted a variety of new or expanded laws and regulations, including, specifically, the Dodd-Frank Act, which is discussed below. These regulatory and legislative measures, or changes in enforcement practices could, either individually, in combination or in the aggregate, require us to change further our business practices, impose additional costs on us, limit our product offerings, limit our ability to efficiently pursue business opportunities, negatively impact asset values and reduce our revenues. Accordingly, they could materially and adversely affect our business and our financial condition, liquidity and results of operations.

Governmental bodies may impose regulatory fines or penalties or impose additional requirements or restrictions on our activities which could increase our operating expenses, reduce our revenues or otherwise adversely affect our business, financial condition, results of operations, ability to grow and reputation.

We are subject to a number of pending federal and state regulatory investigations, examinations, inquiries and requests for information which could result in adverse regulatory action against us. For example, on January 18, 2012, OLS received a subpoena from the New York Department of Financial Services (NY DFS) requesting documents regarding OLS' policies, procedures and practices regarding lender-placed or "force-placed" insurance which is required to be provided for borrowers who allow their hazard insurance policies to lapse. Separately, on December 5, 2012, we entered into a Consent Order with the

NY DFS in which we agreed to the appointment of a Monitor to oversee our compliance with an Agreement on Servicing Practices. The Monitor began its work in 2013, and we continue to cooperate with the Monitor. We devote substantial resources to regulatory compliance, and we incur, and expect to continue to incur, significant ongoing costs with respect to compliance in connection with the Agreement on Servicing Practices and the work of the Monitor. In early February 2014, the NY DFS requested that OLS put an indefinite hold on an acquisition from Wells Fargo Bank, N.A. (Wells Fargo) of MSRs and related servicing advances relating to a portfolio of approximately 184,000 loans with a UPB of approximately $39.0 billion. The NY DFS expressed an interest in evaluating further our ability to handle more servicing. We have agreed to place the transaction on indefinite hold. We are cooperating with the NY DFS on this matter.

In addition, on December 19, 2013, we reached an agreement, which was subject to court approval, involving the CFPB and various state attorneys general and other state agencies that regulate the mortgage servicing industry (Regulators). On February 26, 2014, the United States District Court for the District of Columbia entered a consent judgment approving the agreement. The agreement has four key elements:

- A commitment by Ocwen to service loans in accordance with specified servicing guidelines and to be subject to oversight by an independent national monitor for three years. Ocwen is presently subject to substantially the same guidelines and oversight with respect to the portion of its servicing portfolio acquired from ResCap in early 2013.
- A payment of $127.3 million, which includes a fixed amount for administrative expenses, to a consumer relief fund to be disbursed by an independent administrator to eligible borrowers. Pursuant to indemnification and loss sharing provisions of applicable acquisition documents, approximately half of this consumer relief fund payment is to be funded by the former owners of certain servicing portfolios previously acquired by Ocwen and integrated into Ocwen's servicing platform. We established a reserve of $66.9 million with respect to our portion of the payment into the consumer relief fund. This reserve is expected to cover all of Ocwen's portion of the consumer relief fund payment.
- A commitment by Ocwen to continue its principal forgiveness modification programs to delinquent and underwater borrowers, including underwater borrowers at imminent risk of default, in an aggregate amount of at least $2 billion over three years. These and all of Ocwen's other loan modifications are designed to be sustainable for homeowners while providing a net present value for mortgage loan investors that is superior to that of foreclosure. Principal forgiveness as part of a loan modification is determined on a case-by-case basis in accordance with the applicable servicing agreement. Principal forgiveness does not involve an expense to Ocwen other than the operating expense incurred in arranging the modification, which is part of Ocwen's role as loan servicer.
- Ocwen and the former owners of certain of the acquired servicing portfolios will receive from the Regulators comprehensive releases, subject to certain exceptions, from liability with respect to residential mortgage servicing, modification and foreclosure practices.

One or more of the foregoing regulatory actions or our failure to comply with the commitments we have made with respect to such regulatory actions or other regulatory actions in the future against us of a similar or different nature could cause us to incur fines, penalties, settlement costs, damages, legal fees or other charges in material amounts or could impose additional requirements or restrictions on our activities. Any of these occurrences could increase our operating expenses and reduce our revenues, hamper our ability to grow or otherwise materially and adversely affect our business, reputation, financial condition and results of operations.

Our ability to execute on our business strategy, including our growth plans, may be affected by regulatory considerations.

Our business strategy, including our growth plans, may be affected by regulatory considerations. If our regulators raise concerns, whether valid or not, regarding any aspect of our business strategy, we may be obliged to alter our strategy, which could include revisions to our growth plans, or changes with respect to the timing or manner in which we acquire certain businesses or assets. For example, as discussed above, in early February 2014, the NY DFS requested that OLS put an indefinite hold on an acquisition of MSRs and related servicing advances from Wells Fargo, and we agreed to place the transaction on indefinite hold. We are cooperating with the NY DFS on this matter. We may also have to spend additional resources and devote additional management time to addressing any such regulatory concerns which would reduce the resources available to address other issues and the time management is able to devote to other issues.

The enactment of the Dodd-Frank Act has impacted our business and may continue to do so in ways that we cannot predict until such time as various rules and regulations related to it are enacted and enforced.

The Dodd-Frank Act constitutes a sweeping reform of the regulation and supervision of financial institutions, including mortgage servicing, origination, sales and securitization. Among other things, the Dodd-Frank Act creates the CFPB, a new federal entity responsible for regulating consumer financial services. We have devoted substantial resources and incurred significant compliance costs responding to the Dodd-Frank Act and rules and regulations issued thereunder. We expect to continue to devote substantial resources and incur significant costs going forward. In addition, many provisions of the Dodd-Frank Act must be implemented through rule making by the appropriate federal regulatory agency and will take effect over

several years. The ultimate impact of the Dodd-Frank Act and its effects on our business will, therefore, not be fully known for an extended period of time.

The CFPB is becoming more active in its monitoring of the mortgage servicing and origination sectors. New rules and regulations or more stringent interpretations of existing rules and regulations by the CFPB could result in increased compliance costs and, potentially, regulatory action against us.

The CFPB, a federal agency established pursuant to the Dodd-Frank Act, officially began operation on July 21, 2011. The CFPB is charged, in part, with enforcing laws involving consumer financial products and services, including mortgage servicing and origination, and is empowered with examination and rule-making authority. While the full scope of CFPB's rule-making and regulatory agenda relating to the mortgage servicing and origination sectors is unclear, it is apparent that the CFPB has taken a very active role, including but not limited to, the issuance of new servicing and origination rules that went into effect on January 10, 2014. While we continue to evaluate all aspects of the CFPB's rule-making and public statements regarding its regulatory agenda, new rules or more stringent interpretations of existing rules by the CFPB could result in increased compliance costs and, potentially, regulatory action against us.

Private legal proceedings and related costs alleging failures to comply with applicable laws or regulatory requirements could adversely affect our financial condition and results of operations.

We are subject to various pending private legal proceedings, including purported class actions, challenging whether certain of our residential loan servicing practices and other aspects of our business comply with applicable laws and regulatory requirements. In the future, we are likely to become subject to other private legal proceedings of the same nature, including purported class actions, in the ordinary course of our business. While we do not believe that the resolution of any pending proceedings will have a material adverse effect on our financial condition or results of operations, the outcome of pending legal proceedings is never certain, and it is possible that adverse results in private legal proceedings could adversely affect our financial results and operations.

Regulatory scrutiny regarding foreclosure processes has lengthened foreclosure timelines, and new laws and regulations regarding foreclosure procedures could result in additional compliance requirements or result in regulatory actions against us, which could increase our operating costs, negatively affect our liquidity and adversely affect our reputation, financial condition and results of operations.

In connection with continuing governmental scrutiny of foreclosure processes and practices in the industry, some jurisdictions have enacted laws and adopted procedures that have had the effect of increasing the time that it takes to complete a foreclosure in such jurisdictions. In addition, several state banking regulators and state attorneys general have publicly announced that they have initiated inquiries into banks and servicers regarding compliance with legal procedures in connection with mortgage foreclosures, including the preparation, execution, notarization and submission of documents, principally affidavits, filed in connection with foreclosures.

When a mortgage loan is in foreclosure, we are generally required to continue to advance delinquent principal and interest to the securitization trust and to make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent that we determine that such amounts are recoverable. These servicing advances are generally recovered when the delinquency is resolved. Regulatory actions that lengthen the foreclosure process will increase the amount of servicing advances that we are required to make, lengthen the time it takes for us to be reimbursed for such advances and increase the costs incurred during the foreclosure process. In addition, advance financing facilities generally contain provisions that limit the eligibility of servicing advances to be financed based on the length of time that the servicing advances are outstanding. Certain of our match funded advance facilities have provisions that limit new borrowings if average foreclosure timelines extend beyond a certain time period. As a result, an increase in foreclosure timelines could further increase the amount of servicing advances that we need to fund with our own capital. Such increases in foreclosure timelines could increase our interest expense, delay the collection of servicing fee revenue until the foreclosure has been resolved and, therefore, reduce the cash that we have available to pay our operating expenses.

Increased regulatory scrutiny and new laws and procedures could cause us to adopt additional compliance measures and incur additional compliance costs in connection with our foreclosure processes. We may incur legal and other costs responding to regulatory inquiries or any allegation that we improperly foreclosed on a borrower. We could also suffer reputational damage and could be fined or otherwise penalized if we are found to have breached regulatory requirements.

FHFA and GSE initiatives and other actions may affect mortgage servicing generally and future servicing fees in particular.

In 2011, Freddie Mac and Fannie Mae each issued their Servicing Alignment Initiative as directed by the FHFA. The Servicing Alignment Initiative established new requirements primarily related to loss mitigation processes, including servicer incentives and compensatory fees that could be charged to servicers based on performance against benchmarks for various metrics. Through our servicing relationship with Freddie Mac and Fannie Mae, we have potential exposure to such compensatory fees. It is possible that the compensatory fees could substantially increase the costs and risks associated with

servicing Freddie Mac or Fannie Mae non-performing loans. Moreover, due to the significant role Fannie Mae and Freddie Mac play in the secondary mortgage market, it is possible that compensatory fee requirements and similar initiatives that they implement could become prevalent in the mortgage servicing industry generally. Other industry stakeholders or regulators may also implement or require changes in response to the perception that current mortgage servicing practices and compensation do not serve broader housing policy objectives well. To the extent that FHFA and/or the GSEs implement reforms that materially affect the market for conventional and/or government insured loans, there may also be indirect effects on the subprime and Alt-A markets, which could include material adverse effects on the creation of new mortgage servicing rights, the economics or performance of any mortgage servicing rights that we acquire, servicing fees that we can charge and costs that we incur to comply with new servicing requirements.

Federal and state legislative and GSE initiatives in residential mortgage-backed securities, or RMBS, and securitizations may adversely affect our financial condition and results of operations.

There are federal and state legislative and GSE initiatives that could, once fully implemented, adversely affect our loan origination business and secured asset financing arrangements. For instance, the risk retention requirement under the Dodd-Frank Act requires securitizers to retain a minimum beneficial interest in RMBS they sell through a securitization, absent certain qualified residential mortgage (QRM) exemptions. Once implemented, the risk retention requirement may result in higher costs of certain lending operations and impose on us additional compliance requirements to meet servicing and originations criteria for QRMs. Additionally, the amendments to Regulation AB relating to the registration statement required to be filed by asset-backed securities, or ABS, issuers recently adopted by the SEC pursuant to the Dodd-Frank Act and other amendments to such regulations and other relevant regulations has increased and may further increase compliance costs for ABS issuers, such as ourselves, which will in turn increase our cost of funding and operations.

Potential violations of predatory lending and/or servicing laws could negatively affect our business.

Various federal, state and local laws have been enacted that are designed to discourage predatory lending and servicing practices. The federal Home Ownership and Equity Protection Act of 1994 (HOEPA) prohibits inclusion of certain provisions in residential loans that have mortgage rates or origination costs in excess of prescribed levels and requires that borrowers be given certain additional disclosures prior to origination. Some states have enacted, or may enact, similar laws or regulations, which in some cases impose restrictions and requirements greater than are those in HOEPA. In addition, under the anti-predatory lending laws of some states, the origination of certain residential loans, including loans that are not classified as “high cost” loans under HOEPA or other applicable law, must satisfy a net tangible benefits test with respect to the related borrower. This test may be highly subjective and open to interpretation. As a result, a court may determine that a residential loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied. A failure by us to comply with these laws, to the extent we originate, service or acquire residential loans that are non-compliant with HOEPA or other predatory lending or servicing laws, could subject us, as an originator or a servicer, or as an assignee, in the case of acquired loans, to monetary penalties and could result in the borrowers rescinding the affected loans. Lawsuits have been brought in various states making claims against originators, servicers and assignees of high cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. If we are found to have violated predatory or abusive lending laws, we could suffer reputational damage, and we could incur losses which could materially and adversely impact our business, financial condition and results of operations.

Changes to government loan modification and refinance programs may adversely affect future revenues.

Under government loan modification and refinance programs such as HAMP, a participating servicer may be entitled to receive financial incentives in connection with modification plans it enters into with eligible borrowers and subsequent “pay for success” fees to the extent that a borrower remains current in any agreed upon loan modification. Changes to current programs or future federal, state or local legislative or regulatory actions that result in changes to the requirements necessary to qualify for government loan modification and refinance programs, or the financial incentives available to us from such programs, may impact the extent to which we participate in and receive financial benefits from such programs in the future and may have a material effect on our business. If we decrease our participation in government programs such as HAMP, or if the financial benefits from such programs decrease, our revenues will be adversely affected.

The enactment of the S.A.F.E. Act may adversely affect our business.

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the S.A.F.E. Act) requires the individual licensing and registration of those engaged in the business of loan origination. The S.A.F.E. Act is designed to improve accountability on the part of loan originators, combat fraud and enhance consumer protections by encouraging states to establish a national licensing system and minimum qualification requirements for applicants. HUD is the federal agency charged with establishing and enforcing a licensing and registration system that meets the minimum requirements of the S.A.F.E. Act. On December 15, 2009, HUD proposed a rule that would extend the licensing requirements for loan originators to servicing personnel who are performing modifications. The servicing industry has responded to this proposed rule by requesting that HUD reconsider its position as the licensing costs and impact to the modification process will increase the cost of servicing, including our costs of

servicing any affected mortgage loans. It is not known at this time whether HUD will modify its proposed licensing requirements for servicing personnel.

There may be material changes to the laws, regulations, rules or practices applicable to reverse mortgage programs sponsored by HUD and FHA, and securitized by Ginnie Mae which could materially and adversely affect the reverse mortgage industry as a whole.

The reverse mortgage industry is largely dependent upon rules and regulations implemented by HUD, FHA and Ginnie Mae. There can be no guarantee that HUD/FHA will retain Congressional authorization to continue the Home Equity Conversion Mortgage (HECM) program, which provides FHA government insurance for qualifying HECM loans, or that they will not make material changes to the laws, regulations, rules or practices applicable to reverse mortgage programs. For example, HUD recently implemented certain lending limits for the HECM program, and it is anticipated that additional underwriting criteria will be enforced later in 2014 designed to shore up and protect the FHA insurance fund. In addition, Ginnie Mae's participation in the reverse mortgage industry may be subject to economic and political changes that cannot be predicted. Any of the aforementioned circumstances could materially and adversely affect the performance of the Liberty business and the value of our common stock.

Risks Relating to Our Business

An economic slowdown or a deterioration of the housing market could increase delinquencies, defaults, foreclosures and advances.

An increase in delinquencies and foreclosure rates could increase both interest expense on advances and operating expenses and could cause a reduction in income from, and the value of, our servicing portfolio as well as loans.

During any period in which a borrower is not making payments, we are required under most of our servicing agreements to advance our own funds to meet contractual principal and interest remittance requirements for investors, pay property taxes and insurance premiums and process foreclosures. We also advance funds to maintain, repair and market real estate properties on behalf of investors. Most of our advances have the highest standing and are "top of the waterfall" so that we are entitled to repayment from respective loan or REO liquidations proceeds before most other claims on these proceeds, and in the majority of cases, advances in excess of respective loan or REO liquidation proceeds may be recovered from pool level proceeds.

- ***Revenue.*** An increase in delinquencies may delay the timing of revenue recognition because we recognize servicing fees as earned which is generally upon collection of payments from borrowers or proceeds from REO liquidations. An increase in delinquencies also leads to lower float balances and float earnings. Additionally, an increase in delinquencies in our GSE servicing portfolio acquired from Homeward and ResCap will result in lower revenue because we collect servicing fees from GSEs only on performing loans.
- ***Expenses.*** Higher delinquencies increase our cost to service loans, as loans in default require more intensive effort to bring them current or manage the foreclosure process. An increase in advances outstanding relative to the change in the size of the servicing portfolio can result in substantial strain on our financial resources. This occurs because excess growth of advances increases financing costs with no offsetting increase in revenue, thus reducing profitability. If we are unable to fund additional advances, we could breach the requirements of our servicing agreements. Such developments could result in our losing our servicing rights, which would have a substantial negative impact on our financial condition and results of operations and could trigger cross-defaults under our various credit agreements.
- ***Valuation of MSRs.*** Apart from the risk of losing our servicing rights, defaults are involuntary prepayments resulting in a reduction in UPB. This may result in higher amortization and impairment in the value of our MSRs.

Adverse economic conditions could also negatively impact our newly acquired lending businesses. For example, during the economic crisis, total U.S. residential mortgage originations volume decreased substantially. Moreover, declining home prices and increasing loan-to-value ratios may preclude many potential borrowers from refinancing their existing loans. Further, an increase in prevailing interest rates could decrease originations volume.

Any setback to the recovery of the residential mortgage market could reduce the number of loans that we service or originate, adversely affect our ability to sell mortgage loans or increase delinquency rates. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be unable to obtain sufficient capital to meet the financing requirements of our business, which may prevent us from having sufficient funds to conduct our operations or meet our obligations on our advance facilities.

Our business requires substantial amounts of capital and our financing strategy includes the use of leverage. Accordingly, our ability to finance our operations and repay maturing obligations rests in large part on our ability to continue to borrow money. Our ability to borrow money is affected by a variety of factors including:

- limitations imposed on us by existing lending and similar agreements that contain restrictive covenants that may limit our ability to raise additional debt

- liquidity in the credit markets
- the strength of the lenders from whom we borrow
- limitations on borrowing on advance facilities that are limited by the amount of eligible collateral pledged

An event of default, a negative ratings action by a rating agency, the perception of financial weakness, an adverse action by a regulatory authority, a lengthening of foreclosure timelines or a general deterioration in the economy that constricts the availability of credit may increase our cost of funds and make it difficult for us to renew existing credit facilities or obtain new lines of credit.

Our advance facilities are revolving facilities, and in a typical monthly cycle, we repay up to one-third of the borrowings under these facilities from collections. During the remittance cycle, which starts in the middle of each month, we depend on our lenders to provide the cash necessary to make the advances that we are required to make as servicer. If one or more of these lenders were to fail, we may not have sufficient funds to meet our obligations.

A significant increase in prepayment speeds could adversely affect our financial results.

Prepayment speed is a significant driver of our business. Prepayment speed is the measurement of how quickly borrowers pay down the UPB of their loans or how quickly loans are otherwise brought current, modified, liquidated or charged off. Prepayment speeds have a significant impact on our servicing fee revenues, our expenses and on the valuation of our MSRs as follows:

- ***Revenue.*** If prepayment speeds increase, our servicing fees will decline more rapidly than anticipated because of the greater than expected decrease in the UPB on which those fees are based. The reduction in servicing fees would be somewhat offset by increased float earnings because the faster repayment of loans will result in higher float balances that generate the float earnings. Conversely, decreases in prepayment speeds result in increased servicing fees but lead to lower float balances and float earnings.
- ***Expenses.*** Amortization of MSRs is one of our largest operating expenses. Since we amortize servicing rights in proportion to total expected income over the life of a portfolio, an increase in prepayment speeds leads to increased amortization expense as we revise downward our estimate of total expected income. Faster prepayment speeds also result in higher compensating interest expense. Decreases in prepayment speeds lead to decreased amortization expense as the period over which we amortize MSRs is extended. Slower prepayment speeds also lead to lower compensating interest expense.
- ***Valuation of MSRs.*** We base the price we pay for MSRs and the rate of amortization of those rights on, among other things, our projection of the cash flows from the related pool of mortgage loans. Our expectation of prepayment speeds is a significant assumption underlying those cash flow projections. If prepayment speeds were significantly greater than expected, the carrying value of our MSRs that we account for using the amortization method could exceed their estimated fair value. When the carrying value of these MSRs exceeds their fair value, we are required to record an impairment charge which has a negative impact on our financial results. Similarly, if prepayment speeds were significantly greater than expected, the fair value of our MSRs which we carry at fair value could decrease. When the fair value of these MSRs decreases, we record a loss on fair value which also has a negative impact on our financial results.

We may be unable to maintain or expand our servicing portfolio.

Our servicing portfolio may be prepaid prior to maturity, refinanced with a mortgage loan not serviced by us or involuntarily liquidated through foreclosure or other liquidation process. As a result, our ability to maintain the size of our servicing portfolio depends on our ability to acquire the right to service or subservice additional pools of mortgage loans or to originate additional loans for which we retain the MSRs. We may not be able to acquire MSRs or enter into additional fee-based servicing agreements on terms favorable to us or at all, due to factors such as decreased mortgage loan production or the regulatory environment. We may not be able to originate as many loans for which we retain the MSRs as we desire. Although Homeward has been originating mortgage loans since November 2011, its track record in this line of business is still limited and subject to uncertainty. Furthermore, third party originators have relationships with more than one correspondent lender and may elect to sell some or all of their loans to one or more correspondent lenders other than us.

We rely on an experienced senior management team, and the loss of the services of one or more of our senior managers could have a material adverse effect on us.

The experience of our senior managers is a valuable asset to us. Our Executive Chairman, William C. Erbey, has been with us since our founding in 1987, and our President and Chief Executive Officer, Ronald M. Faris, joined us in 1991. Other senior managers have been with us for 10 years or more. We do not have employment agreements with, or maintain key man life insurance relating to, Mr. Erbey, Mr. Faris or any of our other executive officers. The loss of the services of our senior managers could have a material adverse effect on us.

An inability to attract and retain qualified personnel could harm our business, financial condition and results of operations.

Our future success also depends, in part, on our ability to identify, attract and retain highly skilled servicing, lending, finance and technical personnel. We face intense competition for qualified individuals from numerous financial services and other companies, some of which have far greater resources than we do. We may be unable to identify, attract and retain suitably qualified individuals, or we may be required to pay increased compensation in order to do so. If we were to be unable to attract and retain the qualified personnel we need to succeed, our business, financial condition and results of operations could suffer.

We could have conflicts with Altisource, HLSS, Altisource Asset Management Corporation (AAMC) and Altisource Residential Corporation (Residential), and our Executive Chairman, other members of our board of directors or management could have, could appear to have or could be alleged to have conflicts of interest due to his or their relationships with Altisource, HLSS, AAMC and Residential that may be resolved in a manner adverse to us.

We do a substantial amount of business with Altisource, HLSS, AAMC and Residential. Conflicts may arise between us and one or more of these entities because of our ongoing agreements with them and because of the nature of our respective businesses.

Our Executive Chairman is the Chairman of Altisource, HLSS, AAMC and Residential. As a result, he has obligations to us as well as to Altisource, HLSS, AAMC and Residential and could have, could appear to have or could be alleged to have conflicts of interest with respect to matters potentially or actually involving or affecting us and Altisource, HLSS, AAMC and Residential, as the case may be. Our Executive Chairman currently has significant investments in Altisource, HLSS, AAMC and Residential and certain of our other officers and directors own stock or options in one or more of Altisource, HLSS, AAMC and Residential. Such ownership interests could create, appear to create or be alleged to create conflicts of interest with respect to matters potentially or actually involving or affecting us and Altisource, HLSS, AAMC and Residential, as the case may be.

We have adopted policies, procedures and practices to avoid potential conflicts with respect to our dealings with Altisource, HLSS, AAMC and Residential, including our Executive Chairmen recusing himself from negotiations regarding, and approvals of, transactions with these entities. We also manage potential conflicts of interest through oversight by independent members of our Board of Directors (independent directors constitute a majority of our Board of Directors), and we will seek to manage these potential conflicts through dispute resolution and other provisions of our agreements with Altisource, HLSS, AAMC and Residential. There can be no assurance that such measures will be effective, that we will be able to resolve all potential conflicts with Altisource, HLSS, AAMC or Residential, as the case may be, or that the resolution of any such conflicts will be no less favorable to us than if we were dealing with a third party that had none of the connections we have with these businesses.

We are dependent on Altisource for our technology.

We believe that we have competitive strengths and achieve our results through the use of proprietary technology and processes. Our servicing platform runs on an information technology system that we license under long-term agreements with Altisource. We believe this system is highly robust and manages more data than the systems used by most other mortgage servicers. If Altisource were to fail to fulfill its contractual obligations to us or were to become unable to fulfill them (for example, because it entered bankruptcy), or if Altisource failed to continue to maintain and develop its technology so as to continue to provide us with competitive strengths, our business could suffer.

We have operations in India, Uruguay and the Philippines that could be adversely affected by changes in the political or economic stability of India, Uruguay or the Philippines or by government policies in India, Uruguay, the Philippines or the U.S.

More than 56% of our employees are located in India. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular. The political or regulatory climate in the U.S. or elsewhere also could change so that it would not be lawful or practical for us to use international operations in the manner in which we currently use them. For example, changes in regulatory requirements could require us to curtail our use of lower-cost operations in India to service our businesses. If we had to curtail or cease our operations in India and transfer some or all of these operations to another geographic area, we would incur significant transition costs as well as higher future overhead costs that could materially and adversely affect our results of operations.

In addition, we may need to increase the levels of our employee compensation more rapidly than in the past to retain talent in India. Unless we are able to continue to enhance the efficiency and productivity of our employees, wage increases in the long term may reduce our profitability.

Our operations in Uruguay and the Philippines are less substantial than our Indian operations. However, they are still at risk of being affected by the same types of risks that affect our Indian operations. If they were to be so affected, our business could be materially and adversely affected.

A downgrade in our servicer ratings could have an adverse effect on our business, financing activities, financial condition or results of operations.

Standard & Poor's, Moody's and Fitch rate us as a mortgage servicer. Favorable ratings from these agencies are important to the conduct of our loan servicing business. Downgrades in servicer ratings could adversely affect our ability to finance servicing advances and maintain our status as an approved servicer by Fannie Mae and Freddie Mac. Downgrades in our servicer ratings could also lead to the early termination of existing advance facilities and affect the terms and availability of match funded advance facilities that we may seek in the future. In addition, some of our pooling and servicing agreements require that we maintain specified servicer ratings. Our failure to maintain favorable or specified ratings may cause our termination as servicer and further impair our ability to consummate future servicing transactions, which could have an adverse effect on our business, financing activities, financial condition and results of operations.

If we do not comply with our obligations under our servicing agreements or if others allege non-compliance, our business and results of operations may be harmed.

We have contractual obligations under the servicing agreements pursuant to which we service mortgage loans. Many of our servicing agreements require adherence to general servicing standards, and certain contractual provisions delegate judgment over various servicing matters to us. Our servicing practices, and the judgments that we make in our servicing of loans, could be questioned by parties to these agreements, such as trustees or master servicers, or by investors in the trusts which own the mortgage loans or other third parties. Accordingly, we could become subject to litigation claims seeking damages or other remedies arising from alleged breaches of our servicing agreements. Third parties have indicated that they might seek to pursue such claims in the future. If we do not comply with our servicing agreements, we may be terminated as servicer, or we may be required to make indemnification or other payments or provide other remedies. Even if such allegations against us lack merit, we may have to spend additional resources and devote additional management time to contesting such allegations which would reduce the resources available to address, and the time management is able to devote to, other issues.

Loan putbacks and related liabilities for breaches of representations and warranties regarding sold loans could adversely affect our business.

We have exposure to representation, warranty and indemnification obligations because of our lending, sales and securitization activities, and our acquisitions to the extent we assume one or more of these obligations and in connection with our servicing practices. At December 31, 2013, we had provided or assumed representation and warranty obligations in connection with $89.1 billion of UPB**,** covering both forward and reverse mortgage loans. At December 31, 2013, we had outstanding representation and warranty repurchase demands of $158.8 million UPB (753 loans). Homeward's contracts with purchasers of originated loans contain provisions that require indemnification or repurchase of the related loans under certain circumstances. Additionally, in one of the servicing contracts that Homeward acquired in 2008 from Freddie Mac involving non-prime mortgage loans, it assumed the origination representations and warranties even though it did not originate the loans. While the language in the purchase contracts varies, they generally contain provisions that require Homeward to indemnify purchasers of related loans or repurchase such loans if:

- representations and warranties concerning loan quality, contents of the loan file or loan underwriting circumstances are inaccurate
- adequate mortgage insurance is not secured within a certain period after closing
- a mortgage insurance provider denies coverage
- there is a failure to comply, at the individual loan level or otherwise, with regulatory requirements. We believe that, as a result of the current market environment, many purchasers of residential mortgage loans are particularly aware of the conditions under which originators must indemnify or repurchase loans and under which such purchasers would benefit from enforcing any indemnification rights and repurchase remedies they may have.

As our lending business grows, we expect that our exposure to indemnification risks and repurchase requests is likely to increase. If home values decrease, our realized loan losses from loan repurchases and indemnifications may increase as well. As a result, our reserve for repurchases may increase beyond our current expectations. If we are required to indemnify or repurchase loans that we originate and sell, and where we have assumed this risk on loans that we service, as discussed above, in either case resulting in losses that exceed our related reserve, our business, financial condition and results of operations could be adversely affected. We are aware of several recent court actions in which mortgage loan sellers are defending against repurchase claims have been asserted against them based on alleged breaches of representations and warranties. The grounds for the defense of such claims include the expiration of statutes of limitation, lack of notice and opportunity to cure and vitiation of the obligation to repurchase as a result of foreclosure or charge off of the loan. Ocwen is not a party to any of the actions, but we are the servicer for certain securitizations involved in such actions. Ocwen has entered into tolling agreements with respect to its role as servicer for a very small number of securitizations and may enter into additional tolling agreements in the future. Should Ocwen be made a party to these or similar actions, we may need to defend allegations that we failed to

service loans in accordance with applicable agreements and that such failures prejudiced the rights of repurchase claimants against loan sellers. We believe that any such allegations would be without merit and, if necessary, would vigorously defend against them. If, however, we were required to compensate claimants for losses related to seller breaches of representations and warranties in respect of loans we service, then our business, financial condition and results of operations could be adversely affected.

We originate, securitize and service reverse mortgages, which subjects us to additional risks that could have a material adverse effect on our business, reputation, liquidity, financial condition and results of operations.

As a result of our Liberty acquisition, we originate, securitize and service reverse mortgages. The reverse mortgage business is subject to substantial risks, including market, credit, interest rate, liquidity, operational, reputational and legal risks. Generally, a reverse mortgage is a loan available to seniors aged 62 or older that allows homeowners to borrow money against the value of their home. No repayment of the mortgage is required until the borrower dies, moves out of the home or the home is sold. A decline in the demand for reverse mortgages may reduce the number of reverse mortgages we originate, and adversely affect our ability to sell reverse mortgages in the secondary market. Although foreclosures involving reverse mortgages generally occur less frequently than forward mortgages, loan defaults on reverse mortgages leading to foreclosures may occur if borrowers fail to maintain their property or fail to pay taxes or home insurance premiums. A general increase in foreclosure rates may adversely impact how reverse mortgages are perceived by potential customers and thus reduce demand for reverse mortgages. Finally, as a result of the Liberty acquisition, we could become subject to negative headline risk in the event that loan defaults on reverse mortgages lead to foreclosures or evictions of elderly homeowners. All of the above factors could have a material adverse effect on our business, reputation, liquidity, financial condition and results of operations.

Technology failures could damage our business operations or reputation and increase our costs.

Our business is substantially dependent on our ability to process and monitor a large number of transactions, many of which are complex, across various parts of our business. These transactions often must adhere to the terms of complex legal agreements, as well as legal and regulatory standards. In addition, given the volume of transactions that we process and monitor, certain errors may be repeated or compounded before they are discovered and rectified. We are responsible for developing and maintaining sophisticated operational systems and infrastructure, which is challenging.

System disruptions and failures may interrupt or delay our ability to provide services to our customers and otherwise adversely affect our operations. The secure transmission of confidential information over the Internet and other electronic distribution and communication systems is essential to our maintaining consumer confidence in certain of our services. Security breaches, computer viruses, hacking and other acts of vandalism could result in a compromise or breach of the technology that we use to protect our borrowers' personal information and transaction data. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume or unforeseen catastrophic events, potentially resulting in data loss and adversely affecting our ability to process these transactions. If one or more of such events occurs, this could potentially jeopardize data integrity or confidentiality of information processed and stored in, or transmitted through, our computer systems and networks, which could result in our facing significant losses, reputational damage and legal liabilities.

In addition, consumers generally are concerned with security breaches and privacy on the Internet, and Congress or individual states could enact new laws regulating the use of technology in our business that could adversely affect us or result in significant compliance costs.

Our earnings may be inconsistent.

Our past financial performance should not be considered a reliable indicator of future performance, and historical trends may not be reliable indicators of anticipated financial performance or trends in future periods.

The consistency of our operating results may be significantly affected by inter-period variations in our current operations including the amount of servicing rights acquired and the changes in realizable value of those assets due to, among other factors, increases or decreases in prepayment speeds, delinquencies or defaults.

Certain non-recurring gains and losses that have significantly affected our operating results in the past may result in substantial inter-period variations in financial performance in the future.

We use estimates in determining the fair value of certain assets, such as MSRs. If our estimates prove to be incorrect, we may be required to write down the value of these assets which could adversely affect our earnings.

We estimate the fair value of our MSRs by calculating the present value of expected future cash flows utilizing assumptions that we believe are appropriate and are used by market participants. The methodology used to estimate these values is complex and uses asset-specific collateral data and market inputs for interest and discount rates and liquidity dates.

Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. If prepayment speeds increase more than estimated, delinquency and default levels are higher than anticipated or financial market illiquidity is greater than anticipated, we may be required to write down the value of certain assets which could adversely affect our earnings.

Our hedging strategies may not be successful in mitigating our exposure to interest rate risk.

We currently have no interest rate swaps to hedge our exposure to variable interest rates under our match funded advance funding facilities, but we have an interest rate cap in place that limits our exposure to increases in interest rates on one facility. If we are successful in acquiring additional servicing or subservicing rights, there is no assurance that we will be able to obtain the fixed rate financing that would be necessary to protect us from the effect of rising interest rates. Therefore, we may consider utilizing various derivative financial instruments to protect against the effects of rising rates. In addition, we may use interest rate swaps, U.S. Treasury futures, forward contracts and other derivative instruments to hedge our interest rate exposure on loans and MSRs measured at fair value. We currently have no economic hedge positions open to hedge our fair value MSRs. We have entered into forward mortgage backed securities trades to hedge our mortgage loans held for sale at fair value and to hedge interest rate lock commitments on loans that we have agreed to originate at a specified rate.

Nevertheless, no hedging strategy can completely protect us. The derivative financial instruments that we select may not have the effect of reducing our interest rate risks. Poorly designed strategies, improperly executed and documented transactions or inaccurate assumptions could actually increase our risks and losses. In addition, hedging strategies involve transaction and other costs. We cannot be assured that our hedging strategies and the derivatives that we use will adequately offset the risks of interest rate volatility or that our hedging transactions will not result in or magnify losses.

We are exposed to market risk, including, among other things, liquidity risk, prepayment risk and foreign currency exchange risk.

We are exposed to liquidity risk primarily because of the highly variable daily cash requirements to support our servicing business including the requirement to make advances pursuant to servicing contracts and the process of remitting borrower payments to the custodial accounts. We are also exposed to liquidity risk by our need to originate and finance mortgage loans and sell mortgage loans into the secondary market. In general, we finance our operations through operating cash flows and various other sources of funding including match funded agreements, secured lines of credit and repurchase agreements. We believe that we have adequate financing for the next twelve months.

We are exposed to interest rate risk to the degree that our interest-bearing liabilities mature or reprice at different speeds, or on different bases, than our interest earning assets or when financed assets are not interest-bearing. Our servicing business is characterized by non-interest earning assets financed by interest bearing liabilities. Among the more significant non-interest earning assets are servicing advances and MSRs. At December 31, 2013, we had total advances and match funded advances of $3.4 billion. We are also exposed to interest rate risk because a portion of our advance funding and other outstanding debt at December 31, 2013 is variable rate. Rising interest rates may increase our interest expense. Nevertheless, earnings on float balances partially offset this variability. We currently have no interest rate swaps in place to hedge our exposure to rising interest rates, but we have one interest rate cap in place.

The MSRs that we carry at fair value are subject to substantial interest rate risk as the mortgage notes underlying the servicing rights permit the borrowers to prepay the loans. We may enter into economic hedges (derivatives that do not qualify as hedges for accounting purposes) including interest rate swaps, U.S. Treasury futures and forward contracts to minimize the effects of loss in value of these MSRs associated with increased prepayment activity that generally results from declining interest rates. We currently have no economic hedges in place to minimize the effects on our MSRs carried at fair value of increased prepayment activity in the event of declining interest rates.

In our lending business, we are subject to interest rate and price risk on mortgage loans held for sale from the loan funding date until the date the loan is sold into the secondary market. Generally, the fair value of a loan will decline in value when interest rates increase and will rise in value when interest rates decrease. To mitigate this risk, we enter into forward trades to provide an economic hedge against those changes in fair value on mortgage loans held for sale. Interest rate lock commitments (IRLCs) represent an agreement to purchase loans from a third-party originator or an agreement to extend credit to a mortgage applicant, whereby the interest rate is set prior to funding. As such, outstanding IRLCs are subject to interest rate risk and related price risk during the period from the date of the commitment through the loan funding date or expiration date. Our interest rate exposure on these derivative loan commitments is hedged with freestanding derivatives such as forward contracts. We enter into forward contracts with respect to fixed rate loan commitments.

We are exposed to foreign currency exchange rate risk in connection with our investment in non-U.S. dollar functional currency operations to the extent that our foreign exchange positions remain unhedged. Our operations in Uruguay, the Philippines and India expose us to foreign currency exchange rate risk, but we consider this risk to be insignificant. We have

periodically entered into foreign exchange forward contracts to hedge against the effect of changes in the value of the India Rupee on amounts payable to our subsidiaries in India. No such forward contracts were outstanding as of December 31, 2013.

We are subject to, among other things, requirements regarding the effectiveness of our internal controls over financial reporting. If our internal controls over financial reporting are found to be inadequate, our financial condition and results of operations and the trading price of our common stock may be materially and adversely affected.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires us to evaluate and report on our internal control over financial reporting. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP), because of their inherent limitations, internal controls over financial reporting may not prevent or detect fraud or misstatements. Fraud or misstatement could adversely affect our financial condition and results of operations. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. In addition, investors could lose confidence in our financial reports and the trading price of our common stock may be adversely affected if our internal controls over financial reporting are found by management or by our independent registered public accounting firm not to be adequate.

Risks Relating to Acquisitions

Pursuit of business acquisitions or MSR asset acquisitions exposes us to financial, execution and operational risks that could adversely affect us.

We are constantly looking for opportunities to grow our business through acquisitions of businesses and assets. The performance of the businesses and assets we acquire through acquisitions may not match the historical performance of our other assets. Nor can we assure you that the businesses and assets we acquire will perform at levels meeting our expectations. We may find that we overpaid for the acquired business or assets or that the economic conditions underlying our acquisition decision have changed. It may also take several quarters or longer for us to fully integrate the newly acquired business and assets into our business, during which period our results of operations and financial condition may be negatively affected. Further, certain one-time expenses associated with such acquisitions may have a negative impact on our results of operations and financial condition. We cannot assure you that acquisitions will not adversely affect our results of operations and financial condition.

The risks associated with acquisitions include, among others:

- unanticipated issues in integrating servicing, information, communications and other systems
- unanticipated incompatibility in servicing, lending, purchasing, logistics, marketing and administration methods
- not retaining key employees
- the diversion of management’s attention from ongoing business concerns

The integration process can be complicated and time consuming and could potentially be disruptive to borrowers of loans serviced by the acquired business. If the integration process is not conducted successfully and with minimal effect on the acquired business and its borrowers, we may not realize the anticipated economic benefits of particular acquisitions within our expected timeframe, or we could lose subservicing business or employees of the acquired business. Through acquisitions, we may enter into business lines in which we have not previously operated. Such acquisitions could require additional integration costs and efforts, including significant time from senior management. We may not be able to achieve the synergies we anticipate from acquired businesses, and we may not be able to grow acquired businesses in the manner we anticipate. In fact, the businesses we acquire could decrease in size, even if the integration process is successful.

Further, prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices that we considered to be acceptable, and we expect that we will experience this condition in the future. In addition, in order to finance an acquisition we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or we could raise additional equity capital, which could dilute the interests of our existing shareholders.

The timing of closing of our acquisitions is often uncertain. We have in the past and may in the future experience delays in closing our acquisitions, or certain tranches of them. For example, we and the applicable seller are often required to obtain certain contractual consents as a prerequisite to closing, such as the consents of trustees to RMBS securitization trusts in connections with transfers of MSRs. Accordingly, even if we and the applicable seller are efficient and proactive, the actions of third parties can impact the timing under which such consents are obtained. We and the applicable seller may not be able to obtain all of the required consents, which may mean that we are unable to acquire all of the assets that we wish to acquire. Regulators may have questions relating to aspects of our acquisitions and we may be required to devote time and resources

responding to those questions. For example, as discussed above, in early February 2014, the NY DFS requested that OLS put an indefinite hold on an acquisition from Wells Fargo. We have agreed to place the acquisition on indefinite hold. We are cooperating with the NY DFS on this matter. It is also possible that we will expend considerable resources in the pursuit of an acquisition that, ultimately, either does not close or is terminated.

Pursuit of business acquisitions, MSRs or other asset acquisition opportunities exposes us to additional liabilities that could adversely affect us.

As a result of our pursuit of business acquisitions, MSRs or other asset acquisition opportunities, we may be exposed to unknown or contingent liabilities associated with the businesses or assets that we acquire, and if these liabilities exceed our estimates, our results of operations and financial condition may be materially and negatively affected.

As a part of the Litton Acquisition, Goldman Sachs and Ocwen have agreed to indemnification provisions for the benefit of the other party. While Goldman Sachs has agreed to retain certain potential liabilities for fines and penalties that could be imposed by certain government authorities relating to Litton's pre-closing foreclosure and servicing practices, Goldman Sachs and Ocwen have agreed to share certain losses arising out of potential third-party claims in connection with Litton's pre-closing performance under its servicing agreements. Goldman Sachs has agreed to be liable for (i) 80% of any such losses until the amount paid by Goldman Sachs is equal to 80% of the Goldman Shared Loss Cap and (ii) thereafter, 20% of any such losses until the amount paid by Goldman Sachs is equal to the Goldman Shared Loss Cap. Ocwen has agreed to be liable for (i) 20% of any such losses until the amount paid by Ocwen is equal to 20% of the Goldman Shared Loss Cap, (ii) thereafter, 80% of any such losses until the amount paid by Ocwen is equal to the Goldman Shared Loss Cap and (iii) thereafter, 100% of any such losses in excess of the Goldman Shared Loss Cap. The "Goldman Shared Loss Cap" is $123.7 million, or 50%, of the adjusted base purchase price of the Litton Acquisition. We cannot assure you that the losses incurred by Ocwen will not exceed our original projections or that Goldman Sachs will fulfill its indemnification obligations.

As a part of the 2012 Saxon MSR Transaction, the sellers and Ocwen have agreed to indemnification provisions for the benefit of the other party. While the sellers have agreed to retain certain contingent liabilities for losses, fines and penalties that could result from claims by government authorities and certain third parties relating to pre-closing foreclosure, servicing and loan origination practices, the sellers and Ocwen have agreed to share certain losses arising out of potential third-party claims in connection with the seller's pre-closing performance under its servicing agreements. The sellers have agreed to be liable for (i) 75% of any such losses until the amount paid by the sellers is equal to 60% of the Saxon Shared Loss Cap of $83 million and (ii) thereafter, 25% of any such losses until the amount paid by the sellers is equal to the Saxon Shared Loss Cap. Ocwen has agreed to be liable for (i) first, 25% of any such losses until the amount paid by the sellers is equal to 60% of the Saxon Shared Loss Cap, (ii) second, 75% of any such losses until the amount paid by the sellers is equal to the Saxon Shared Loss Cap and (iii) thereafter, 100% of any such losses in excess of the Saxon Shared Loss Cap. We cannot assure you that the losses incurred by Ocwen will not exceed our original projections or that the sellers will fulfill their indemnification obligations.

As a part of the Homeward Acquisition, the sellers and Ocwen have agreed to indemnification provisions for the benefit of the other party. In particular, the sellers have agreed to retain 75% of contingent liabilities for losses arising out of potential third-party claims in connection with the seller's pre-closing servicing or accounting errors, settlements with government authorities, and settlements, penalties or compensatory fees incurred with GSEs, up to $100 million of such losses. Sellers have escrowed $75 million of the purchase price for the Homeward Acquisition for 21 months from the date of the closing to pay any amounts owed in respect of such losses. Ocwen has agreed to be liable for (i) 25% of any such losses up to $100 million and (ii) 100% of such losses, if any, in excess of $100 million. We cannot assure you that the losses incurred by Ocwen will not exceed our original projections or that the sellers will fulfill their indemnification obligations.

In addition, in connection with the ResCap Acquisition, we assumed potential liabilities with respect to a portfolio of mortgage loans that, if they are not made current, foreclosed upon or otherwise resolved within specified timeframes, could result in repurchase demands for affected mortgage loans from Freddie Mac.

We may be required to pay for losses in connection with the above-described or other acquisitions. While we reserve amounts to pay for any losses in connection with acquisitions in accordance with GAAP, those reserves may not be adequate over time to cover actual losses, and if any such losses exceed the reserved amount, we would recognize losses to the extent of such excess, which would adversely affect our net income and stockholders' equity and, depending on the extent of such excess losses, could adversely affect our business. It is possible that certain financial covenants in our credit facilities would be breached by such excess losses.

Risks Relating to Tax Matters

The tax liability to Ocwen as a result of the transfer of assets to OMS could be substantial.

Pursuant to the formation of OMS, Ocwen transferred significant assets to OMS in a taxable transaction. Ocwen recognized gain, but not loss, on this transfer equal to the excess, if any, of the fair market value of the transferred assets over Ocwen's tax basis therein. The fair market value of the transferred assets was based on market standard valuation methodology

and confirmed by an independent valuation firm. However, the Internal Revenue Service (the IRS) could challenge this valuation, and if such a challenge were successful, any tax imposed as a result of the transfer could be significant.

Failure to retain the tax benefits provided by the United States Virgin Islands would adversely affect our financial condition and results of operations.

OMS is incorporated under the laws of the USVI and is headquartered in Frederiksted, USVI. The USVI has an Economic Development Commission (EDC), that provides benefits (EDC Benefits) to certain qualified businesses in Frederiksted that enable us to avail ourselves of significant tax benefits for a 30 year period. OMS received its certificate to operate as a company qualified for EDC Benefits as of October 1, 2012. It is possible that we may not be able to retain our qualifications for the EDC Benefits or that changes in U.S. federal, state, local, territorial or USVI taxation statutes or applicable regulations may cause a reduction in or an elimination of the EDC Benefits, all of which could result in a significant increase to our tax expense, and, therefore, adversely affect our financial condition and results of operations.

We may be subject to increased United States federal income taxation.

OMS is incorporated under the laws of the USVI and intends to operate in a manner that will cause a substantial amount of its net income to be treated as not related to a trade or business within the United States, which will cause such income to be exempt from current United States federal income taxation. However, because there are no definitive standards provided by the Internal Revenue Code (the Code), regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, we cannot assure you that the IRS will not successfully assert that OMS is engaged in a trade or business within the United States with respect to that income.

If the IRS were to successfully assert that OMS has been engaged in a trade or business within the United States with respect to that income in any taxable year, it may become subject to current United States federal income taxation on such income.

The tax liability to Ocwen as a result of the Separation could be substantial.

Prior to the Separation, any assets transferred to Altisource or non-U.S. subsidiaries were taxable pursuant to Section 367(a) of the Code, or other applicable provisions of the Code and Treasury regulations. Taxable gains not recognized in the restructuring were generally recognized pursuant to the Separation itself under Section 367(a). The taxable gain recognized by Ocwen attributable to the transfer of assets to Altisource equaled the excess of the fair market value of each asset transferred over Ocwen's basis in such asset. Ocwen's basis in some assets transferred to Altisource may have been low or zero which could result in a substantial tax liability to Ocwen. In addition, the amount of taxable gain was based on a determination of the fair market value of Ocwen's transferred assets. The determination of fair market values of non-publicly traded assets is subjective and could be subject to closing date adjustments or future challenge by the IRS which could result in an increased U.S. federal income tax liability to Ocwen.

Tax regulations under Section 7874 of the Code, if held applicable to the Separation, could materially increase tax costs to Ocwen.

IRS tax regulations under Section 7874 can apply to transactions where a U.S. corporation contributes substantially all of its assets, including subsidiary equity interests, to a foreign corporation and distributes shares of such corporation. We do not believe that Section 7874 of the Code applies to the Separation because "substantially all" of Ocwen's assets were not transferred to the distributed company or its subsidiaries. Ocwen's board of directors required that Ocwen and Altisource receive an independent valuation prior to completing the Separation; however, if the IRS were to successfully challenge the independent valuation, then Ocwen may not be permitted to offset the taxable gain recognized on the transfer of assets to Altisource with net operating losses, tax credits or other tax attributes. This could materially increase the tax costs to Ocwen of the Separation.

Risks Relating to Ownership of Our Common Stock

Our common stock price may experience substantial volatility which may affect your ability to sell our common stock at an advantageous price.

The market price of our shares of common stock has been and may continue to be volatile. For example, the closing market price of our common stock on the New York Stock Exchange fluctuated during 2013 between $34.58 per share and $59.97 per share and may continue to fluctuate. Therefore, the volatility may affect your ability to sell our common stock at an advantageous price. Market price fluctuations in our common stock may be due to factors both within and outside our control, including acquisitions, dispositions or other material public announcements or speculative trading in our stock (e.g., traders "shorting" our common stock), as well as a variety of other factors including those set forth under "Risk Factors" and "Forward-Looking Statements."

In addition, the stock markets in general, including the New York Stock Exchange, have, at times, experienced extreme price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of our common stock.

No assurances can be given as to the amount of shares, if any, that we may repurchase in any given period under our share repurchase program, and such repurchases could affect our share price and increase share price volatility.

On October 31, 2013, we announced that our Board of Directors had authorized a share repurchase program for an aggregate of up to $500.0 million of our issued and outstanding shares of common stock. Unless we amend the share repurchase program or repurchase the full $500.0 million amount by an earlier date, the share repurchase program will continue through July 2016. Purchases may be made on market or in privately negotiated transactions. We may use SEC Rule 10b5-1 plans in connection with our share repurchase program. On February 27, 2014, we announced a general goal of buying at least the prior quarter's earnings in the three months following our earnings announcements. However, we may buy more or less in any given period and our intentions may change. In addition, repurchases of our common stock pursuant to our share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could also cause our stock price to be higher than it would be in the absence of such a program. Our share repurchase program will utilize cash that we will not be able to use in other ways to grow our business.

Our directors and executive officers collectively own a large percentage of our common shares and could influence or control matters requiring shareholder approval.

Our directors and executive officers and their affiliates collectively own or control approximately 18% of our outstanding common shares (excluding stock options). This includes approximately 13% owned or controlled by our executive chairman, William C. Erbey, and approximately 3% owned or controlled by our director and former chairman, Barry N. Wish. As a result, these shareholders could significantly influence matters requiring shareholder approval, including the amendment of our articles of incorporation, the approval of mergers or similar transactions and the election of all directors.

Because of certain provisions of our organizational documents, takeovers may be more difficult possibly preventing you from obtaining an optimal share price.

Our amended and restated articles of incorporation provide that the total number of shares of all classes of capital stock that we have authority to issue is 220 million, of which 200 million are common shares and 20 million are preferred shares. Our Board of Directors has the authority, without a vote of the shareholders, to establish the preferences and rights of any preferred or other class or series of shares to be issued and to issue such shares. The issuance of preferred shares could delay or prevent a change in control. Since our Board of Directors has the power to establish the preferences and rights of the preferred shares without a shareholder vote, our Board of Directors may give the holders of preferred shares preferences, powers and rights, including voting rights, senior to the rights of holders of our common shares.

We have 62,000 shares of Series A Perpetual Convertible Preferred Stock (Preferred Shares) outstanding. The holders of Preferred Shares are entitled to vote on all matters submitted to the stockholders for a vote, voting together with the holders of the common stock as a single class, with each share of common stock entitled to one vote per share and each Preferred Share entitled to one vote for each share of common stock issuable upon conversion of the Preferred Share as of the record date for such vote or, if no record date is specified, as of the date of such vote.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2: PROPERTIES

The following table sets forth information relating to our primary facilities at December 31, 2013:

Location	Owned/Leased	Square Footage
Principal executive office:		
Atlanta, Georgia (1)	Leased	2,094
St. Croix, U.S. Virgin Islands	Leased	4,400
Document storage and imaging facility:		
West Palm Beach, Florida	Leased	51,931
Business operations and support offices		
U.S. facilities:		
Coppell, Texas (2)	Leased	182,700
Waterloo, Iowa (3)	Owned	154,980
Addison, Texas (2)	Leased	137,992
Fort Washington, Pennsylvania (3)	Leased	127,980
Lewisville, Texas (3)	Leased	78,413
Jacksonville, Florida (2)	Leased	76,075
McDonough, Georgia (4)	Leased	62,000
Rancho Cordova, California (5)	Leased	53,107
West Palm Beach, Florida	Leased	51,546
Houston, Texas (4)	Leased	43,014
Eden Prairie, Minnesota (3)	Owned	32,283
Burbank, California (3)	Leased	18,601
Westborough, Massachusetts (3)	Leased	18,158
Offshore facilities:		
Mumbai, India (6)	Leased	178,508
Bangalore, India (7)	Leased	173,980
Pune, India (2)	Leased	88,683
Manila, Philippines	Leased	45,035
Montevideo, Uruguay	Leased	17,463

(1) We sublease this space from Altisource through October 2014.

(2) We assumed the leases in connection with our acquisition of Homeward. We ceased using the Jacksonville, Florida facility in 2013.

(3) We assumed the leases or acquired the facility in connection with our acquisition of ResCap.

(4) We assumed the lease in connection with our acquisition of Litton. The lease of the Texas facility expired in August 2012 but was renewed on a temporary basis for approximately one-third of the original space. Ocwen or the lessor could terminate this lease at any time by providing 150 days prior written notice. We gave notice on the lease in September 2013 and entered into a new lease for 36,382 square feet of the facility effective January 2014. We ceased using the Georgia facility in 2012.

(5) We assumed this lease in connection with our acquisition of Liberty.

(6) At December 31, 2013, we were in the process of transferring employees from two older facilities to a new facility. The total square footage shown includes only facilities that were occupied at December 31, 2013. In March 2014, employees will relocate from a 23,140 square foot facility, and the transfers will be complete. The leases on the older facilities will be terminated in the first quarter of 2014.

(7) At December 31, 2013, we were in the process of transferring employees from three older facilities to a new facility. The total square footage shown includes only facilities that were occupied at December 31, 2013. In March 2014, employees

will relocate from a 56,530 square foot facility, and the transfers will be complete. The leases on the older facilities will be terminated in the first quarter of 2014.

In addition to the facilities listed in the table above, we also lease other small facilities in Orlando, Florida; Mount Laurel, New Jersey; Hauppage, New York; Lisle, Illinois; Irvine, California; and St. Croix, USVI.

ITEM 3. LEGAL PROCEEDINGS

See Note 28 — Commitments and Contingencies and Note 30 — Subsequent Events to the Consolidated Financial Statements. That information is incorporated into this item by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of the Company's Common Stock

The common stock of Ocwen Financial Corporation is traded under the symbol "OCN" on the New York Stock Exchange (NYSE). The following table sets forth the high and low closing sales prices for our common stock:

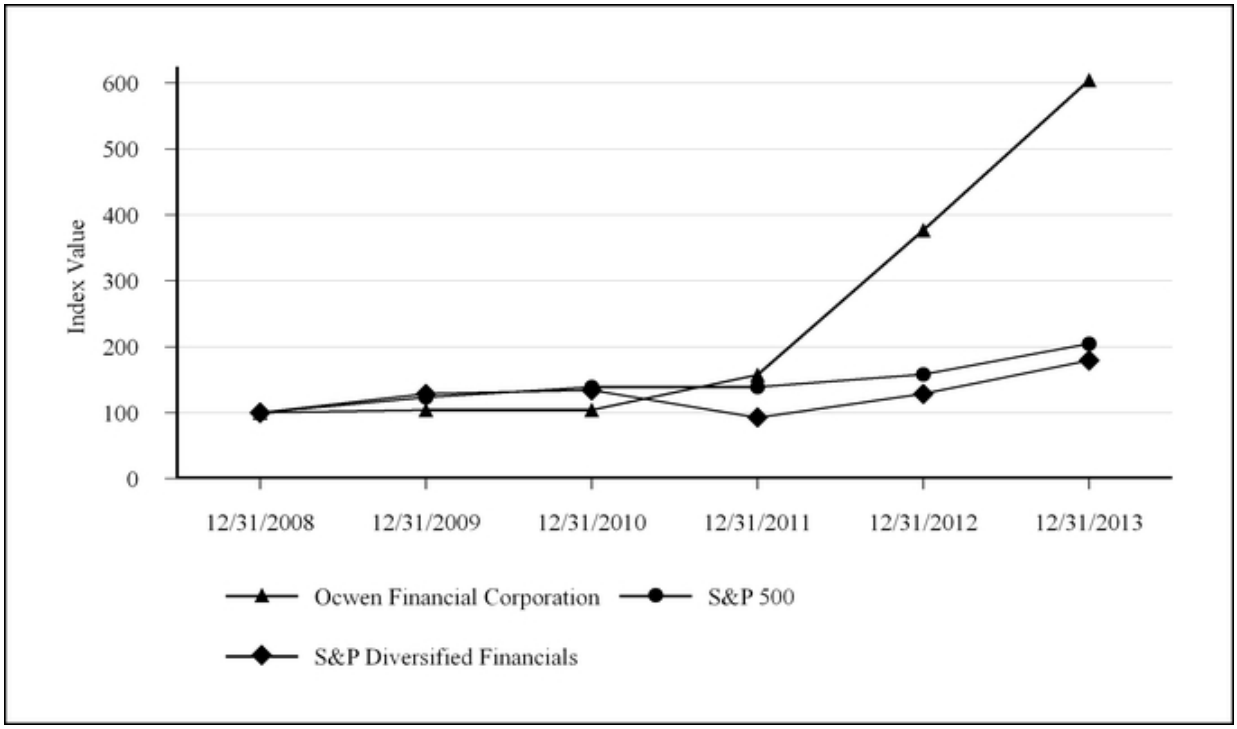
	High	Low
2013		
First quarter	$ 41.47	$ 34.68
Second quarter	45.74	34.58
Third quarter	58.06	41.15
Fourth quarter	59.97	49.91
2012		
First quarter	$ 16.90	$ 13.75
Second quarter	18.78	14.54
Third quarter	28.10	18.94
Fourth quarter	38.80	28.64

The closing sales price of our common stock on February 24, 2014 was $39.00.

We have never declared or paid cash dividends on our common stock. We currently do not intend to pay cash dividends in the foreseeable future but intend to reinvest earnings in our business. The timing and amount of any future dividends will be determined by our Board of Directors and will depend, among other factors, upon our earnings, financial condition, cash requirements, the capital requirements of subsidiaries and investment opportunities at the time any such payment is considered. In addition, the covenants relating to certain of our borrowings contain limitations on our payment of dividends. Our Board of Directors has no obligation to declare dividends on our common stock under Florida law or our amended and restated articles of incorporation.

The following graph compares the cumulative total return on the common stock of Ocwen Financial Corporation since December 31, 2008, with the cumulative total return on the stocks included in Standard & Poor's 500 Market Index and Standard & Poor's Diversified Financials Market Index.

Total Return Performance [(1)]



	Period Ending					
Index	***12/31/2008***	***12/31/2009***	***12/31/2010***	***12/31/2011***	***12/31/2012***	***12/31/2013***
Ocwen Financial Corporation	100.00	104.25	103.92	157.73	376.80	604.03
S&P 500	100.00	123.45	139.23	139.23	157.90	204.63
S&P Diversified Financials	100.00	128.53	134.06	92.59	128.59	179.26

(1) Excludes the significant value distributed in 2009 to Ocwen investors in the form of Altisource common equity.

Purchases of Equity Securities by the Issuer and Affiliates

Information regarding repurchases of our common stock during the fourth quarter of 2013 is as follows:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans	Approximate dollar value of shares that may yet be purchased under the plans
November 1-November 30	667,112	$ 51.1059	667,112	$ 465.9 million
December 1-December 31	458,595	$ 56.5404	458,595	$ 440.0 million
Total	1,125,707	$ 53.3198	1,125,707	

On September 23, 2013, we entered into amendments to the Senior Secured Term Loan Facility Agreement and the related Pledge and Security Agreement which permit Ocwen to repurchase of all of its Preferred Stock, which may be converted to common stock prior to repurchase, and up to $1.5 billion of its common stock, subject, in each case, to pro forma financial covenant compliance. See Note 15 — Borrowings to the Consolidated Financial Statements for additional information regarding the terms of this loan. On October 31, 2013, we announced that our board of directors had authorized a share

repurchase program for an aggregate of up to $500.0 million of our issued and outstanding shares of common stock. The purpose of this plan is to provide a tax efficient way to return cash to shareholders when it is deemed the shares are attractively priced. Unless we amend the share repurchase program or repurchase the full $500.0 million amount by an earlier date, the share repurchase program will continue through July 2016. We may use SEC Rule 10b5-1 plans in connection with our share repurchase program. No assurances can be given as to the amount of shares, if any, that we may repurchase in any given period.

Number of Holders of Common Stock

On February 24, 2014, 135,176,271 shares of our common stock were outstanding and held by approximately 72 holders of record. Such number of stockholders does not reflect the number of individuals or institutional investors holding our stock in nominee name through banks, brokerage firms and others.

Securities Authorized for Issuance under Equity Compensation Plans

The information contained in our 2014 Proxy Statement under the caption “Equity Compensation Plan Information” is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA (Dollars in thousands, except per share data and unless otherwise indicated)

The selected historical consolidated financial information set forth below should be read in conjunction with Business, Corporate Strategy and Outlook - Servicing portfolio and platform acquisitions, Management’s Discussion and Analysis (MD&A) of Financial Condition and Results of Operations, our Consolidated Financial Statements and the Notes to the Consolidated Financial Statements. The historical financial information presented may not be indicative of our future performance.

	December 31,				
	2013 (1) (2)	**2012 (1) (2)**	**2011 (1)**	**2010 (1)**	**2009 (3)**
Selected Balance Sheet Data					
Total Assets	$ 7,873,770	$ 5,685,962	$ 4,728,024	$ 2,921,409	$ 1,769,350
Loans held for sale	$ 566,660	$ 509,346	$ 20,633	$ 25,803	$ 33,197
Loans held for investment - Reverse mortgages	618,018	—	—	—	—
Advances and match funded advances	3,444,571	3,233,707	3,733,502	2,108,885	968,529
Mortgage servicing rights	2,069,381	764,150	293,152	193,985	117,802
Goodwill	416,558	416,176	70,240	12,810	—
Trading securities, at fair value (4)	—	—	—	—	251,156
Total Liabilities	$ 6,017,087	$ 3,921,168	$ 3,384,713	$ 2,016,592	$ 903,487
Match funded liabilities	$ 2,364,814	$ 2,532,745	$ 2,558,951	$ 1,482,529	$ 465,691
Financing liabilities	1,284,229	306,308	—	—	—
Long-term other secured borrowings	1,288,740	18,466	563,627	277,542	143,395
Investment line (4)	—	—	—	—	156,968
Mezzanine equity (5)	$ 60,361	$ 153,372	$ —	$ —	$ —
Total stockholders’ equity (6)	$ 1,796,322	$ 1,611,422	$ 1,343,311	$ 904,817	$ 865,863
Residential Loans and Real Estate Serviced for Others					
Count	2,861,918	1,219,956	671,623	479,165	351,595
UPB	$ 464,651,332	$ 203,665,716	$ 102,199,222	$ 73,886,391	$ 49,980,077

	For the Years Ended December 31,				
	2013	2012	2011	2010	2009 (3)
Selected Operations Data					
Revenue:					
Servicing and subservicing fees	$ 1,823,559	$ 804,407	$ 458,838	$ 321,699	$ 264,467
Gain (loss) on loans held for sale, net	121,694	215	(2)	—	—
Other	93,020	40,581	37,055	38,682	116,261
Total revenue	2,038,273	845,203	495,891	360,381	380,728
Operating expenses	1,301,294	363,907	239,547	236,474	235,654
Income from operations	736,979	481,296	256,344	123,907	145,074
Other income (expense):					
Interest expense	(412,842)	(223,455)	(132,770)	(85,923)	(62,954)
Other, net	11,086	(333)	(579)	1,170	11,141
Other expense, net	(401,756)	(223,788)	(133,349)	(84,753)	(51,813)
Income from continuing operations before income taxes	335,223	257,508	122,995	39,154	93,261
Income tax expense	41,074	76,585	44,672	5,545	96,110
Income (loss) from continuing operations	294,149	180,923	78,323	33,609	(2,849)
Income from discontinued operations, net of taxes (7)	—	—	—	4,383	3,121
Net income	294,149	180,923	78,323	37,992	272
Net loss (income) attributable to non-controlling interests	—	—	8	(8)	25
Net income attributable to Ocwen stockholders	294,149	180,923	78,331	37,984	297
Preferred stock dividends (5)	(5,031)	(85)	—	—	—
Deemed dividend related to beneficial conversion feature of preferred stock (5)	(6,989)	(60)	—	—	—
Net income attributable to Ocwen common stockholders	$ 282,129	$ 180,778	$ 78,331	$ 37,984	$ 297
Basic earnings per share					
Income (loss) from continuing operations	$ 2.08	$ 1.35	$ 0.75	$ 0.34	$ (0.04)
Income (loss) from discontinued operations (7)	—	—	—	0.04	0.04
Net income attributable to OCN common stockholders	$ 2.08	$ 1.35	$ 0.75	$ 0.38	$ —
Diluted earnings per share					
Income (loss) from continuing operations	$ 2.02	$ 1.31	$ 0.71	$ 0.32	$ (0.04)
Income (loss) from discontinued operations (7)	—	—	—	0.04	0.04
Net income attributable to OCN common stockholders	$ 2.02	$ 1.31	$ 0.71	$ 0.36	$ —
Weighted average common shares outstanding					
Basic	135,678,088	133,912,643	104,507,055	100,273,121	78,252,000
Diluted (8)	139,800,506	138,521,279	111,855,961	107,483,015	78,252,000

(1) Includes significant business acquisitions, including ResCap (February 2013), Homeward (December 2012), Litton (September 2011) and HomEq (September 2010). These transactions primarily involved the acquisition of residential MSRs and related servicing advances. The operating results of the acquired businesses have been included in our results since their respective acquisition dates. See Note 3 — Business Acquisitions to the Consolidated Financial Statements for additional information.

(2) During 2013 and 2012, Ocwen completed sales to HLSS of Rights to MSRs together with the related servicing advances. We accounted for the sales to HLSS of Rights to MSRs as secured financings. As a result, the MSRs were not derecognized, and a liability was established equal to the sales price. Match funded liabilities were reduced in connection with these sales. See Note 4 — Sales of Advances and MSRs to the Consolidated Financial Statements for additional information.

(3) On August 10, 2009, we completed the Separation by a pro-rata distribution of Altisource common stock to Ocwen shareholders. As a result of the Separation, we eliminated $88.5 million of assets (including goodwill and other intangibles) and $16.3 million of liabilities from our consolidated balance sheet effective at the close of business on August 9, 2009 and recorded a $72.1 million reduction in additional paid-in capital. After the separation, the operating results of Altisource are no longer included in our operating results. As a consequence of the Separation and related transactions, Ocwen recognized $52.0 million of income tax expense in 2009. OS consolidated revenues and expenses for 2009 prior to the Separation were $106.3 million and $91.8 million, respectively.

(4) During 2010, we liquidated our remaining investment in auction rate securities and used the proceeds to repay the investment line. Net realized and unrealized gains (losses) on auction rate securities were $(7.9) million and $11.9 million during 2010 and 2009 respectively.

(5) Ocwen paid $162.0 million of the purchase price to acquire Homeward by issuing 162,000 shares of Series A Perpetual Convertible Preferred stock (Preferred Shares). On September 23, 2013, Ocwen paid $157.9 million to repurchase from the holders of the Preferred Shares all 3,145,640 shares of Ocwen common stock that were issued upon their election to convert 100,000 of the Preferred Shares into shares of Ocwen common stock. See Note 17 — Mezzanine Equity and Note 26 — Related Party Transactions to the Consolidated Financial Statements for additional information.

(6) On March 28, 2012, Ocwen issued 4,635,159 shares of its common stock upon redemption and conversion of the remaining balance of our 3.25% Convertible Notes due 2024. On November 9, 2011, Ocwen completed the public offering of 28,750,000 shares of common stock at a per share price of $13.00 and received net proceeds of $354.4 million.

(7) On December 3, 2009, we completed the sale of our investment in Bankhaus Oswald Kruber GmbH & Co. KG (BOK), a wholly owned German banking subsidiary. We have reported the results of operations of BOK in the consolidated financial statements as discontinued operations. Income from discontinued operations for 2010 represents a true-up of Ocwen's income tax expense on the sale of BOK.

(8) Prior to the redemption of the 3.25% Convertible Notes, we computed their effect on diluted EPS using the if-converted method. We did not assume conversion of the 3.25% Convertible Notes to common stock for 2009 because the effect was anti-dilutive. We also use the if-converted method to compute the effect on EPS of the Preferred Shares; however, we assumed no conversion for 2013 or 2012 because the effect was anti-dilutive.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as other portions of this Form 10-K, may contain certain statements that constitute forward-looking statements within the meaning of the federal securities laws. You can identify forward-looking statements by terminology such as "may," "will," "should," "could", "intend," "consider," "expect," "plan," "anticipate," "believe," "estimate," "predict" or "continue" or the negative of such terms or other comparable terminology. Such statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially from expected results. You should not place any undue reliance on any forward-looking statement and should consider all uncertainties and risks discussed in this report, including those under "Forward-Looking Statements" and Item 1A, Risk Factors above, as well as those provided in any subsequent SEC filings.

OVERVIEW

Ocwen Financial Corporation is a financial services holding company which, through its subsidiaries, is one of the largest mortgage companies in the United States. We are the fourth largest mortgage servicer in the United States and are a leader in the servicing industry in helping keep borrowers in their homes through foreclosure prevention. Ocwen has completed more than 450,000 loan modifications since January 2008 and is an industry leader in completing sustainable loan modifications as evidenced by the number of completed modifications that remain less than 90 days delinquent. Through our Homeward and

Liberty lending operations, we purchased or originated 32,311 and 7,443 forward and reverse mortgage loans with a UPB of $6.7 billion and $965.2 million, respectively, during 2013.

Market Outlook

As discussed in Item 1. Business, we expect servicing assets and platforms to continue to come to market as banks sell or subservice non-core servicing assets. In addition, banks have legacy mortgage loan portfolios that they may look to sell or subservice. Small specialty servicers may also view a sale and exit as their highest return alternative, especially given the increasingly high fixed costs associated with complying with state and federal servicing rules and regulations. We believe servicing and subservicing opportunities with an aggregate UPB in the range of $1.0 trillion could come to market in the next 3 years.

We would generally expect lower prepayment rates due to lower refinancing activity in a rising rate environment, primarily in our performing Agency servicing portfolio. Our non-Agency portfolio has not historically experienced significant voluntary prepayments. As such, higher interest rates are expected to positively impact our servicing portfolio. Combined with an improving economy and housing market, which should reduce delinquencies, we anticipate a favorable environment for our servicing portfolio.

While overall mortgage market forecasts are projecting a decline in new forward mortgage loan originations in 2014 from 2013 (such as the 28% predicted in the Fannie Mae December 2013 Housing/Economic Forecast), we believe we can mitigate some of the decline with a modest increase in our share of the market through more efficient integration with our servicing portfolio and continuing investment in our lending channels. The CFPB estimates the total potential size of the reverse mortgage market at $1.9 trillion, of which only 3% has been tapped. We believe that Liberty's strong retail and wholesale operations, combined with low costs and an effective marketing presence, will continue to maintain a strong market share. Nevertheless, we expect slow growth in 2014 in reverse mortgage volume.

As a result of the current regulatory environment, we have faced and expect to continue to face increased regulatory and public scrutiny as well as stricter and more comprehensive regulation of our business. We continue to work diligently to assess and understand the implications of the regulatory environment in which we operate and the regulatory changes that we are facing. We devote substantial resources to regulatory compliance, while, at the same time, striving to meet the needs and expectations of our customers and investors.

Operations Summary

Our consolidated operating results for the past three years have been significantly impacted by portfolio and platform acquisitions. The operating results of the acquired businesses are included in our operating results since their respective acquisition dates.

We added 2.5 million forward mortgage loans with a UPB of $376.1 billion onto our servicing platforms (boarded) during the year ended December 31, 2013. The most significant of these are as follows (in millions):

Transaction	Type	Completion Date	Purchase Price	Acquired MSR UPB
ResCap Acquisition (1) (2) (3)	Business	February 2013	$ 2,300	$ 183,100
Ally Bank (4)	Contract Assumption	February 2013	N/A	130,000
Ally MSR Transaction (5) (6)	Asset	April - August 2013	621	87,500
OneWest MSR Transaction (7) (8) (9)	Asset	August 2013 - March 2014	2,491	69,000
Greenpoint MSR Transaction	Asset	December 2013	456	6,300

(1) Acquired ResCap servicing platform, related assets and assumed liabilities and added approximately 2,450 U.S. based employees.

(2) Purchase price includes $389.9 million of MSRs and $1.7 billion of servicing advances, net of assumed liabilities of $74.6 million consisting primarily of accruals for compensatory fees for foreclosures that may ultimately exceed investor timelines. We recognized goodwill of $207.8 million in connection with the acquisition.

(3) Consists of $55.6 billion conventional and government insured, $55.6 billion non-Agency, $44.9 billion master servicing and $27.0 billion subservicing. Subsequent to the ResCap acquisition, we acquired $246.4 million UPB of newly originated government insured MSRs from ResCap at contractually agreed multiples of the applicable servicing fee, which approximated market value.

(4) We acquired the MSRs related to $87.5 billion in UPB from Ally Bank in the Ally MSR Transaction and terminated the subservicing contract with respect to the acquired MSRs.

(5) Purchase price includes $683.8 million of MSRs and $73.6 million of servicing advances and other receivables, net of the estimated fair value of the assumed origination representation and warranty obligations of $136.7 million in connection with the majority of the acquired MSRs.
(6) Consists of conventional MSRs. Prior to the acquisition, we subserviced these loans on behalf of Ally Bank under a contract assumption in connection with the ResCap Acquisition. We also acquired newly originated conventional MSRs from Ally Bank through August 31, 2013, at a contractually agreed multiple of the applicable servicing fee, which approximated market value.
(7) Purchase price and MSR UPB in connection with December and 2014 settlements are preliminary. Final purchase amounts could be different.
(8) Purchase price consists of $398.8 million of MSRs and $2.1 billion of servicing advances. The OneWest MSR Transaction is closing in stages with the final closing expected to occur during the first quarter of 2014. Purchase price, including the final closing, is $2.5 billion, consisting of $406.1 million of MSRs and $2.1 billion of servicing advances.
(9) UPB consists of $31.2 billion conventional MSRs and $37.8 billion non-Agency MSRs. Additional UPB acquired in the final closing is estimated to be $849.9 million non-Agency MSRs and $243.9 million conventional MSRs.

Consistent with our “asset-light” strategy, we sell MSRs and Rights to MSRs and related servicing advances to HLSS and other third parties and retain subservicing. Until such time as legal title to MSR and Rights to MSRs transfers, we account for the sale transactions as secured financings. To the extent that a sale is accounted for as a financing, the MSRs remain on our consolidated balance sheet and continue to be amortized. We recognize a financing liability, which is amortized, and recognize interest expense on the outstanding financing liability. Any excess of the proceeds received over our carrying value for the MSRs is deferred and amortized over the estimated life of the underlying MSRs. We may enter into additional MSR and advance sales in the future. We may also consider the sale or financing of other assets with HLSS or other market participants. See Note 4 — Sales of Advances and MSRs to the Consolidated Financial Statements for additional information.

The following table includes significant sales of MSRs and Rights to MSRs completed during 2013, including sales accounted for as secured financings (amounts in millions):

Completion Date	Aggregate Proceeds	MSR UPB Sold	Advances and Match Funded Advances (1)	Deferred Gain	Match Funded Liabilities (1) Repaid
HLSS (2):					
March	$ 803.9	$ 15,900.0	$ 703.2	$ 3.7	$ 625.8
May	424.5	10,600.0	376.6	18.9	311.5
July	2,600.0	83,300.0	2,400.0	9.6	1,974.0
October	378.7	—	350.0	10.9	78.7
Other (3):					
September	21.5	1,500.0	—	3.2	—
October	13.3	1,000.0	—	1.9	—

(1) Match funded advances include advances sold to SPEs formed for the sole purpose of financing advances on loans that we service for others. We either account for these sales as secured financing transactions or we consolidate the SPE because Ocwen is the primary beneficiary of the SPE. The corresponding liability is classified as match funded liabilities on our Consolidated Balance Sheets.
(2) Consists of Rights to MSRs for non-Agency MSRs, including all such MSRs acquired in the Homeward and ResCap Acquisitions. Because we retained legal title to the MSRs, the sales of the Rights to MSRs have been accounted for as financings. See Note 4 — Sales of Advances and MSRs for additional information.
(3) Consists of 2013 vintage conventional MSRs generated on our Homeward lending platform. These transactions have been accounted for as sales with the gain deferred and recognized over the life of the subservicing contract.

The following table summarizes our consolidated operating results for the years indicated. We provide a more complete discussion of operating results in the Segment Results section of the MD&A.

	For the years ended December 31,			$ Change		% Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011	2013 vs. 2012	2012 vs. 2011
Consolidated:							
Revenue:							
Servicing and subservicing fees	$ 1,823,559	$ 804,407	$ 458,838	$ 1,019,152	$ 345,569	127 %	75 %
Gain (loss) on loans held for sale	121,694	215	(2)	121,479	217	n/m	n/m
Other	93,020	40,581	37,055	52,439	3,526	129	10
Total revenue	2,038,273	845,203	495,891	1,193,070	349,312	141	70
Operating expenses	1,301,294	363,907	239,547	937,387	124,360	258	52
Income from operations	736,979	481,296	256,344	255,683	224,952	53	88
Other income (expense):							
Interest expense	(412,842)	(223,455)	(132,770)	(189,387)	(90,685)	85	68
Other	11,086	(333)	(579)	11,419	246	n/m	(42)
Other expense, net	(401,756)	(223,788)	(133,349)	(177,968)	(90,439)	80	68
Income before income taxes	335,223	257,508	122,995	77,715	134,513	30	109
Income tax expense	41,074	76,585	44,672	(35,511)	31,913	(46)	71
Net income	294,149	180,923	78,323	113,226	102,600	63	131
Net income (loss) attributable to non-controlling interests	—	—	8	—	(8)	n/m	(100)
Net income attributable to Ocwen stockholders	294,149	180,923	78,331	113,226	102,592	63	131
Preferred stock dividends	(5,031)	(85)	—	(4,946)	(85)	n/m	n/m
Deemed dividend related to beneficial conversion feature of preferred stock	(6,989)	(60)	—	(6,929)	(60)	n/m	n/m
Net income attributable to Ocwen common stockholders	$ 282,129	$ 180,778	$ 78,331	$ 101,351	$ 102,447	56	131
Segment income (loss) before taxes:							
Servicing	$ 374,411	$ 274,363	$ 135,880	$ 100,048	$ 138,483	36 %	102 %
Lending	35,624	(258)	—	35,882	(258)	n/m	n/m
Corporate Items and Other	(74,812)	(16,597)	(12,885)	(58,215)	(3,712)	351	29
	$ 335,223	$ 257,508	$ 122,995	$ 77,715	$ 134,513	30	109
n/m: not meaningful							

2013 versus 2012. Servicing and subservicing fees for 2013 were higher than 2012 primarily as a result of a 250% increase in the average UPB of our residential servicing portfolio. Platform and asset acquisitions, including Homeward, ResCap, Ally and OneWest drove the increase in the average size of the residential portfolio as compared to 2012. The increase in servicing revenue resulting from the increase in the average UPB of the residential portfolio was offset in part by the effects of changes in the portfolio mix, with a larger proportion attributed to conventional and government insured loans and to subservicing. Conventional and government insured servicing fees are typically lower than non-Agency servicing fees, and we generally earn lower fees in connection with subservicing contracts as compared to servicing contracts. However, the lower fees earned under subservicing contracts are offset by lower interest expense on advance financing. The combined servicing and subservicing fees generated by the Homeward, ResCap, Ally and OneWest portfolios during 2013 were $862.4 million.

Gain on sales of residential mortgage loans from our originations platforms that we acquired as part of the Homeward and Liberty acquisitions reflected a strong pipeline and higher conversion rates as borrowers reacted to rising mortgage rates. Margins on new originations were strong for most of the period. Gain on sales generated by the Homeward and Liberty

platforms during 2013 were $48.6 million and $33.6 million, respectively. Liberty issued $605.0 million of Ginnie Mae reverse mortgage backed securities during 2013. If a forward mortgage loan in a Ginnie Mae guaranteed securitization is to be modified, we are obligated to repurchase the loan in order to complete the modification. Once the modification of the repurchased loan is completed, we can sell the loan into a new Ginnie Mae guaranteed securitization at the then prevailing market value. In 2013, we recorded $35.1 million in gains on the sale of these modified loans which had an UPB of $951.8 million.

Other revenues for 2013 were higher than 2012 primarily as a result of $39.1 million in loan origination revenues from our lending platforms.

Operating expenses, including amortization of our MSRs, increased in 2013 as compared to 2012. Operating expenses for 2013 include transition and transaction costs related to the Homeward and ResCap platform acquisitions and integration onto our REALServicing platform and ramp-up expenses for the OneWest acquisition which we estimate to be a combined $175.0 million. The largest component of these costs relates to Compensation and benefits expense. We finalized the Homeward platform integration in the second quarter of 2013. The ResCap platform integration began in July 2013 and is expected to be completed in June 2014. Until we complete the integrations, we incur the operating costs of maintaining the legacy platforms. Once we complete the integration, we expect our operating expenses to decline significantly. In addition, in 2013 we recorded a loss of $53.5 million in connection with our settlement with the CFPB and various state Attorneys General and other agencies that regulate the mortgage servicing industry regarding certain foreclosure related matters. See Note 28 — Commitments and Contingencies of the Consolidated Financial Statements for additional information regarding this matter.

Other expense, net for 2013 increased as compared to 2012 primarily as a result of an increase in interest expense. The increase in interest expense was driven principally by an increase in interest on the financing liabilities that we have recognized in connection with acquisitions, especially the HLSS transactions and Senior Secured Term Loan (SSTL) borrowings, offset by a decline in interest on match funded liabilities. The HLSS financing liability has increased from an average of $92.0 million in 2012 to an average of $512.9 million in 2013. We used the proceeds from the HLSS transactions to repay advance facility borrowings of $3.0 billion that we incurred to finance the Homeward, ResCap and Ally acquisitions and to provide a significant part of the financing for the OneWest acquisition. The early repayment of our advance financing facilities resulted in our writing off to Interest expense $7.3 million of deferred financing costs associated with those facilities. In certain circumstances, we may be reimbursed for a portion of these costs by HLSS. During 2013, HLSS reimbursed $1.9 million in deferred financing costs. We also recognized in earnings $4.1 million of losses on cash flow hedges relating to our advance financing facilities that we had deferred in Accumulated other comprehensive loss.

In 2013, we recorded a net loss on the extinguishment of debt of $8.7 million versus a net loss of $2.2 million in 2012. In December 2012 and June 2013, we sold MSRs to an unrelated third party. Because we are required to repurchase MSRs for any loans that could not be refinanced by the purchaser by certain dates, we account for these sales as secured financings. Upon repurchase of the MSRs, we derecognize any remaining financing liability related to the repurchased MSRs. In 2013, we recognized $8.3 million of gains on extinguishment of these financing liabilities. Offsetting these gains in 2013 are $17.0 million of losses that we recognized when we repaid the balance outstanding on an earlier SSTL with the proceeds from a new SSTL that we entered into on February 14, 2013. See of Note 15 — Borrowings of the Consolidated Financial Statements for additional information on the MSR financing liabilities and the SSTL facilities.

Our effective tax rate for 2013 is lower than the U.S. Federal corporate income tax rate of 35% primarily because of lower tax rates on our operations in the USVI. As part of an initiative to streamline management of our global servicing assets and operations and cost-effectively expand our U.S.-based origination and servicing activities, Ocwen formed OMS in 2012 under the laws of the USVI where OMS has its principal place of business. OMS is located in a federally recognized economic development zone and, effective October 1, 2012, became eligible for certain benefits which have a favorable impact on our effective tax rate. Our actual effective tax rate in the future will vary depending on the mix of U.S. and foreign assets and operations. Although income before income taxes for 2013 increased by $77.7 million as compared to 2012, income tax expense declined by $35.5 million as our estimated effective tax rate for 2013 declined to 12.3% as compared to 29.7% for 2012.

2012 versus 2011. Servicing and subservicing fee revenues for 2012 were higher than 2011 primarily as a result of 46% growth in the average UPB of the residential servicing portfolio that included $34.2 billion of servicing and subservicing added during the second quarter of 2012, principally as a result of acquisitions, including the Saxon MSR Transaction and the effect of the Litton portfolio for a full year in 2012 as compared to four months in 2011. An increase in the mix of servicing versus subservicing and a 9% increase in completed modifications also contributed to the increase in revenues. The Homeward acquisition closed on December 27, 2012, and therefore did not have a significant impact on revenues.

Operating expenses for 2012 increased principally because of the effects of growth in the servicing portfolio which resulted in a substantial increase in staffing and higher amortization of MSRs. Newly acquired servicing portfolios typically have higher delinquencies upon boarding which raises costs relative to increases in UPB. This disproportionate increase in

costs results because we incur our highest expenses up-front as we invest in loss mitigation resources and incur transaction-related costs. However, the effects of the increase in staffing on Compensation and benefits were offset in part by the 2011 nonrecurring expenses associated with the operations of Litton immediately after the acquisition. Technology and occupancy costs increased as well, as we added facilities and infrastructure to support the growth. Operating expenses for 2012 also include a charge of $4.8 million to establish a liability for the remaining lease payments on the former Litton facility that we vacated. We also incurred a fee of $3.7 million in 2012 as a result of canceling a planned $200.0 million upsize of the SSTL facility.

Other expense, net increased by $90.4 million primarily due to an increase in interest expense. Higher interest on borrowings related to acquisitions that closed during 2012 were partially offset by a decline in interest expense on borrowings transferred to, or repaid with proceeds from, HLSS transactions.

Although income before income taxes for 2012 increased by 109% as compared to 2011, income tax expense increased by only 71% as a result of a decline in our effective tax rate to 29.7% in 2012 from 36.3% in 2011. Our effective tax rate for 2012 is lower than the U.S. Federal corporate income tax rate of 35% primarily because of lower tax rates on our operations in the USVI effective October 1, 2012.

Financial Condition Summary

During 2013, our balance sheet was significantly impacted by completed acquisitions and transfers of financial assets that are recorded as secured financings, including the HLSS transactions and reverse mortgage securitizations completed by Liberty. The following table summarizes our consolidated balance sheet at the dates indicated.

	2013	2012	$ Change	% Change
Cash	$ 178,512	$ 220,130	$ (41,618)	(19)%
Loans held for sale ($503.8 million and $426.5 million carried at fair value)	566,660	509,346	57,314	11
Loans held for investment - reverse mortgages, at fair value	618,018	—	618,018	n/m
Advances and match funded advances	3,444,571	3,233,707	210,864	7
Mortgage servicing rights ($116.0 million and $85.2 million carried at fair value)	2,069,381	764,150	1,305,231	171
Deferred tax assets	116,558	96,893	19,665	20
Goodwill	416,558	416,176	382	—
Debt service accounts	129,897	88,748	41,149	46
Other	333,615	356,812	(23,197)	(7)
Total assets	$ 7,873,770	$ 5,685,962	$ 2,187,808	38
Total Assets by Segment:				
Servicing	$ 6,241,757	$ 4,575,489	$ 1,666,268	36 %
Lending	1,195,812	476,434	719,378	151
Corporate Items & Other	436,201	634,039	(197,838)	(31)
Match funded liabilities	$ 2,364,814	$ 2,532,745	$ (167,931)	(7)
Financing liabilities ($615.6 million and $0 carried at fair value)	1,284,229	306,308	977,921	319
Other secured borrowings	1,777,669	790,371	987,298	125
Other	590,375	291,744	298,631	102
Total liabilities	6,017,087	3,921,168	2,095,919	53
Mezzanine equity	60,361	153,372	(93,011)	(61)
Total stockholders' equity	1,796,322	1,611,422	184,900	11
Total liabilities, mezzanine equity and stockholders' equity	$ 7,873,770	$ 5,685,962	$ 2,187,808	38
Total Liabilities by Segment:				
Servicing	$ 4,740,734	$ 3,440,888	$ 1,299,846	38 %
Lending	1,107,413	388,094	719,319	185
Corporate Item & Other	168,940	92,186	76,754	83

n/m: not meaningful

Loans held for investment - reverse mortgages, at fair value includes reverse mortgage loan securitizations guaranteed by Ginnie Mae that we accounted for as secured financings. The corresponding financing is recorded in Financing liabilities. We elected to report both the loans held for investment and the corresponding financing liability at fair value. Advances and match funded advances increased primarily due to acquired advances of $4.3 billion exceeding sales of advances to HLSS of $3.8 billion. MSRs increased as a result of acquisitions completed during 2013 of $1.5 billion and new capitalization generated from our lending platform, offset in part by amortization. The increase in goodwill is the result of goodwill recorded as part of the ResCap Acquisition offset by reductions due to the sale of the Homeward and ResCap diversified businesses to Altisource in March and April of 2013, respectively.

Reductions in match funded liabilities are the result of the sale of advances to HLSS and the collection of advances offset in part by new facilities that we entered into to finance our more recently closed acquisitions. Financing liabilities increased as a result of the sales of Rights to MSRs to HLSS and Liberty reverse mortgage securitizations accounted for as secured financings. Other secured borrowings increased primarily as a result of borrowings under the SSTL in connection with the ResCap acquisition. Other liabilities increased primarily as a result of liabilities that we assumed in connection with acquisitions, including indemnification obligations, and reserves in connection with legal and regulatory matters.

Mezzanine equity results from the issuance of $162.0 million of Preferred Shares in connection with the Homeward acquisition. During the third quarter of 2013, the holders converted 61.7% of the Preferred Shares into common shares which Ocwen subsequently repurchased.

We repurchased 1,125,707 common shares in the open market at an average price of $53.32 per share in November and December 2013 under the stock repurchase plan that we announced in October 2013.

SEGMENT RESULTS OF OPERATIONS

Servicing

Servicing involves the collection and remittance of principal and interest payments received from borrowers, the administration of mortgage escrow accounts, the collection of insurance claims, the management of loans that are delinquent or in foreclosure or bankruptcy, including making servicing advances, evaluating loans for modification and other loss mitigation activities and, if necessary, foreclosure referrals and REO sales on behalf of investors or other servicers. Master servicing involves the collection of payments from servicers and the distribution of funds to investors in mortgage and asset-backed securities and whole loan packages. We typically earn contractual monthly servicing fees pursuant to servicing agreements (which are typically payable as a percentage of UPB) as well as other ancillary fees on mortgage loans for which we own the MSRs. We also earn fees under subservicing and special servicing arrangements with banks and other institutions that own the MSRs. We typically earn these fees either as a percentage of UPB or on a per loan basis.

Purchased MSRs generally entitle us to annual fees between 25 and 65 basis points of the average UPB of the loans serviced. Under subservicing arrangements, where we do not own the MSR, we are generally entitled to an annual fee of between 10 and 39 basis points of the average UPB, or on a per loan basis. Per loan fees typically vary based on delinquency status.

We recognize servicing fees as revenue when the fees are earned, which is generally when the borrower makes a payment or when a delinquent loan is resolved through modification (HAMP or non-HAMP), payoff or through the sale of the underlying mortgaged property following foreclosure. Our revenue recognition is, therefore, a function of UPB, the number of payments received and delinquent loans that resolve. When a loan becomes current via our non-HAMP modification process, deferred servicing fees and late fees are considered earned and are recognized as revenue. However, if any debt is forgiven as part of a non-HAMP modification, no late fees are collected or earned. When a loan becomes current via the HAMP modification process, deferred servicing fees are earned and recognized as revenue. However, late fees are forfeited. Initial HAMP fees are also recognized as revenue at that time. In addition, under HAMP, if a modified loan remains less than 90 days delinquent, we earn HAMP success fees at the first, second and third anniversaries of the start of the trial modification.

Servicing fees are supplemented by ancillary income, including:fees from the federal government for HAMP (from completing new HAMP modifications and from the continued success of prior HAMP modifications on the anniversary date of the HAMP trial modification):

- interest earned on loan payments that we have collected but have not yet remitted to the owner of the mortgage (float earnings);
- referral commissions from brokers for REO properties sold through our network of brokers;
- Speedpay® fees from borrowers who pay by telephone or through the Internet; and
- late fees from borrowers who were delinquent in remitting their monthly mortgage payments but have subsequently become current.

See Note 9 - Mortgage Servicing to the Consolidated Financial Statements for additional information on the composition of our Servicing revenue.

Loan Resolutions (Modification and REO Sales)

The importance of loan resolution to our financial performance is heightened by our revenue recognition policies. We do not recognize delinquent servicing fees or late fees as revenue until we collect cash on the related loan. The following loan modification scenarios illustrate the typical timing of our revenue recognition. The amounts used are presented in dollars and are for illustrative purposes only:

1. When a loan becomes current via a non-HAMP modification, we earn $500 of deferred servicing fees and $300 of late fees. To the extent any principal is forgiven as part of a non-HAMP modification, no late fees are collected or earned.
2. When a loan becomes current via a HAMP modification, we earn $500 of deferred servicing fees and an initial HAMP fee of $1,000, or $1,500 if the loan was in imminent risk of default. We forfeit late fees in connection with a HAMP modification.
3. We earn HAMP success fees of up to $1,000 for HAMP modifications that remain less than 90 days delinquent at the first, second and third anniversary of the start of the trial modification.

Loan resolution activities address the pipeline of delinquent loans and generally lead to (i) modification of the loan terms, (ii) a discounted payoff of the loan (e.g., a “short sale”) or (iii) foreclosure and sale of the resulting REO. The following process describes our resolution pipeline:

1. The loan and borrower are evaluated for HAMP eligibility. If HAMP criteria are met, HAMP documentation and trial offer phases proceed. The three most common reasons for failure to qualify for HAMP are:
   - existing loan terms that are already below a 31% debt to income (DTI) ratio;
   - inadequate documentation; or
   - inadequate or inconsistent income.
2. If the criteria to qualify for HAMP are not met, the loan and borrower are evaluated utilizing non-HAMP criteria that are more flexible and focus both on the borrower’s ability to pay and on maximizing net present value for investors. If the criteria are met, non-HAMP documentation and trial modification and/or modification phases proceed.
3. If the loan and borrower qualify for neither a HAMP nor a non-HAMP modification, liquidation of the loan then proceeds either via a discounted payoff, a deed-in-lieu-of-foreclosure or a foreclosure and REO sale.

In addition to the foregoing, all loan modifications must be made in accordance with the applicable servicing agreement. The applicable servicing agreement may require modifications to, or impose restrictions upon, the general process outlined above. Some agreements, for example, may forbid any loan modifications.

The majority of loans that we modify are delinquent, although we do modify some performing loans pro-actively under the American Securitization Forum guidelines. The most common term modified is the interest rate. Some modifications also involve the forgiveness or forbearance (i.e., rescheduling) of delinquent principal and interest. To select the best resolution for a delinquent loan, we perform a structured analysis of all options using information provided by the borrower as well as external data, including recent broker price opinions to value the mortgaged property. We then use a proprietary model to determine the option with the highest net present value for the loan investor including an assessment of re-default risk. Loan modifications are designed to achieve, and generally result in, the highest net present value.

Inquiries into servicer foreclosure practices by state or federal government bodies, regulators or courts are continuing and bring the possibility of adverse regulatory actions, including extending foreclosure timelines. Foreclosure delays slow the recovery of delinquent servicing fees and advances. Foreclosure timelines have increased as follows over each of the past three years:

	Increase in Average Foreclosure Timelines (in Days)		
State Foreclosure Process	**2013**	**2012**	**2011**
Judicial	75	130	133
Non-Judicial	33	36	32

Despite this timeline extension, the delinquency rate of our serviced portfolio as a percentage of UPB has declined from 23.5% at December 31, 2012 to 14.5% at December 31, 2013. While this improvement is due, in part, to the lower delinquency mix for recent acquisitions, modifications continue to drive down delinquency rates and obviate foreclosure. Also, fewer loans have entered delinquency, as early intervention loss mitigation and general economic conditions have improved. It is not possible to predict the full financial impact of changes in foreclosure practices, but if the extension of timelines causes delinquency rates to rise, this could lead to a delay in revenue recognition and collections, an increase in operating expenses and an increase in the advance ratio. An increase in the advance ratio would lead to increased borrowings and higher interest expense.

Advance Obligation

As a servicer or subservicer, we have the obligation to advance funds to securitization trusts in the event that borrowers are delinquent on their monthly mortgage payments. When a borrower becomes delinquent, we advance cash to trusts on the scheduled remittance date thus creating a receivable from the trust that is secured by the future cash flows from the mortgages underlying the trust. We advance principal and interest (P&I Advances), taxes and insurance (T&I Advances) and legal fees, property valuation fees, property inspection fees, maintenance costs and preservation costs on properties that have been foreclosed (Corporate Advances). For loans in private-label securitization trusts, if we determine that our P&I Advances cannot be recovered from the projected future cash flows, we generally have the right to cease making P&I Advances, declare advances in excess of net proceeds to be non-recoverable and, in most cases, immediately recover any such excess advances from the general collection accounts of the respective trust. With T&I and Corporate Advances, we continue to advance if net future cash flows exceed projected future advances without regard to advances already made. Most of our advances have the highest reimbursement priority (i.e., they are “top of the waterfall”) so that we are entitled to repayment from respective loan or REO liquidation proceeds before any interest or principal is paid on the bonds that were issued by the trust. In the majority of cases, advances in excess of respective loan or REO liquidation proceeds may be recovered from pool-level proceeds. The costs incurred in meeting these obligations consist principally of the interest expense incurred in financing the servicing advances. Most, but not all, subservicing agreements provide for more rapid reimbursement of any advances from the owner of the servicing rights.

Significant Variables

The key variables that have the most significant effect on our operating results in the Servicing segment are aggregate UPB, product and portfolio mix, delinquencies and prepayment speed.

Aggregate Unpaid Principal Balance. Servicing and subservicing fees are generally expressed as a percentage of UPB, and growth in the portfolio generally means growth in servicing and subservicing fees. Additionally, a larger servicing portfolio generates increased ancillary fees and leads to larger custodial account balances generating greater float earnings. To the extent we grow UPB through the purchase of MSRs, our amortization of MSRs will typically increase with the growth in the carrying value of our MSRs. We will also incur additional interest expense to finance servicing advances, and the portfolios that we have acquired generally have had a higher ratio of advances to UPB than our existing portfolio.

Product and Portfolio Mix. Owned servicing fees generally range from 25 to 65 basis points and entitle the servicer to certain ancillary fee income. Subservicing fees earned typically range from 10 to 39 basis points on average. Lower fees earned under subservicing contracts are offset by lower interest expense on advance financing. Servicing fees earned in connection with our non-Agency servicing portfolio are generally higher than those we earn in connection with our conventional and government insured servicing portfolios. The average servicing fee earned on our non-Agency assets is approximately 44 basis points as compared to the conventional average servicing fee of 29 basis points and the government insured average servicing fee of 32 basis points. Our non-Agency servicing portfolio also provides the opportunity for higher ancillary income. While the cost to service our non-Agency servicing portfolio is generally higher, our net margin on non-Agency servicing is higher than margins for our conventional and government insured servicing.

Delinquencies. Delinquencies have a significant impact on our results of operations and cash flows. Delinquencies affect the timing of revenue recognition because we recognize servicing fees as earned which is generally upon collection of payments from the borrower. Delinquencies also affect the custodial accounts that hold funds representing collections of principal and interest that we receive from borrowers (float balances) and float earnings. Non-performing loans are more expensive to service than performing loans because the cost of servicing is higher and, although collectibility is generally not a concern, advances to the investors increase which results in higher financing costs.

When borrowers are delinquent, the amount of funds that we are required to advance to the investors on behalf of the borrowers increases. We incur significant costs to finance those advances. We generally utilize securitization (i.e., match funded liabilities) facilities to finance our advances. As a result, increased delinquencies result in increased interest expense.

The cost of servicing non-performing loans is higher than the cost of servicing performing loans primarily because the loss mitigation techniques that we must employ to keep borrowers in their homes or to foreclose, if necessary, are more costly than

the techniques used in handling a performing loan. Procedures involve increased contact with the borrower for collection and the development of forbearance plans or loan modifications by highly skilled consultants who command higher compensation. This increase in operating expenses is somewhat offset by increased late fees for loans that become delinquent but do not enter the foreclosure process. In comparison, when loans are performing we have fewer interactions with the borrowers, and lower-cost customer service personnel conduct most of those interactions unless the loan is deemed to be at risk of defaulting.

Prepayment Speed. The rate at which the UPB for a pool or pools of loans declines has a significant impact on our business. Items reducing UPB include normal principal payments, refinancings, loan modifications involving forgiveness of principal, voluntary property sales and involuntary property sales such as foreclosures. Prepayment speed impacts future servicing fees, amortization and valuation of MSRs, float earnings on float balances, interest expense on advances and compensating interest expense. If we expect prepayment speed to increase, amortization expense will increase because MSRs are amortized in proportion to total expected servicing income over the life of a portfolio. The converse is true when expectations for prepayment speed decrease.

The following table presents selected results of operations of our Servicing segment for the years ended December 31. The amounts presented are before the elimination of balances and transactions with our other segments:

				% Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
Revenue					
Servicing and subservicing fees:					
Residential	$ 1,800,598	$ 791,985	$ 453,590	127 %	75 %
Commercial	17,907	12,575	6,390	42	97
	1,818,505	804,560	459,980	126	75
Gain on loans held for sale, net	39,490	—	—	n/m	n/m
Process management fees and other	37,926	36,070	34,854	5	3
Total revenue	1,895,921	840,630	494,834	126	70
Operating expenses					
Compensation and benefits	320,598	93,445	79,076	243	18
Amortization of servicing rights	282,526	72,897	42,996	288	70
Servicing and origination	95,180	25,028	8,118	280	208
Technology and communications	114,385	35,860	28,188	219	27
Professional services	34,840	19,834	15,203	76	30
Occupancy and equipment	85,767	41,645	20,609	106	102
Other operating expenses	162,788	55,606	37,011	193	50
Total operating expenses	1,096,084	344,315	231,201	218	49
Income from operations	799,837	496,315	263,633	61	88
Other income (expense)					
Interest income	1,599	9	110	n/m	(92)
Interest expense	(398,733)	(221,948)	(132,574)	80	67
Gain (loss) on debt redemption	(17,030)	(1,514)	3,651	n/m	(141)
Other, net	(11,262)	1,501	1,060	(850)	42
Total other expense, net	(425,426)	(221,952)	(127,753)	92	74
Income from continuing operations before income taxes	$ 374,411	$ 274,363	$ 135,880	36	102

n/m: not meaningful

The following table provides selected operating statistics at or for the years ended December 31:

	2013	2012	2011	% Change 2013 vs. 2012	% Change 2012 vs. 2011
Residential Assets Serviced					
Unpaid principal balance:					
Performing loans (1)	$ 397,462,893	$ 153,824,497	$ 71,900,689	158 %	114 %
Non-performing loans	59,425,722	43,568,536	24,097,130	36	81
Non-performing real estate	7,762,717	6,272,683	6,201,403	24	1
Total residential assets serviced (2)	$ 464,651,332	$ 203,665,716	$ 102,199,222	128	99
Conventional loans (3)	$ 218,657,915	$ 39,724,120	$ 8,918,573	450 %	345 %
Government insured loans	45,484,303	10,022,475	110,332	354	n/m
Non-Agency loans	200,509,114	153,919,121	93,170,317	30	65
Total residential loans serviced	$ 464,651,332	$ 203,665,716	$ 102,199,222	128	99
Percent of total UPB:					
Servicing portfolio	85.6%	86.3%	77.0%	(1)%	12 %
Subservicing portfolio	14.4	13.7	23.0	5	(40)
Non-performing residential assets serviced (4)	14.5	23.5	27.9	(38)	(16)
Number of:					
Performing loans (1)	2,511,675	982,391	516,923	156 %	90 %
Non-performing loans	308,468	204,325	123,584	51	65
Non-performing real estate	41,775	33,240	31,116	26	7
Total number of residential assets serviced (2)	2,861,918	1,219,956	671,623	135	82
Conventional loans (3)	1,221,483	215,321	47,947	467 %	349 %
Government insured loans	289,185	54,632	695	429	n/m
Non-Agency loans	1,351,250	950,003	622,981	42	52
Total residential loans serviced	2,861,918	1,219,956	671,623	135	82
Percent of total number:					
Servicing	84.4%	86.0%	77.5%	(2)%	11 %
Subservicing	15.6	14.0	22.5	11	(38)
Non-performing residential assets serviced (4)	12.2	18.4	21.2	(34)	(13)

	2013	2012	2011	% Change 2013 vs. 2012	% Change 2012 vs. 2011
Residential Assets Serviced					
Average UPB of residential assets serviced					
Servicing	$ 320,907,907	$ 102,809,182	$ 67,417,338	212 %	52 %
Subservicing	94,821,042	15,997,014	13,843,256	493	16
	$ 415,728,949	$ 118,806,196	$ 81,260,594	250	46
Prepayment speed (average Constant Prepayment Rate or CPR)	16.9%	14.7%	14.4%	15 %	2 %
Average number of residential assets serviced					
Servicing	1,997,691	661,839	436,909	202 %	51 %
Subservicing	623,210	100,815	94,493	518	7
	2,620,901	762,654	531,402	244	44
Residential Servicing and Subservicing Fees					
Loan servicing and subservicing fees:					
Servicing	$ 1,236,449	$ 527,535	$ 312,836	134 %	69 %
Subservicing	146,576	45,769	27,404	220	67
	1,383,025	573,304	340,240	141	68
HAMP fees	152,081	76,615	42,025	99	82
Late charges	114,963	68,613	38,555	68	78
Loan collection fees	30,960	15,915	11,223	95	42
Custodial accounts (float earnings)	4,895	3,703	2,105	32	76
Other	114,674	53,835	19,442	113	177
	$ 1,800,598	$ 791,985	$ 453,590	127	75
Number of Completed Modifications					
HAMP	47,758	19,516	12,429	145 %	57 %
Non-HAMP	66,592	63,434	63,776	5	(1)
Total	114,350	82,950	76,205	38	9
Financing Costs					
Average balance of advances and match funded advances	$ 2,844,865	$ 3,524,321	$ 2,515,507	(19)%	40 %
Average borrowings(5)	2,590,516	2,876,891	1,833,641	(10)	57
Interest expense on borrowings (5)(6)	137,806	161,848	125,826	(15)	29
Facility costs included in interest expense (5)(6)	18,917	17,770	22,674	6	(22)
Discount amortization included in interest expense (6)	1,412	3,259	9,354	(57)	(65)
Effective average interest rate (5)(6)	5.32%	5.63%	6.86%	(6)	(18)
Average 1-month LIBOR	0.19%	0.24%	0.23%	(21)	4

	2013	2012	2011	% Change 2013 vs. 2012	% Change 2012 vs. 2011
Average Employment					
India and other	4,873	3,965	2,521	23 %	57 %
U. S. (7)	3,322	661	552	403	20
Total	8,195	4,626	3,073	77	51
Collections on loans serviced for others	$ 84,484,413	$ 11,387,244	$ 6,618,201	642 %	72 %

n/m: not meaningful

(1) Performing loans include those loans that are current (less than 90 days past due) and those loans for which borrowers are making scheduled payments under loan modification, forbearance or bankruptcy plans. We consider all other loans to be non-performing.

(2) At December 31, 2013, we serviced 834,734 subprime non-Agency loans with a UPB of $146.0 billion. This compares to 747,908 subprime non-Agency loans with a UPB of $113.4 billion at December 31, 2012 and 548,504 subprime non-Agency loans with a UPB of $84.7 billion at December 31, 2011.

(3) Conventional loans at December 31, 2013 include 36,336 non-Agency loans with a UPB of $11.0 billion that we subservice and that consist primarily of jumbo loans which exceed loan size limits set by Fannie Mae and Freddie Mac.

(4) Excludes Freddie Mac loans serviced under special servicing agreements where we have no obligation to advance.

(5) Excludes interest expense related to financing liabilities that we recognized in connection with the HLSS Transactions. Interest on HLSS financing liabilities amounted to $245.8 million and $54.7 million for the years ended December 31, 2013 and 2012, respectively. Also excludes an average of $512.9 million and $92.0 million of HLSS financing liabilities for the years ended December 31, 2013 and 2012, respectively. In 2012, excludes the effects, which were insignificant, of the facilities assumed in connection with the Homeward Acquisition. See Note 4 — Sales of Advances and MSRs to the Consolidated Financial Statements for additional information regarding the HLSS Transactions.

(6) During 2012, in addition to the $57.5 million scheduled quarterly principal repayments on our $575.0 million SSTL, we made mandatory principal prepayments of $274.5 million using a portion of the proceeds of the HLSS Transactions. The effective average interest rate declined from 2011 to 2012 principally because we used a portion of the proceeds from the HLSS Transactions to repay borrowings from higher cost advance funding facilities before repaying the fixed rate Litton facility in December.

(7) The ResCap and Homeward acquisitions directly added an average of 1,966 and 556 employees, respectively, during 2013. Average employment for 2012 and 2011 includes 36 and 286 employees, respectively, who transferred to Ocwen as part of the Litton acquisition. Excluding employees directly added in connection with these acquisitions, U.S average staffing was 799, 661 and 552 for 2013, 2012 and 2011, respectively.

The following table provides information regarding the changes in our portfolio of residential assets serviced:

	Amount of UPB			Count		
	2013	2012	2011	2013	2012	2011
Portfolio at beginning of year	$ 203,665,716	$ 102,199,222	$ 73,886,391	1,219,956	671,623	479,165
Additions	370,803,318	120,955,907	41,289,514	2,191,064	631,523	259,788
Servicing transfers	(36,385,704)	(959,575)	(1,141,691)	(192,700)	(5,207)	(6,299)
Runoff	(73,431,998)	(18,529,838)	(11,834,992)	(356,402)	(77,983)	(61,031)
Portfolio at end of year	$ 464,651,332	$ 203,665,716	$ 102,199,222	2,861,918	1,219,956	671,623

2013 versus 2012. Total residential servicing and subservicing fees for 2013 were $1.8 billion, a 127% increase over 2012 primarily due to:

- A 250% increase in the average UPB of assets serviced driven primarily by acquisitions and new MSR capitalization in connection with our lending activities. During 2013, acquired portfolios (including Homeward) added total servicing and subservicing fees of $862.4 million. This increase was offset in part by runoff of the portfolio as a result of principal repayments, modifications, real estate sales and servicing transfers; and
- A 38% increase in total completed modifications across all portfolios.

Offset in part by:

- A change in the portfolio product mix, with a larger proportion of the portfolio attributable to conventional and government insured loans for which we earn lower fees on average;
- A change in the portfolio profile, with a larger proportion of the portfolio growth attributable to performing loans, which leads to lower revenue potential for ancillary and default servicing; and
- A change in the portfolio mix, with a larger proportion of the portfolio attributable to subservicing for which we earn lower fees.

An increase in modifications typically results in higher revenue for the period because when we return a loan to performing status, we generally recognize any deferred servicing fees and late fees on the loan. For loans modified under HAMP, which is set to expire on December 31, 2015, we earn HAMP fees in place of late fees. As noted above, total completed modifications were up 38% with HAMP accounting for 42% of the total versus 24% in 2012. Of the total modifications completed during 2013, 55% included principal modifications. This compares to 72% in 2012. Our SAM program accounted for 13% of the total modifications completed during 2013 as compared to 26% for 2012. We recognized servicing fee, late charge and HAMP fee revenue of $278.0 million and $177.0 million during 2013 and 2012, respectively, in connection with modifications.

The serviced portfolio product mix has changed significantly as a result of the Homeward, ResCap, Ally and OneWest acquisitions. The proportion of conventional and government insured loans to total serviced assets grew from 24% at December 31, 2012 to 57% at December 31, 2013. Conventional and government insured loans represented 82% of the overall growth in the UPB of serviced assets. Conventional and government insured loan servicing fees earned are typically lower than private-label servicing fees. Continuing growth in our conventional and government insured serviced assets will result in revenue growth that will lag the growth in UPB. Similarly, the change in the mix of serviced loans versus subserviced loans results in residential servicing and subservicing revenues growing more slowly than the UPB of serviced assets. Combined, these changes in portfolio mix resulted in a decrease in annual revenues to 0.43% of average UPB in 2013 as compared to 0.66% in 2012.

Overall, the non-performing delinquency rate based on UPB dropped from 23.5% at December 31, 2012 to 14.5% at December 31, 2013 largely due to the ResCap, Ally and OneWest portfolios which had a combined non-performing rate of 8.9% at December 31, 2013. Excluding the effects of the ResCap, Ally and OneWest acquisitions, the non-performing rate was 27.3% at December 31, 2013. Improvements in our legacy portfolio delinquency rates continues to be driven by modifications and improvements in our early loss mitigation efforts. Offsetting these improvements were higher delinquency rates in our newly boarded OneWest and Greenpoint acquisitions.

We estimate that the balance of deferred servicing fees related to delinquent borrower payments was $583.0 million at December 31, 2013 compared to $452.0 million at December 31, 2012. The net increase is primarily due to the portfolio acquisitions during the year offset by collections and resolutions of delinquent loans through modification, payoff or through the sale of the underlying mortgaged property following foreclosure.

Average prepayment speed (CPR) increased to 16.9% for 2013 compared to 14.7% for 2012. For 2013, principal reduction modifications, regular principal repayments and other voluntary payoffs accounted for approximately 79% of average CPR, with real estate sales and other involuntary liquidations accounting for the remaining 21%. For 2012, total voluntary and involuntary reductions accounted for 51% and 49%, respectively, of average CPR. Principal reduction modifications accounted for 9% and 17% of our average prepayment speed for 2013 and 2012, respectively. Primarily as a result of the ResCap Acquisitions and the Ally MSR Transaction, conventional, government insured and prime non-Agency loans comprise 57% of the total UPB of our servicing portfolio at December 31, 2013 as compared to 24% at December 31, 2012. These loans have higher voluntary prepayments as compared with our non-prime portfolios. Low interest rates and improving home values create the ideal environment for voluntary prepayments.

Gain on loans held for sale, net of $39.5 million for 2013 includes $35.1 million of gains on the sale of modified FHA and VA loans. As servicer, we are obligated to repurchase loans from Ginnie Mae guaranteed securitizations in order to complete a modification. Once the modification is completed we pool the loans into new Ginnie Mae guaranteed securitizations at the then prevailing market value.

Operating expenses increased by $751.8 million in 2013, or 218%, as compared to 2012 primarily as a result of the effects of the acquisitions completed during the year.

- Compensation and benefits increased by $227.2 million, or 243%, largely as a result of an increase in headcount resulting from the ResCap and Homeward Acquisitions. The average number of employees added in connection with these acquisitions were 1,966 and 556, respectively.
- Amortization of MSRs increased by $209.6 million in 2013 due principally to $205.9 million of additional amortization attributable to the Homeward, ResCap, Ally and OneWest acquisitions, offset in part by a decline in amortization attributable to portfolio runoff.

- Servicing and origination expenses for 2013 are reported net of $30.8 million in gains attributable to changes in fair value of our MSRs measured at fair value. Excluding these fair value gains, servicing and origination expenses increased by $100.9 million primarily due to $55.3 million of losses recognized in connection with our Ginnie Mae servicing, $21.5 million in scheduled interest paid to GSE investors on loans that voluntarily pay off during the month and increased costs attributable to the legacy Homeward and ResCap servicing platforms. As servicer, we are obligated to purchase delinquent loans from Ginnie Mae securitizations immediately prior to foreclosure at a price equal to the UPB of the loans plus accrued and unpaid interest. Upon resolution of the loan, we file claims for reimbursement from the FHA or the VA in accordance with the contractual reimbursement levels. We may not be reimbursed fully for interest and principal losses and expenses to the extent that they exceed reimbursable rates. These costs are contemplated in the projected cash flows in connection with our Ginnie Mae MSRs.
- Technology and communications costs and Occupancy and equipment costs increased by a combined $122.6 million as we added facilities and infrastructure, largely in connection with the Homeward and ResCap Acquisitions, to support the residential servicing portfolio growth.
- Other operating expenses increased by $107.2 million due in large part to $50.9 million of additional overhead cost allocations for support services including law, human resources, accounting and finance. We also incurred $34.3 million of outsourcing expenses, primarily in connection with the ResCap servicing platform. The ResCap servicing platform leverages third-party outsourcing for a variety of functions. We anticipate these costs will be absorbed and/or diminish as the ResCap assets transition to the REALServicing™ platform.

Interest expense related to the financing liabilities that we recognized in connection with the HLSS Transactions increased to $245.8 million for 2013 from $54.7 million in 2012. The average balance of the HLSS financing liabilities increased to $512.9 million in 2013 from $92.0 million in 2012. As discussed in the following paragraphs, interest expense on the portion of the sales proceeds accounted for as a financing is greater than the interest on the match funded liabilities that were assumed by HLSS or repaid.

Under the agreements associated with the HLSS Transactions, we agree to remit to HLSS the servicing fees generated by the MSRs, except for the ancillary fees. HLSS, in turn, pays us a subservicing fee on the related mortgage loans. The servicing fees that we remit to HLSS, net of the subservicing fees that we receive from HLSS, are accounted for in part as a reduction of the HLSS financing liability with the remainder accounted for as interest expense.

In the past, we have typically funded 100% of the cost of MSRs with our own capital on which we recognize no interest expense. In the HLSS Transactions, we effectively finance 100% of the MSRs, and we are also relieved of both the obligation to fund future servicing advances and the need to bear the cost of financing those advances. A portion of the fees remitted to HLSS compensates HLSS for relieving us of this obligation. By comparison, in a traditional secured financing arrangement for financings related to private label securities, we would generally expect to obtain financing of between 70% and 90% of the value of the pledged assets. For these reasons, the interest expense paid to HLSS is substantially higher than it would be if we were to retain the MSRs and fund the MSRs and the advances on our balance sheet. The benefit of the HLSS Transactions is that they give us the ability to redeploy our capital toward additional acquisitions and to avoid the need to raise additional capital, which would dilute our shareholders.

Average borrowings of the Servicing segment, excluding the HLSS financing liabilities, decreased by 10% during 2013 as compared to 2012. The decline in these borrowings was driven largely by the 19% decline in the average balance of advances and match funded advances during the same period. During the fourth quarter of 2012 and through the first half of 2013, we increased borrowings substantially in order to fund the Homeward, ResCap and Ally transactions. While the decrease in average borrowings in 2013 is, in part, the result of repayments of match funded debt from advance collections, the largest contributor to the decline was the HLSS Transactions.

Interest expense, excluding interest on the HLSS financing liabilities, decreased by 15% as compared to the 10% decrease in average borrowings as the result of several factors. The average effective rate on our borrowings decreased modestly from 5.63% during 2012 to 5.32% during 2013. This decrease results principally from the effect on 2012 of the accelerated write-off of $12.6 million of deferred facility costs and unamortized discount when we prepaid a previous SSTL facility. Excluding the accelerated write-off of financing costs, the 2013 average effective rate also benefited from a decline in the effective rate on our SSTL debt from 6.18% to 5.85% as a result of decreases both in the margin applied to the interest rate index and in the floor placed on the interest rate index. However, the effects of the 2012 write-off were partly offset in 2013 by the accelerated write-off of $7.3 million of deferred financing costs associated with three advance financing facilities that were repaid early as a result of the July 1, 2013 HLSS Transaction and two other facilities that were also repaid ahead of schedule in July and October.

Other, net, for 2013 includes the amortization of $11.5 million of deferred derivative losses on cash flow hedges from Accumulated other comprehensive loss. Amortization in 2013 includes the accelerated write off of $4.1 million of deferrals associated with the four advance financing facilities that we repaid and terminated in July. Other, net, for 2013 also includes $1.5 million of amortization of cash flow hedge losses related to the Ally MSR Transaction.

2012 versus 2011. Residential servicing and subservicing fees for 2012 were 75% higher than 2011 primarily due to:

- A 46% increase in the average UPB of assets serviced principally attributable to portfolio acquisitions and shift in portfolio mix to serviced from subserviced. The acquired portfolios generated incremental servicing fees of $144.7 million during 2012. In addition, we recognized an incremental $164.8 million of servicing fees on 2011 portfolio acquisitions. Because we acquired the Homeward servicing portfolio on December 27, 2012, it did not have a significant impact on 2012. These increases were offset in part by runoff of the portfolio as a result of principal repayments, modifications and real estate sales;
- Incentive fees of $25.0 million earned on subservicing portfolios added during 2012;
- A 12.0% increase in the ratio of the UPB of serviced loans to subserviced loans in our portfolio to 86.3% at December 31, 2012 as compared to 77.0% at December 31, 2011 as a result of portfolio acquisitions; and
- A 9.0% increase in completed modifications as compared to 2011.

The change in mix of serviced loans versus subserviced loans was one of the factors that resulted in residential servicing and subservicing revenues growing faster than the loan portfolio UPB as these revenues increased to 0.67% of average UPB in 2012 as compared to 0.56% in 2011.

The increase in modifications contributed to revenue growth because when we return a loan to performing status we generally recognize any deferred servicing fees and late fees on the loan. For loans modified under HAMP, we earn HAMP fees in place of late fees. As noted above, completed modifications were up 9.0% in 2012 with SAM accounting for 26.0% of our modifications in 2012 and HAMP accounting for 24.0% as compared to 16.0% in 2011. Of the total modifications completed during 2012, 72.0% included principal modifications. As a result of modifications:

- We recognized loan servicing fees and late charges of $100.7 million and $56.1 million during 2012 and 2011, respectively, for completed modifications.
- We also earned HAMP fees of $76.7 million and $42.0 million in 2012 and 2011, respectively, which included HAMP success fees of $54.8 million and $27.1 million in 2012 and 2011, respectively, for loans that were still performing at the one-year anniversary of their modification.

Another factor contributing to the net increase in revenues was the decrease in the delinquency rates of the loans in our portfolio. Our overall delinquency rates decreased from 27.9% of total UPB at December 31, 2011 to 23.5% at December 31, 2012 largely because of modifications that drove down delinquency rates and averted foreclosures on delinquent loans and because of improvements in our early loss mitigation efforts.

Average prepayment speed increased only slightly to 14.7% for 2012 from 14.4% for 2011. In 2012, principal reduction modifications, regular principal payments and other voluntary payoffs accounted for 51.0% of average CPR with real estate sales and other involuntary liquidations accounting for the remaining 49.0%. For 2011, total voluntary and involuntary reductions accounted for 38.0% and 62.0%, respectively, of average CPR. Principal reduction modifications accounted for 17.0% and 10.0% of our average prepayment speed for 2012 and 2011, respectively.

As of December 31, 2012, we estimate that the balance of deferred servicing fees related to delinquent borrower payments was $452.0 million compared to $220.0 million at December 31, 2011. The increase is primarily due to portfolio acquisitions completed in 2012.

Operating expenses increased by $113.1 million in 2012, or 49.0%, as compared to 2011 primarily because of the effects of portfolio acquisitions in 2012.

- Compensation and benefits increased by $14.4 million, or 18.0%, due to:
  - A 67% increase in average staffing (excluding employees added as part of the Homeward and Litton acquisitions), as we increased our headcount to manage the actual and planned increases in the servicing portfolio and the insourcing of certain foreclosure functions that had previously been outsourced; offset by
  - $34.0 million of nonrecurring expenses in 2011 that were associated with the Litton acquisition.
- Amortization of MSRs increased by $30.0 million in 2012 due principally to $39.7 million of additional amortization attributed to portfolio acquisitions completed in 2012 offset in part by a decline in amortization on pre-existing MSRs because of runoff of the portfolio.
- Technology and Communications costs and Occupancy and equipment costs increased by a combined $28.7 million as we have added facilities and infrastructure to support the servicing portfolio growth.
- Servicing and origination expense increased by $16.9 million primarily as a result of growth in the portfolio and a $6.7 million charge to establish a liability for compensatory fees based on performance against benchmarks for various metrics associated with the servicing of GSE non-performing loans.

The comparison between 2012 and 2011 is greatly influenced by acquisition related costs:

- **2012**
  - $18.2 million of incremental operating expenses attributable to the Litton acquisition consisting primarily of $2.5 million in severance and other employee termination benefits and $11.1 million in occupancy and equipment costs. Occupancy and equipment costs include $4.8 million to establish a liability for the remaining lease payments on a former Litton facility that we vacated.
  - Professional services of $3.7 million in connection with the cancellation of a planned $200.0 million SSTL facility because cash generated from operations, the sale of assets to HLSS and maximized borrowings under our advance facilities enabled us to close acquisitions without upsizing the facility.
- **2011**
  - $51.2 million of operating expenses includes $34.0 million of compensation and benefits, $5.0 million of technology and communication costs, $5.3 million of professional services and $5.0 million of occupancy costs related to the Litton acquisition.

Excluding interest on the financing liabilities that we recognized in connection with the HLSS Transactions and the debt assumed in the Homeward acquisition, interest expense on borrowings for 2012 was 29% higher than in 2011. This increase was principally the result of:

- The effects of an increase in average borrowings under advance facilities principally as a result of acquisitions; and
- Interest on the $575.0 million SSTL that we entered into in connection with the Litton acquisition.

Offset by:

- The 2012 transfer of the HomEq advance facility to HLSS;
- The 2012 repayment of $2.0 billion of match funded liabilities with the proceeds from the sales of Rights to MSRs and match funded advances to HLSS;
- Lower spreads on advance facilities, particularly as a result of the 3.3875% fixed rate on the Litton advance facility; and
- Prepayments of the prior SSTL in 2011 resulting in the accelerated amortization of $12.6 million of deferred facility costs and unamortized discount. Excluding this accelerated amortization, the average rate on 2011 borrowings would have been 6.18%.

Lending

We originate and purchase conventional and government insured forward and reverse mortgage loans through our direct, wholesale and correspondent lending channels of our Homeward and Liberty operations. We leverage the direct forward mortgage lending channel to pursue refinancing opportunities from our servicing portfolio, where permitted. After origination, we package and sell the loans in the secondary mortgage market, through GSE securitizations and whole loan transactions. We typically retain the associated MSRs. Lending provides a low cost means of originating MSRs with good return profiles. Loans are acquired through correspondent lender relationships, broker relationships and by directly originating loans for customers, including refinancing customers in our servicing portfolio. Our business is well positioned to shift with the market as our Lending business operates with a variable cost structure enabling us to adapt to changing market demand.

Correspondent Lending. Our forward and reverse correspondent lending channels purchase mortgage loans that have been originated by a network of approved lenders.

All of the lenders participating in our correspondent lending program are approved by senior lending and credit management executives. We also employ an ongoing monitoring and renewal process for participating lenders which includes an evaluation of the performance of the loans they have sold to us. We perform a variety of pre- and post-funding review procedures to ensure that the loans we purchase conform to our requirements and to the requirements of the investors to whom we sell loans.

Wholesale Lending. We originate loans through a network of approved brokers. Forward mortgage loans are funded by Homeward or OLS. Reverse mortgage loans are funded by Liberty. Brokers are subject to a formal approval and monitoring process. All loans originated through this channel are underwritten by us consistent with the underwriting standards required by the ultimate investor prior to funding

Direct Lending. We also originate mortgage loans directly with borrowers through our direct lending business. Our direct lending business is currently focused on originating loans that are eligible for refinancing under the expanded federal government’s Home Affordable Refinance Program (HARP or HARP 2.0) program.

Our production, by channel, for the year ended December 31, 2013 is as follows (in millions):

	Correspondent	Wholesale	Direct	Other	Total
Forward loans (1)	$ 4,967.3	$ 711.4	$ 390.2	$ 669.9	$ 6,738.8
Reverse loans (2)	179.0	510.2	276.0	—	965.2
Total	$ 5,146.3	$ 1,221.6	$ 666.2	$ 669.9	$ 7,704.0

(1) Includes loans originated or purchased by Homeward and OLS.
(2) Includes loans originated or purchased by Liberty since the acquisition date of April 1, 2013.

We provide customary origination representations and warranties to investors in connection with our loan sales and securitization activities. We receive customary origination representations and warranties from our network of approved originators in connection with loans we purchase through our correspondent lending channel. We recognize the fair value of the liability for these representations and warranties at the time of sale. In the event we cannot remedy a breach of a representation or warranty, we may be required to repurchase the loan or provide an indemnification payment to the investor. To the extent that we have recourse against a third party originator we may recover part or all of any loss we incur.

Our lending business creates an organic source of growth for our servicing business through the MSRs retained from originated and purchased loans that are sold into the secondary market. Lending revenues include interest income earned for the period the loans are on our balance sheet, gain on sale income representing the difference between the origination value and the sale value of the loan, and fee income earned at origination.

An increasing portion of our servicing portfolio is susceptible to refinance activity during periods of declining interest rates. This runoff results in a decline in the fair value of our conventional and prime non-Agency serviced portfolio. Our lending activity mitigates this risk. Origination volume and related gains have historically offset, to a degree, the economic impact of declining MSR values as interest rates decline.

We are subject to licensing requirements in the jurisdictions in which we originate and service mortgage loans.

Significant Variables

The key variables that have the most significant effect on our operating results in the Lending segment are changes in the aggregate forward and reverse mortgage market size, GSE and government programs, and the cost to produce a loan. These variables impact our volume and margins.

Forward Mortgage Lending

Mortgage Rates. Changes in mortgage rates directly impact the demand for both purchase and refinance forward mortgages. Small changes in mortgage rates directly impact housing affordability for both first time and move-up home buyers and affect their ability to purchase a home. For refinance loans, current market mortgage rates must be considered relative to the rates on the current mortgage debt outstanding. As the time and cost to refinance has decreased, relatively small reductions in mortgage rates can trigger higher refinancing activity. Given the large size of U.S. residential forward mortgage debt outstanding, the impact of mortgage rate changes can drive significant swings in mortgage refinance volume. The January 2014 Fannie Mae forecast is projecting a decline in refinance volume from 2013 to 2014 of approximately 60%.

In April 2013, the FHFA announced a two year extension of HARP to December 31, 2015. This program allows borrowers with loans sold to Fannie Mae or Freddie Mac prior to June 1, 2009 to refinance through a simplified process with broader underwriting guidelines, most notably, higher LTVs. Since the HARP program was introduced, it has provided a boost to lending volumes and higher relative margins. HARP loans provide for effective portfolio recapture and broader refinance opportunities.

Economic Conditions. General economic conditions impact the capacity for consumer credit and the supply of capital. More specifically, employment and home prices are variables that each can have a material impact on mortgage volume. Employment levels, the level of wages and the stability of employment are underlying factors that impact credit qualification. While the economy has been improving, the rate of improvement in employment has not provided a significant lift in consumer credit capacity and may not in the near term.

Home prices are significant, yet more complex, in their impact on lending volumes. As home prices go up, home equity increases and this improves the position of existing home owners either to refinance or to sell their home, which likely leads to a new home purchase, and a new forward mortgage loan. However, if home prices increase rapidly, affordability for first-time and move up buyers can dampen the demand for mortgage loans. The more restrictive loan to value (LTV), debt to income (DTI) and employment standards that characterize the current market amplify the significance and sensitivity of employment levels and home prices on the housing market and related mortgage lending volumes.

Secondary Market Liquidity. The liquidity of the secondary market impacts the size of the market by defining loan attributes and credit guidelines investors are willing to buy and at what price. In recent years, the GSEs have been the dominant provider of secondary market liquidity, keeping the product and credit spectrum relatively homogeneous and risk averse (higher credit standards). There is ongoing debate about the future role of the GSEs in the mortgage market, including winding down the GSEs and reducing (e.g., lowering the loan and/or LTV limits) or eliminating over time the role of the GSEs in guaranteeing mortgages and providing funding for mortgage loans. The timing and magnitude of any potential change is hard to predict but could have a material impact on secondary market liquidity and therefore mortgage market size and/or product composition.

Regulatory Environment. Ongoing regulatory development in the mortgage industry has resulted in added costs and complexity, including operational support, risk and compliance monitoring and oversight, legal and technology costs. The CFPB proposed and adopted new regulations in 2013, including regulations, effective in January 2014, requiring mortgage originators to evaluate a borrower's ability to repay their mortgage. Overall, these rules have the initial effect of increasing costs and constraining market size. Over time, the cost and market impact should diminish and the size of the market should benefit from clearly defined and understood requirements.

Margins. Changes in pricing margin are closely correlated with changes in market size. As loan demand and market capacity move out of alignment, pricing adjusts. In a growing market, margins expand and in a contracting market, margins tighten as lenders seek to keep their production at or close to full capacity. Managing capacity and cost is critical as volumes change. The challenge is greatest in the higher cost channels. Our direct and wholesale costs per loan are approximately six and three times, respectively, the cost in our correspondent channel. We work directly with the borrower to process, underwrite and close loans in our direct and wholesale channels. In our direct channel, we also identify the customer and take loan applications. As a result, our direct channel is the most people and cost intensive and also experiences the greatest volume volatility as this channel is primarily focused on the refinance (recapture) market.

Reverse Mortgage Lending

The key variables that have the most significant effect on our reverse lending business are changes to programs in respect of home equity conversion mortgages (HECM), reverse mortgage borrower and investor demand, margins and future value.

HECM Programs. Reverse mortgages are typically originated under the guidelines of the HECM reverse mortgage insurance program of HUD. Loans originated under this program are guaranteed by the FHA, which provides investors with protection against risk of borrower default. In addition, the FHA can be required to repurchase the underlying HECM when the loan reaches 98% loan to original value. The HUD guidelines require that the borrower meet certain requirements and pay annual mortgage insurance. The HUD guidelines also place limits on future borrowings. Changes in HUD guidelines impact our operations to the extent we are required to modify our business practices to meet these changing requirements. Changes can also increase competition and negatively impact margins.

Borrower and Investor Demand. Changes in HUD guidelines and costs can affect borrower demand for the reverse mortgage product. Borrower demand for the reverse mortgage product is also influenced by alternative financing sources such as traditional home equity loans. Investor demand has remained strong due to a number of factors including, FHA insurance which protects investors against borrower performance risk, and the relatively lower prepayment risk when compared to other alternative financing sources.

Margins. Our wholesale channel has a largely variable cost structure; hence, gross margins are a function of competition and secondary market execution. Our retail channel gross margins are impacted by our lead throughput ratio (success in converting leads into originations), the cost per generated or purchased lead and productivity-based compensation. Because the retail channel has higher fixed selling and administrative costs, changes in loan volume can have a significant impact on our net margins.

Future Value. We retain the servicing rights to reverse loans securitized through the Ginnie Mae Home Equity Conversion Mortgage-Backed Security (HMBS) program. Variable rate HECM loans allow borrowers to make additional draws in the future. These draws are funded by the servicer and can be subsequently securitized or sold (Future Value). We do not incur any substantive underwriting, marketing or compensation costs in connection with these Future Value draws. We recognize the Future Value as borrowers make future draws.

The following table presents the results of operations of the Lending segment for the year ended December 31, 2013 and for the period December 27, 2012 through December 31, 2012. The amounts presented are before the elimination of balances and transactions with our other segments:

	Year Ended December 31, 2013	December 27, 2012 through December 31, 2012
Revenue		
Gain on loans held for sale, net		
Forward mortgages	$ 48,561	$ 215
Reverse mortgages	33,645	—
	82,206	215
Other	38,693	141
Total revenue	120,899	356
Operating expenses		
Compensation and benefits	56,394	184
Servicing and origination	12,843	95
Technology and communications	4,402	22
Professional services	4,780	45
Occupancy and equipment	5,420	15
Other operating expenses	14,355	48
Total operating expenses	98,194	409
Income (loss) from operations	22,705	(53)
Other income (expense)		
Interest income	16,295	309
Interest expense	(13,508)	(514)
Gain on debt redemption	8,349	—
Other, net	1,783	(1)
Other income (expense), net	12,919	(206)
Income (loss) before income taxes	$ 35,624	$ (259)

The Lending segment contributed $35.6 million of pre-tax income on $120.9 million of revenue for 2013. The Homeward lending operation generated $34.8 million of pre-tax income and originated $6.7 billion UPB of forward mortgage loans with another $1.4 billion UPB recaptured via partnerships. Forward loan margins increased during the year due to shifts in product mix toward the recapture of loans from our servicing portfolio and traditionally higher margin FHA and VA originations.

Liberty reverse mortgage operations contributed pre-tax income of $0.8 million on revenues of $47.7 million and funded reverse mortgage volume of $965.2 million UPB. During the year, the reverse mortgage market shifted from a primarily fixed rate (70% share) to a variable rate LIBOR product (90% share) as a result of government program changes. This resulted in lower day one loan size which in turn results in a lower gain on sale. Over time, the loan balances on these variable rate LIBOR loans increase through subsequent draws. As these additional draws are sold, we may recognize additional gain on sale. We estimate the pre-tax future value of the available draws related to 2013 production to be $18.7 million.

Operating expenses related to the Homeward and Liberty platforms are driven largely by production volume, with direct acquisition costs offset by origination fee income included in Other revenue. Interest income consists primarily of interest earned on newly originated and purchased loans prior to sale to investors. Interest income is offset by interest expense incurred to finance the mortgage loans. We finance originated and purchased forward and reverse mortgage loans with repurchase and participation agreements, commonly referred to as warehouse lines. At December 31, 2013, we had outstanding warehouse lines with total and available borrowing capacity of $991.3 billion and $536.2 billion, respectively.

We sell MSRs for certain loans that may qualify under the HARP program to an unrelated third party in transactions accounted for as secured financings. During the year ended December 31, 2013, we recognized gains of $8.3 million on the retirement of the related financing liabilities upon repurchase of those MSRs related to loans that were successfully refinanced.

Corporate Items and Other

Corporate Items and Other includes items of revenue and expense that are not directly related to a business, business activities that are individually insignificant, interest income on short-term investments of cash, unsecured corporate debt and certain corporate expenses. Our cash balances are included in Corporate Items and Other.

Business activities that are not considered to be of continuing significance include subprime non-Agency loans held for sale (at lower of cost or fair value), our unconsolidated equity investments and affordable housing investment activities. Corporate Items and Other also includes the diversified fee-based businesses that we acquired as part of the Homeward and ResCap Acquisitions and sold to Altisource in March and April 2013, respectively. Services provided by these businesses include property valuation, REO management, title and closing, collections and advisory.

Portions of interest income and interest expense are allocated to the Servicing and Lending segments, including interest earned on cash balances and short-term investments and interest incurred on corporate debt. Operating expenses incurred by corporate support services are also allocated to the Servicing and Lending segments.

The following table presents selected results of operations of Corporate Items and Other for the years ended December 31. The amounts presented are before the elimination of balances and transactions with our other segments:

	2013	2012	2011
Revenue	$ 22,092	$ 5,122	$ 2,346
Operating expenses			
Professional services	84,266	9,334	4,758
Other	22,922	10,333	4,213
	107,188	19,667	8,971
Loss from operations	(85,096)	(14,545)	(6,625)
Other income (expense)			
Net interest income	3,860	7,018	8,570
Other, net	6,424	(9,069)	(14,830)
Other income (expense), net	10,284	(2,051)	(6,260)
Loss before income taxes	$ (74,812)	$ (16,596)	$ (12,885)

Under agreements entered into following the Separation, Ocwen and Altisource provide professional and other support services to each other. In 2012, Ocwen and HLSS Management entered into similar agreements. Fees related to these services are included in revenue and operating expenses. See Note 26 — Related Party Transactions to the Consolidated Financial Statements for additional information regarding our agreements with Altisource.

2013 versus 2012. Revenues and operating expenses for 2013 include $15.3 million and $15.0 million, respectively, related to the diversified fee-based business that we acquired as part of the Homeward Acquisition, the majority of which was subsequently sold on March 29, 2013 to Altisource. Operating expenses for 2013 also include the $53.5 million charge recorded in connection with an agreement with the CFPB, various state attorneys general and other agencies that regulate the mortgage servicing industry regarding certain foreclosure-related matters. See Note 16 — Other Liabilities and Note 28 — Commitments and Contingencies to the Consolidated Financial Statements for additional information.

Other, net for 2013 includes gains recognized in connection with the sale of certain low-income housing tax credit investments and recoveries related to unclaimed funds. Other, net for 2012 includes $4.8 million of valuation and charge-off losses on loans held for sale that we account for at the lower of cost or fair value and a loss of $3.2 million on the sale of the retained beneficial interests that we held in the four consolidated loan securitization trusts. Following the sale, we deconsolidated these trusts.

2012 versus 2011. Costs associated with our USVI initiative, four new leased facilities located in India, two of which were not yet operational in 2012, and fees we pay HLSS for professional services all contributed to higher operating expenses in 2012 as compared to 2011. In addition, litigation related expenses were higher in 2012 because we reduced litigation accruals in 2011 related to a judgment in a vendor dispute which was paid in 2011.

As disclosed above, Other, net for 2012 includes a loss of $3.2 million on the sale of retained beneficial interests. Other, net for 2012 and 2011 also includes $4.8 million and $4.5 million, respectively, of valuation and charge-off losses on loans held for sale that we account for at the lower of cost or fair value. Other, net in 2011 also includes $5.8 million and $1.4 million of unrealized and realized losses, respectively, on foreign exchange forward contracts hedging against the effects of changes in the value of the India Rupee on amounts payable to our India subsidiary, Ocwen Financial Solutions, Private Limited.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2013, our cash position was $178.5 million compared to $220.1 million at December 31, 2012. We invest cash that is in excess of our immediate operating needs primarily in money market deposit accounts.

Investment policy and funding strategy. Our primary sources of funds for near-term liquidity are:

- Collections of servicing fees and ancillary revenues;
- Collections of prior servicer advances in excess of new advances;
- Proceeds from match funded liabilities;
- Proceeds from other borrowings, including warehouse facilities;
- Proceeds from sales of Rights to MSRs and related servicing advances to HLSS; and
- Proceeds from sales of originated loans.

Advances and match funded advances comprised 44% of total assets at December 31, 2013. Most of our advances have the highest reimbursement priority (i.e., “top of the waterfall”) whereby we are entitled to repayment from respective loan or REO liquidation proceeds before any interest or principal is paid to investors. We use advance facilities to fund our servicing advance obligations. Our borrowings under these facilities are secured by pledges of servicing advances. At December 31, 2013, $85.2 million of the total maximum borrowing capacity under our servicing advance facilities of $2.4 billion remained available; however, none could be used based on the amount of available collateral. When additional borrowing capacity is needed (to fund an acquisition, for example), we have typically “upsized” existing advance facilities or entered into new advance facilities and pledged additional advances (such as those acquired in the acquisition) to support the borrowing.

We use mortgage loan warehouse facilities to fund newly originated loans on a short-term basis until they are sold to secondary market investors, including GSEs or other third-party investors. The majority of these warehouse facilities are structured as repurchase agreements under which ownership of the loans is temporarily transferred to a lender. The loans are transferred at a discount or “haircut” which serves as the primary credit enhancement for the lender. The funds are repaid using the proceeds from the sale of the loans to the secondary market investors, usually within 30-45 days. During 2013, we extended the maturity date of a number of our warehouse facilities and increased the maximum borrowing capacity. At December 31, 2013, $536.2 million of borrowing capacity was available under our lending warehouse facilities including our warehouse facilities for reverse mortgages. See Note 15 — Borrowings to our Consolidated Financial Statements for additional details.

In addition to these near-term sources, potential additional long-term sources of liquidity include proceeds from long-term secured borrowings such as the SSTL facility and proceeds from the issuance of debt securities and equity capital; although, we cannot assure that these sources will be available on terms that we find acceptable. In connection with the ResCap Acquisition in February 2013, we repaid the borrowings under our previous SSTL with a portion of the proceeds of a new $1.3 billion SSTL facility. In September 2013, the terms of our new SSTL facility were amended to allow for changes in our capital structure, including issuing additional debt and repurchasing common stock.

We also rely on the secondary mortgage market as a source of long-term capital to support our lending operations. Substantially all of the mortgage loans that we produce are sold in the secondary mortgage market in the form of residential mortgage backed securities guaranteed by Fannie Mae or Freddie Mac or, in the case of mortgage backed securities guaranteed by Ginnie Mae, are mortgage loans insured or guaranteed by the FHA or VA.

Our primary uses of funds are:

- Payments for advances in excess of collections on existing servicing portfolios;
- Payment of interest and operating costs;
- Purchase of MSRs and related advances;
- Funding of originated loans; and
- Repayments of borrowings, including match funded liabilities and warehouse facilities.

We closely monitor our liquidity position and ongoing funding requirements, and we regularly monitor and project cash flow by period to minimize liquidity risk. In assessing our liquidity outlook, our primary focus is on three measures:

- Requirements for maturing liabilities compared to dollars generated from maturing assets and operating cash flow,
- Future sales of Rights to MSRs and servicing advances; and

- The change in advances and match funded advances compared to the change in match funded liabilities and available borrowing capacity.

Outlook. In order to reduce fees charged by lenders (which we recognize as interest expense), we limit available borrowing capacity to a level that we consider prudent relative to the current levels of advances and to our funding needs for reasonably foreseeable changes in advances and other funding requirements. We also monitor the duration of our funding sources. Increases in the term of our funding sources allows us to better match the duration of our advances and corresponding borrowings and to further reduce the relative cost of up-front facility fees and expenses.

Although we substantially reduced both the maximum and available borrowing capacities under our advance financing facilities during the third quarter of 2013, we believe that we have sufficient sources of debt financing to fund all but the largest servicing acquisitions without issuing common equity capital. Additional senior secured debt and borrowings under servicing advance facilities and net proceeds from sales of MSRs and of Rights to MSRs and related advances were sufficient to fund the ResCap, Ally, OneWest and Greenpoint transactions.

Debt financing summary. During 2013:

- We borrowed $1.3 billion under a new SSTL facility in connection with the ResCap Acquisition and repaid the remaining balance of the previous SSTL;
- We borrowed $1.2 billion under two new and one existing match funded advance facility in connection with the financing of advances that we acquired in connection with the ResCap Acquisition. The two new facilities were repaid and terminated in conjunction with the July 1, 2013 HLSS Transaction;
- We borrowed $1.2 billion under a new $1.4 billion bridge facility. The proceeds from this bridge facility were used to repay certain advance facilities that were assumed in the Homeward Acquisition. This facility was repaid and terminated in connection with the July 1, 2013 HLSS Transaction;
- We amended the maximum borrowing capacity of certain warehouse facilities and added two new warehouse facilities, increasing the available borrowing capacity available to our Lending business activities by $257.3 million;
- We borrowed $1.9 billion under a new match funded advance facility to finance advances acquired in connection with the OneWest and certain other MSR transactions; and
- We increased the borrowing capacity of a match funded advance facility from $225.0 million to $475.0 million in November 2013.

Maximum borrowing capacity for match funded advances decreased by $1.2 billion from $3.7 billion at December 31, 2012 to $2.5 billion at December 31, 2013.

Our available advance borrowing capacity decreased from $1.2 billion at December 31, 2012 to $85.2 million at December 31, 2013, although, as noted above, none could be used given the amount of available collateral. Match funded advance financing facilities that we repaid and terminated during 2013 had total aggregate available borrowing capacity of $1.1 billion at December 31, 2012.

Our ability to finance servicing advances is a significant factor that affects our liquidity. To fund additional advance obligations, we have typically “upsized” existing advance facilities or created new advance facilities prior to the funding obligation and then pledged additional advances to support the borrowing. Our ability to continue to pledge collateral under each advance facility depends on the performance of the collateral. In addition, a number of our match funded advance facilities contain provisions that limit the eligibility of advances to be financed based on the length of time that advances are outstanding, and certain of our match funded advance facilities have provisions that limit new borrowings if average foreclosure timelines extend beyond a certain time period, either of which, if such provisions applied, could adversely affect liquidity by reducing our average effective advance rate. Currently, the great majority of our collateral qualifies for financing under the advance facility to which it is pledged.

Ongoing inquiries into servicer foreclosure processes could result in actions by state or federal governmental bodies, regulators or the courts that could result in a further extension of foreclosure timelines. The effect of such extensions could be an increase in advances. However, if foreclosure moratoria are issued in a manner that brings into question the timely recovery of advances on foreclosed properties, Ocwen may no longer be obligated to make further advances and may be able to recover existing advances in certain securitizations from pool-level collections which could mitigate any advance increase. The effects of the extension of foreclosure timelines have, thus far, been more than offset by the effects of lower UPB delinquencies through our loss mitigation efforts and increases in modifications and other forms of resolution, and advances have continued to decline. Absent significant changes in the foreclosure process, we expect advances with respect to our existing portfolios to continue to decline.

Certain of our existing debt covenants limit our ability to incur additional debt in relation to our equity and require that we maintain minimum levels of liquid assets and earnings. Failure to comply with these covenants could result in restrictions on new borrowings or the early termination of our borrowing facilities. We are currently in compliance with these covenants.

Credit Ratings. Credit ratings are intended to be an indicator of the creditworthiness of a particular company, security or obligation. Lower ratings result in higher borrowing costs and reduced access to capital markets. The following table summarizes our current ratings and outlook by the respective nationally recognized rating agencies.

	Short-term	Long-term	Outlook	Date of last action
Fitch	B	B	Negative	May 2013
Moody's	na	B1	Stable	November 2012
S&P	na	B+	Stable	November 2013

Cash Flows

Our operating cash flow is primarily impacted by the timing of acquisitions, economic assumptions impacting our servicer models and our 'asset light' strategy. The timing of portfolio acquisitions impacts our operating cash to the extent significant transactions close in the second half of the year. We generally expect our loss mitigation strategies to begin accelerating servicing advance collections within six months of boarding onto our REALServicing platform. The OneWest and Greenpoint acquisitions were substantially boarded in the second half of 2013. Platform acquisitions, including Homeward and ResCap, have longer integration timelines, and as a result, are not expected to follow our historical collection trends until the transfers to the REALServicing platform are completed. We expect to complete the last transfers related to these acquisitions in the second quarter of 2014. Improving home prices translate into higher expected liquidation proceeds in our servicing models. With higher expected liquidation proceeds, we began to fund advances again on certain loans that were in stop-advance status. In the short-term, this increases servicing advances. To the extent delinquencies stabilize or improve, we expect to return to our historical trend even as home prices continue to recover. Finally, because we classify proceeds from the sale of servicing advances as investing activities, cash generated from our operations related to collections of servicing advances declined significantly in 2013 compared to 2012. We expect this trend to continue, to the extent sales to HLSS remain the most efficient source of funding for our non-Agency MSRs. Operating cash flows were used principally to fund the portions of acquisitions not funded through borrowings.

Cash flows for the year ended December 31, 2013. Our operating activities provided $867.2 million of cash largely due to $295.1 million of net collections of servicing advances and net income of $294.1 million adjusted for MSR amortization of $282.8 million and other non-cash items. Because we classify proceeds from the sale of servicing advances as investing activities, cash generated from our operations related to collections of servicing advances declined significantly in 2013 compared to 2012. We expect this trend to continue, to the extent sales to HLSS remain the most efficient source of funding for our non-Agency MSRs. Operating cash flows were used principally to fund the portions of acquisitions not funded through borrowings.

Our investing activities used $2.4 billion of cash. We paid $5.9 billion in connection with acquisitions completed during 2013, including the ResCap, Ally and OneWest acquisitions. Cash inflows from investing activities include $3.8 billion of proceeds from HLSS from the sale of advances and match-funded advances and $210.8 million of net proceeds from the sales to Altisource of the diversified fee-based businesses acquired in the Homeward and ResCap Acquisitions. Investing activities also includes cash outflows in connection with our reverse mortgage securitizations of $609.6 million accounted for as secured financings. The related securitization liabilities and portion of the proceeds from the sales to HLSS to repay match funded liabilities and required prepayments of the SSTL are discussed below in financing activities.

Our financing activities provided $1.5 billion of cash. To finance the ResCap acquisition, we deployed $840.0 million of net additional capital from the proceeds of a new $1.3 billion SSTL facility and borrowed $1.2 billion pursuant to three servicing advance facilities, offset by our repayment of the old SSTL which had an outstanding principal balance of $314.2 million at December 31, 2012. We borrowed $1.9 billion under a new match funded advance facility primarily to finance advances acquired in connection with the OneWest MSR Transaction. We received $447.8 million from the sale of Rights to MSRs to HLSS in transactions accounted for as financings. We used collections of servicing advances and $3.0 billion of the proceeds received from the HLSS Transactions to repay match funded liabilities. Debt issuance costs paid on the new SSTL were $25.8 million. We also repaid the $75.0 million loan from Altisource that we used to fund a portion of the Homeward Acquisition. Cash provided by our financing activities also includes $605.0 million in connection with our reverse mortgage securitization activities. We paid $157.9 million to repurchase the 3,145,640 shares of common stock we issued upon conversion of 100,000 of the outstanding shares of Series A Perpetual Convertible Preferred stock. We also repurchased 1,125,707 shares of common stock under a new stock repurchase program, paying $60.0 million in connection with these repurchases.

Cash flows for the year ended December 31, 2012. Our operating activities provided $1.8 billion of cash largely due to collections of servicing advances (primarily on the Litton portfolio) and net income of $180.9 million adjusted for MSR amortization of $72.9 million and other non-cash items. Excluding cash paid to acquire advances in connection with the

Homeward Acquisition, and excluding the proceeds from the sale of match funded advances to HLSS in connection with the HLSS Transactions, both of which are reported as investing activities, net collections of servicing advances were $1.4 billion. Operating cash flows were used principally to repay related match funded liabilities and to fund the portions of the Homeward Acquisition and the MSR acquisitions not funded through borrowings.

Our investing activities provided $262.9 million of cash. Cash inflows from investing activities include $2.8 billion of proceeds from HLSS on the sale of advances and $3.2 million of distributions from our asset management entities. As disclosed below in the discussion of financing activities, we used a portion of the proceeds from the sales to HLSS to repay match funded liabilities and for required prepayments of the SSTL. We paid $524.2 million to acquire the net assets of Homeward. In addition to the Homeward Acquisition, we paid $2.1 billion to purchase MSRs and advances in connection with the acquisition of several MSR portfolios. We used cash from operations, a portion of the proceeds from the HLSS Transactions and borrowings under both new and existing facilities to fund these acquisitions. Cash used for additions to premises and equipment of $19.2 million primarily relates to the build-out of new leased facilities in India.

Our financing activities used $2.0 billion of cash primarily due to net repayments of $1.7 billion on match funded liabilities. Net repayments on match funded liabilities excludes $358.3 million of match funded liabilities assumed by HLSS in connection with the sale of advance special purpose entities (SPEs) (reported as investing activity). We used collections of servicing advances and $2.0 billion of the proceeds received from the HLSS Transactions to repay match funded liabilities. In addition to the net repayments on match funded liabilities, we also repaid $332.0 million of Ocwen's $575.0 million SSTL, paid $350.0 million to retire the senior secured term loan and revolving line of credit assumed from Homeward and paid $26.8 million to redeem the remaining balance of our 10.875% Capital Securities at a price of 102.719%. These cash outflows were partly offset by $317.8 million of proceeds as part of the HLSS Transactions from the sale of Rights to MSRs accounted for as financings.

Cash flows for the year ended December 31, 2011. Our operating activities provided $982.1 million of cash primarily due to collections of servicing advances (primarily on the HomEq Servicing portfolio) and net income of $78.3 million adjusted for MSR amortization of $43.0 million and other non-cash items. Excluding $2.5 billion paid to acquire advances in connection with the Litton Acquisition, collections of servicing advances were $842.5 million. The cash provided by advance collections and earnings were partly offset by the payment of settled litigation and the funding of a new debt service account related to the advance facility established to finance the advances acquired as part of the Litton Acquisition. The funding of the new interest-earning debt service account was offset in part by lower balance requirements for debt service accounts related to the HomEq and other match funded facilities as a result of repayments of the borrowings. Operating cash flows were used principally to repay borrowings under advance financing facilities and the SSTLs.

Our investing activities used $2.7 billion of cash during 2011. On September 1, 2011, we paid $2.6 billion to acquire Litton. We also invested $15.0 million in Correspondent One. Distributions received from our asset management entities were $2.4 million during 2011.

Our financing activities provided $1.7 billion of cash consisting primarily of $2.1 billion received from the new match funded facility established to finance the advances acquired in the Litton Acquisition. We also received proceeds of $563.5 million from the issuance of the $575.0 million SSTL. We used the proceeds from these two new facilities to fund the Litton Acquisition. Cash provided by operating activities and net proceeds of $354.4 million from the issuance of 28,750,000 shares of common stock allowed us to make net repayments of $1.1 billion against match funded liabilities. In addition, we were able to repay the $197.5 million remaining balance of the $350.0 million SSTL and payments of $28.8 million on the new $575.0 million SSTL. We also repaid the remaining balance on our fee reimbursement advance. In connection with the issuance of the new SSTL, we paid $13.1 million of debt issuance costs to the lender.

RISK MANAGEMENT

Managing risk is a fundamental component of operating our business. Various committees of the Ocwen Board of Directors and the executive leadership team oversee our risk management. Our primary risks include market, liquidity and operational risk. Market risk is the risk of loss arising from changes in the fair value of our assets or liabilities, including derivatives, caused by movements in market variables such as interest rates. Liquidity risk is the risk that our financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet our financial obligations, or to withstand unforeseen liquidity stress events. Operational risk is the risk of loss arising from inadequate or failed processes or systems, human factors or external events. Other risks include consumer and counterparty risk and concentration risk.

Our Investment Committee reviews significant transactions that may affect market risk and is authorized to utilize a wide variety of techniques and strategies to manage market risk. Our business units are responsible for executing on risk strategies, policies and controls that are fundamentally sound and compliant with our risk management policies and with applicable laws and regulations.

The Executive Compliance Management Committee is chaired by the Chief Compliance Officer. It is designated by the Ocwen Financial Corporation Board of Directors Compliance Committee to provide direction and oversight over all matters concerning the Company's regulatory compliance and related risks and vendor risk management programs. The committee is responsible for the periodic review and approval of key policies, monitoring of compliance, fraud and vendor risks and the effectiveness of controls and training programs.

All business units and overhead functions are subject to full and unrestricted audits by our Internal Audit department. Internal Audit is granted free and unrestricted access to any and all of our records, physical properties, systems, management and employees. The Internal Audit department reports to the Audit Committee of the Board and assists the Audit Committee in fulfilling its governance and oversight responsibility.

Market Risk

Our principal market exposure is to interest rate risk due to the impact on our mortgage-related assets and commitments, including mortgage loans held for sale, IRLCs and MSRs. Changes in interest rates could materially and adversely affect our volume of mortgage loan originations or reduce the value of our MSRs. We also have exposure to the effects of changes in interest rates on our borrowings under advance financing facilities.

Interest rate risk is a function of (i) the timing of re-pricing and (ii) the dollar amount of assets and liabilities that re-price at various times. We are exposed to interest rate risk to the extent that our interest rate sensitive liabilities mature or re-price at different speeds, or on different bases, than interest-earning assets.

Match Funded Liabilities

In executing our hedging strategy for the Servicing business, we attempt to mitigate the effect of increases in interest rates on the interest paid on our variable rate advance financing debt. We determine our hedging needs based on the projected excess of variable rate debt over cash and float balances since the earnings on cash and float balances are a partial offset to our exposure to changes in interest expense. Due to the growth in our Servicing business, float balances have increased significantly to levels in excess of our variable rate debt. In response, we terminated our remaining interest rate swaps effective May 31, 2013. We also purchased interest rate caps as economic hedges (not designated as a hedge for accounting purposes) as required by certain of our advance financing arrangements.

Loans Held for Sale and Interest Rate Lock Commitments

IRLCs represent an agreement to purchase loans from a third-party originator or an agreement to extend credit to a mortgage loan applicant, whereby the interest rate on the loan is set prior to funding. In our Lending business, mortgage loans held for sale and IRLCs are subject to the effects of changes in mortgage interest rates from the date of the commitment through the sale of the loan into the secondary market. As a result, we are exposed to interest rate risk and related price risk during the period from the date of the lock commitment through (i) the lock commitment cancellation or expiration date or (ii) through the date of sale into the secondary mortgage market. Loan commitments generally range from 5 to 30 days; and our holding period of the mortgage loan from funding to sale is typically less than 20 days.

For loans held for sale that we have elected to carry at fair value, we manage the associated interest rate risk through an active hedging program overseen by our Investment Committee. Our hedging policy determines the hedging instruments to be used in the mortgage loan hedging program, which include forward sales of agency "to be announced" securities (TBAs), whole loan forward sales, Eurodollar futures and interest rate options. Forward mortgage backed securities (MBS) trades are primarily used to fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market. Our hedging policy also stipulates the hedge ratio we must maintain in managing this interest rate risk, which is also monitored by our Investment Committee.

Fair Value MSRs

MSRs that we have elected to carry at fair value are subject to interest rate risk as the mortgage notes underlying the MSRs permit the borrowers to prepay the loans. Therefore, the value of these MSRs generally tends to diminish in periods of declining interest rates (as prepayments increase) and increase in periods of rising interest rates (as prepayments decrease). Although the level of interest rates is a key driver of prepayment activity, there are other factors that influence prepayments, including home prices, underwriting standards and product characteristics.

Our Investment Committee establishes and maintains policies that govern our hedging program, including such factors as our target hedge ratio, the hedge instruments that we are permitted to use in our hedging activities and the counterparties with whom we are permitted to enter into hedging transactions. Effective April 1, 2013, we modified our strategy for managing the risks of the underlying loan portfolio and closed out the remaining economic hedge positions associated with our fair value MSRs. We terminated these hedges because we determined that they were ineffective for large movements in interest rates and only assured losses in substantial increasing-rate environments.

See Note 19 — Derivative Financial Instruments and Hedging Activities to the Consolidated Financial Statements for additional information regarding our use of derivatives.

Sensitivity Analysis

Fair Value MSRs, Loans Held for Sale and Related Derivatives

The following table summarizes the estimated change in the fair value of our MSRs and loans held for sale that we have elected to carry at fair value as well as the related derivatives at December 31, 2013 given hypothetical instantaneous parallel shifts in the yield curve (in thousands):

	Change in Fair Value	
	Down 25 bps	**Up 25 bps**
Loans held for sale	$ 11,439	$ (13,673)
Forward MBS trades	(11,649)	12,326
Total loans held for sale and related derivatives	(210)	(1,347)
Fair value MSRs	(7,946)	7,439
MSRs, embedded in pipeline	(775)	588
Total fair value MSRs	(8,721)	8,027
Derivatives related to MSRs (1)	—	—
Total fair value MSRs and related derivatives	(8,721)	8,027
Total, net	$ (8,931)	$ 6,680

(1) As disclosed above, effective April 1, 2013, we terminated the hedging program for our fair value MSRs and closed out the remaining economic hedge positions.

We used December 31, 2013 market rates on our instruments to perform the sensitivity analysis. The estimates are based on the market risk sensitive portfolios described in the preceding paragraphs and assume instantaneous, parallel shifts in interest rate yield curves. These sensitivities are hypothetical and presented for illustrative purposes only. Changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in fair value may not be linear.

Borrowings

The debt used to finance much of our operations is exposed to interest rate fluctuations. We may purchase interest rate swaps and interest rate caps to minimize future interest rate exposure from increases in one-month LIBOR interest rates.

Based on December 31, 2013 balances, if interest rates were to increase by 1% on our variable rate debt and interest earning cash and float balances, we estimate a net positive impact of approximately $5.2 million resulting from an increase of $33.8 million in annual interest income and an increase of $28.6 million in annual interest expense.

Interest Rate Sensitive Financial Instruments

The tables below present the notional amounts of our financial instruments that are sensitive to changes in interest rates categorized by expected maturity and the related fair value of these instruments at December 31, 2013 and 2012. We use certain assumptions to estimate the expected maturity and fair value of these instruments. We base expected maturities upon contractual maturity and projected repayments and prepayments of principal based on our historical experience. The actual maturities of these instruments could vary substantially if future prepayments differ from our historical experience. Average interest rates are based on the contractual terms of the instrument and, in the case of variable rate instruments, reflect estimates of applicable forward rates. The average presented is the weighted average.

	Expected Maturity Date at December 31, 2013							
	2014	2015	2016	2017	2018	There- after	Total Balance	Fair Value (1)
Rate-Sensitive Assets:								
Interest-earning cash	$ 87,936	$ —	$ —	$ —	$ —	$ —	$ 87,936	$ 87,936
Average interest rate	*0.92%*	—	—	—	—	—	*0.92%*	
Loans held for sale, at fair value	503,753	—	—	—	—	—	503,753	503,753
Average interest rate	*4.24%*	—	—	—	—	—	*4.24%*	
Loans held for sale, at lower of cost or fair value (2)	50,592	4,504	2,124	1,429	907	3,351	62,907	62,907
Average interest rate	*4.12%*	*7.23%*	*6.71%*	*6.61%*	*6.38%*	*6.38%*	*4.64%*	
Loans held for investment - reverse mortgages	25,082	48,185	50,214	46,051	42,565	405,921	618,018	618,018
Average interest rate	2.67%	2.67%	2.67%	2.67%	2.66%	2.66%	2.67%	
Interest–earning collateral and debt service accounts	134,982	—	—	—	—	—	134,982	134,982
Average interest rate	*0.20%*	—	—	—	—	—	*0.20%*	
Total rate-sensitive assets	$ 802,345	$ 52,689	$ 52,338	$ 47,480	$ 43,472	$ 409,272	$ 1,407,596	$ 1,407,596
Percent of total	*57.00%*	*3.74%*	*3.72%*	*3.37%*	*3.09%*	*29.08%*	*100.00%*	
Rate-Sensitive Liabilities:								
Match funded liabilities	$ 2,364,814	$ —	$ —	$ —	$ —	$ —	$ 2,364,814	$ 2,364,814
Average interest rate	*2.08%*	—	—	—	—	—	*2.08%*	
Other borrowings (3)	488,929	27,219	11,690	11,690	1,238,141	—	1,777,669	1,762,876
Average interest rate	*1.96%*	*4.24%*	*5.00%*	*5.00%*	*5.00%*	—	*4.15%*	
Total rate-sensitive liabilities	$ 2,853,743	$ 27,219	$ 11,690	$ 11,690	$ 1,238,141	$ —	$ 4,142,483	$ 4,127,690
Percent of total	*68.89%*	*0.66%*	*0.28%*	*0.28%*	*30%*	*—%*	*100.00%*	

	Expected Maturity Date at December 31, 2013							
	2014	2015	2016	2017	2018	There- after	Total Balance	Fair Value (1)
Rate-Sensitive Derivative Financial Instruments:								
Derivative Assets:								
Interest rate caps	$ —	$ —	$ 1,868,000	$ —	$ —	$ —	$ 1,868,000	$ 442
Average strike rate	—	—	*3.00%*	—	—	—	*3.00%*	
IRLCs	751,436	—	—	—	—	—	751,436	8,433
Forward MBS trades	950,648	—	—	—	—	—	950,648	6,905
Average coupon	*3.76%*	—	—	—	—	—	*3.76%*	
Derivatives, net	$ 1,702,084	$ —	$ 1,868,000	$ —	$ —	$ —	$ 3,570,084	$ 15,780
Forward LIBOR curve (4)	*0.25%*	*0.60%*	*1.59%*	*2.71%*	*3.55%*	*4.26%*		

	Expected Maturity Date at December 31, 2012							
	2013	2014	2015	2016	2017	There- after	Total Balance	Fair Value (1)
Rate-Sensitive Assets:								
Interest-earning cash	$ 108,796	$ —	$ —	$ —	$ —	$ —	$ 108,796	$ 108,796
Average interest rate	*0.84%*	—	—	—	—	—	*0.84%*	
Loans held for sale, at fair value	426,480	—	—	—	—	—	426,480	426,480
Average interest rate	*3.60%*	—	—	—	—	—	*3.60%*	
Loans held for sale, at lower of cost or fair value (2)	70,053	5,584	2,357	1,219	1,067	2,586	82,866	82,866
Average interest rate	*5.73%*	*7.51%*	*7.51%*	*6.42%*	*6.42%*	*6.42%*	*5.96%*	
Interest–earning collateral and debt service accounts	120,458	—	—	—	—	—	120,458	120,458
Average interest rate	*0.36%*	—	—	—	—	—	*0.36%*	
Total rate-sensitive assets	$ 725,787	$ 5,584	$ 2,357	$ 1,219	$ 1,067	$ 2,586	$ 738,600	$ 738,600
Percent of total	*98.27%*	*0.76%*	*0.32%*	*0.17%*	*0.14%*	*0.35%*	*100.00%*	
Rate-Sensitive Liabilities:								
Match funded liabilities:								
Fixed rate	$ 1,348,999	$ 299,278	$ —	$ —	$ —	$ —	$ 1,648,277	$ 1,648,810
Average interest rate	*3.57%*	*4.04*	—	—	—	—	*3.63%*	
Variable rate	495,592	388,876	—	—	—	—	884,468	884,468
Average interest rate	*3.00%*	*3.05%*	—	—	—	—	*3.16%*	
Lines of credit and other borrowings (3)	774,508	—	18,466	—	—	—	792,974	797,799
Average interest rate	*4.37%*	—	*3.71%*	—	—	—	*4.35%*	
Total rate-sensitive liabilities	$ 2,619,099	$ 688,154	$ 18,466	$ —	$ —	$ —	$ 3,325,719	$ 3,331,077
Percent of total	*78.75%*	*20.69%*	*0.56%*	*—%*	*—%*	*—%*	*100.00%*	

	Expected Maturity Date at December 31, 2012							
	2013	2014	2015	2016	2017	There- after	Total Balance	Fair Value (1)
Rate-Sensitive Derivative Financial Instruments:								
Derivative Assets:								
Interest rate caps	$ —	$ —	$ 425,000	$ 600,000	$ —	$ —	$ 1,025,000	$ 168
Average strike rate	—	—	*4.50%*	*5.00%*	—	—	*4.79%*	
IRLCs	1,112,519	—	—	—	—	—	1,112,519	5,781
Interest rate swaps	—	15,000	165,000	90,000	15,000	147,500	432,500	4,778
Average fixed rate	—	*0.45%*	*0.56%*	*0.68%*	*0.89%*	*2.14%*	*1.13%*	
Forward MBS trades	314,000	—	—	—	—	—	314,000	67
Average coupon	*3.00%*	—	—	—	—	—	*3.00%*	
Derivative Liabilities:								
Forward MBS trades	1,324,979	—	—	—	—	—	1,324,979	1,786
Average coupon	*3.06%*	—	—	—	—	—	*3.06%*	
U.S. Treasury Futures	109,000	—	—	—	—	—	109,000	1,258
Interest rate swaps	586,945	29,400	447,110	—	—	—	1,063,455	15,614
Average fixed rate	*1.75%*	*0.69%*	*0.81%*	—	—	—	*1.33%*	
Derivatives, net	$ 3,447,443	$ 44,400	$ 1,037,110	$ 690,000	$ 15,000	$ 147,500	$ 5,381,453	$ (7,864)
Forward LIBOR curve (4)	*0.22%*	*0.33%*	*0.60%*	*1.14%*	*1.76%*	*3.48%*		

(1) See Note 5 — Fair Value to the Consolidated Financial Statements for additional fair value information on financial instruments.

(2) Net of market valuation allowances and including non-performing loans.

(3) Excludes financing liabilities of $651.1 million and $303.7 million at December 31, 2013 and 2012, respectively, that we recorded in connection with the sales of Rights to MSRs to HLSS which did not qualify as sales for accounting purposes. These financing liabilities have no contractual maturity and is amortized over the life of the transferred Rights to MSRs. Also, excludes the financing liabilities of $615.6 million at December 31, 2013 that we recorded in connection with the securitizations of HMBS which did not quality as sales for accounting purposes. These financing liabilities have no contractual maturity and are amortized as the related loans are repaid.

(4) Average 1-Month LIBOR for the periods indicated.

Liquidity Risk

We are exposed to liquidity risk primarily because the cash required to support the Servicing business includes the requirement to make advances pursuant to servicing contracts and the need to retain MSRs. We are also exposed to liquidity risk by our need to originate and finance mortgage loans and sell mortgage loans into secondary markets.

We estimate how our liquidity needs may be impacted by a number of factors, including fluctuations in asset and liability levels due to our business strategy, changes in our business operations, levels of interest rates and unanticipated events. We also assess market conditions and capacity for debt issuance in the various markets that we access to fund our business needs. Additionally, we have established internal processes to anticipate future cash needs and continuously monitor the availability of funds pursuant to our existing debt arrangements. We address liquidity risk by maintaining committed borrowing capacity in excess of our expected needs and by extending the tenor of our funding arrangements. For example, to fund additional advance obligations, we have typically “upsized” existing advance facilities or entered into new advance facilities in anticipation of the funding obligation and then pledged additional advances to support the borrowing. In general, we finance our operations through operating cash flow, advance financing facilities and other secured borrowings. See “Overview - Liquidity Summary” and “Liquidity and Capital Resources” for additional discussions of liquidity.

Operational Risk

Operational risk is inherent in each of our business lines and related support activities. This risk can manifest itself in various ways, including errors, business interruption and inappropriate behavior of employees, and can potentially result in financial losses or other damage to us. Examples include legal compliance, vendor management, reputation and indemnification obligation risks.

To monitor and control this risk, we establish policies and control frameworks designed to provide a sound and well-controlled operational environment. We mandate training for our employees in respect to these policies, require business line change control boards and conduct operating reviews on a regular basis. We have also implemented a risk and control self-identification program. Notwithstanding these risk and control initiatives, we may incur losses attributable to operational risks from time to time, and there can be no assurance these losses will not be incurred in the future.

Consumer Credit Risk

We sell our loans on a non-recourse basis. However, we also provide representations and warranties to purchasers and insurers of the loans sold that typically are in place for the life of the loan. In the event of a breach of these representations and warranties, we may be required to repurchase a mortgage loan or indemnify the purchaser, and any subsequent loss on the mortgage loan may be borne by us. If there is no breach of a representation and warranty provision, we have no obligation to repurchase the loan or indemnify the investor against loss. The outstanding UPB of loans sold by us represents the maximum potential exposure related to representation and warranty provisions.

We maintain a reserve for losses on loans that may be repurchased or indemnified as a result of breaches of representations and warranties on our sold loans. We base our estimate on our most recent data regarding loan repurchases and indemnity payments, actual credit losses on repurchased loans and recovery history, among other factors. Internal factors that affect our estimate include, among other things, level of loan sales, to whom the loans are sold, the expectation of credit loss on repurchases and indemnifications, our success rate at appealing repurchase demands and our ability to recover any losses from third parties. External factors that may affect our estimate include, among other things, the overall economic condition in the housing market, the economic condition of borrowers, the political environment at GSEs and the overall U.S. and world economy. Many of the factors are beyond our control and may lead to judgments that are susceptible to change.

We are not subject to the majority of the credit-related risks inherent in maintaining a mortgage loan portfolio because we do not hold loans for investment purposes. We generally sell newly originated mortgage loans in the secondary market within 20 days of origination.

Counterparty Credit Risk & Concentration Risk

Counterparty Credit risk represents the potential loss that may occur because a party to a transaction fails to perform according to the terms of the contract. The measure of credit exposure is the replacement cost of contracts with a positive fair value. We manage credit risk by entering into financial instrument transactions through national exchanges, primary dealers or approved counterparties and the use of mutual margining agreements whenever possible to limit potential exposure. We are exposed to counterparty credit risk in the event of non-performance by counterparties to various agreements. We manage such risk by monitoring the credit ratings of our counterparties and do not anticipate losses due to counterparty nonperformance.

Counterparty credit risk exists with our third party originators from whom we purchase originated mortgage loans. The third party originators incur a representation and warranty obligation when we acquire the mortgage loan from them, and they agree to reimburse us for any losses incurred due to an origination defect. We become exposed to losses for origination defects

if the third party originator is not able to reimburse us for losses incurred for indemnification or repurchase. We mitigate this risk by monitoring purchase limits from our third party originators (to reduce any concentration exposure), quality control reviews of the third party originators, underwriting standards and monitoring the credit worthiness of third party originators on a periodic basis.

The mortgaged properties securing the residential loans that we service are geographically dispersed throughout all 50 states, the District of Columbia and two U.S. territories. The five largest concentrations of properties are located in California, Florida, New York, Texas and New Jersey which, taken together, comprise 39% of the loans serviced at December 31, 2013. California has the largest concentration with 436,374 loans or 15% of the total.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET ARRANGEMENTS

Contractual Obligations

The following table sets forth certain information regarding amounts we owe to others under contractual obligations as of December 31, 2013:

	Less Than One Year	After One Year Through Three Years	After Three Years Through Five Years	After Five Years	Total
Other secured borrowings (1)	$ 35,219	$ 41,529	$ 1,251,250	$ —	$ 1,327,998
Contractual interest payments (2)	65,750	128,743	71,986	—	266,479
Originate/purchase mortgages or securities	827,902	—	—	—	827,902
Reverse mortgage equity draws (3)	244,208	—	—	—	244,208
Operating leases	19,798	38,418	15,702	—	73,918
	$ 1,192,877	$ 208,690	$ 1,338,938	$ —	$ 2,740,505

(1) Amounts are exclusive of any related discount. Excludes match funded liabilities and borrowings under mortgage loan warehouse facilities as these represent non-recourse debt that has been collateralized by assets which are not available to satisfy general claims against Ocwen. Also excludes financing liabilities which result from sales of assets that do not qualify as sales for accounting purposes and, therefore, are accounted for as secured financings. See Note 15 — Borrowings to the Consolidated Financial Statements for additional information related to these excluded borrowings.

(2) Represents estimated future interest payments on other secured borrowings, based on applicable interest rates as of December 31, 2013.

(3) Represents additional equity draw obligations in connection with reverse mortgage loans originated or purchased by Liberty. Because these draws can be made in their entirety, we have classified them as due in less than one year at December 31, 2013.

Off-Balance Sheet Arrangements

In the normal course of business, we engage in transactions with a variety of financial institutions and other companies that are not reflected on our balance sheet. We are subject to potential financial loss if the counterparties to our off-balance sheet transactions are unable to complete an agreed upon transaction. We seek to limit counterparty risk through financial analysis, dollar limits and other monitoring procedures. We have also entered into non-cancelable operating leases principally for our office facilities.

Derivatives. We record all derivative transactions at fair value on our consolidated balance sheets. We use these derivatives primarily to manage our interest rate risk as well as our exposure to changes in the value of the India Rupee. The notional amounts of our derivative contracts do not reflect our exposure to credit loss. See Note 19 — Derivative Financial Instruments and Hedging Activities to the Consolidated Financial Statements for additional information regarding derivatives.

Involvement with SPEs. We use SPEs for a variety of purposes but principally in the financing of our servicing advances and in the securitization of mortgage loans.

We generally use match funded securitization facilities to finance our servicing advances. The SPEs to which the advances are transferred in the securitization transaction are included in our consolidated financial statements either because we have the majority equity interest in the SPE or because we are the primary beneficiary where the SPE is a variable interest entity (VIE). The holders of the debt of these SPEs can look only to the assets of the SPEs for satisfaction of the debt and have no recourse against OCN. However, OCN and OLS have guaranteed the payment of the obligations of the issuer under our small-balance

commercial match funded facility up to a maximum of 10% of the notes outstanding at the end of the facility's revolving period in December 2014.

VIEs. If we determine that we are the primary beneficiary of a VIE, we include the VIE in our consolidated financial statements. We have interests in VIEs that we do not consolidate because we have determined that we are not the primary beneficiary of the VIEs. In addition, we have transferred forward and reverse mortgage loans in transactions accounted for as sales or as secured borrowings for which we retain the obligation for servicing and for standard representations and warranties on the loans. See Note 2 — Securitizations and Variable Interest Entities and Note 4 — Sales of Advances and MSRs for additional information.

Mortgage Loan Repurchase and Indemnification Liability. We have exposure to representation, warranty and indemnification obligations in our capacity as a loan originator and servicer. We recognize the fair value of representation and warranty obligations in connection with originations upon sale of the loan or upon completion of an acquisition. Thereafter, the estimation of the liability considers probable future obligations based on industry data of loans of similar type segregated by year of origination and estimated loss severity based on current loss rates for similar loans. Our historical loss severity considers the historical loss experience that we incur upon sale or liquidation of a repurchased loan as well as current market conditions.

The underlying trends for loan repurchases and indemnifications are volatile, and there is significant uncertainty regarding our expectations of future loan repurchases and indemnifications and related loss severities. Due to the significant uncertainties surrounding estimates related to future repurchase and indemnification requests by investors and insurers as well as uncertainties surrounding home prices, it is possible that our exposure could exceed our recorded mortgage loan repurchase and indemnification liability. Our estimate of the mortgage loan repurchase and indemnification liability considers the current macro-economic environment and recent repurchase trends; however, if we experience a prolonged period of higher repurchase and indemnification activity or a decline in home values, then our realized losses from loan repurchases and indemnifications may ultimately be in excess of our recorded liability. Given the levels of realized losses in recent periods, there is a reasonable possibility that future losses may be in excess of our recorded liability. See Note 2 — Securitizations and Variable Interest Entities, Note 16 — Other Liabilities and Note 28 — Commitments and Contingencies to the Consolidated Financial Statements for additional information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our ability to measure and report our financial position and operating results is influenced by the need to estimate the impact or outcome of future events on the basis of information available at the time of the financial statements. Our significant accounting policies are described in Note 1 — Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements. Critical accounting estimates are described in this section. An accounting estimate is considered critical if it requires that management make assumptions about matters that were highly uncertain at the time the accounting estimate was made. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of operations and cash flows. Management has processes in place to monitor these judgments and assumptions, including with the Audit Committee of the Board of Directors.

Fair Value Measurements

We use fair value measurements to record fair value adjustments to certain instruments and to determine fair value disclosures. Refer to Note 5 — Fair Value to the Consolidated Financial Statements for descriptions of valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models, and significant assumptions utilized. We follow the fair value hierarchy set forth in Note 5 — Fair Value to the Consolidated Financial Statements in order to prioritize the inputs utilized to measure fair value. We review and modify, as necessary, our fair value hierarchy classifications on a quarterly basis. As such, there may be reclassifications between hierarchy levels.

The following table summarizes assets and liabilities measured at fair value on a recurring and nonrecurring basis and the amounts measured using Level 3 inputs at December 31:

	2013	2012
Loans held for sale	$ 566,660	$ 509,346
Loans held for investment - reverse mortgages	618,018	—
MSRs	116,029	85,213
Derivative assets	15,780	5,949
Assets at fair value	$ 1,316,487	$ 600,508
As a percentage of total assets	17%	11%
Financing liabilities	$ 615,576	$ —
Derivative liabilities	—	13,813
Liabilities at fair value	$ 615,576	$ 13,813
As a percentage of total liabilities	10%	—%
Assets at fair value using Level 3 inputs	$ 797,396	$ 168,247
As a percentage of assets at fair value	61%	28%
Liabilities at fair value using Level 3 inputs	$ 615,576	$ 10,836
As a percentage of liabilities at fair value	100%	78%

Level 3 assets increased to 61% of assets at fair value and Level 3 liabilities increased to 100% of liabilities at fair value in connection with reverse mortgage securitizations that we account for as secured financings and for which we elected the fair value option for the related Loans held for investment - reverse mortgages and Financing liabilities. Our economic exposure to these net assets is limited to the residual value we retain. Changes in inputs used to value the loans held for investment are largely offset by offsetting changes in the value of the related secured financing.

We have numerous internal controls in place to ensure the appropriateness of fair value measurements. Significant fair value measures are subject to analysis and management review and approval. Additionally, we utilize a number of operational controls to ensure the results are reasonable, including comparison, or “back testing,” of model results against actual performance and monitoring the market for recent trades, including our own price discovery in connection with potential and completed sales, and other market information that can be used to benchmark the model inputs or outputs. Considerable judgment is used in forming conclusions about Level 3 inputs such as interest rate movements, prepayment speeds, delinquencies, credit losses and discount rates. Changes to these inputs could have a significant effect on fair value measurements.

Valuation and Amortization of MSRs

MSRs are an intangible asset that represents the right to service a portfolio of mortgage loans. We originate MSRs from our lending activities and obtain MSRs through asset acquisitions or business combinations. For initial measurement, acquired and originated MSRs are initially measured at fair value. Subsequent to acquisition or origination, we account for MSRs using the amortization or fair value measurement method, based on our strategy for managing the risks of the underlying portfolios. For MSRs accounted for using the amortization measurement method, we assess servicing assets or liabilities for impairment or increased obligation based on fair value on a quarterly basis. We group our MSRs by stratum for impairment testing based on the predominant risk characteristics of the underlying mortgage loans. In recognition of the significant change in the composition of our MSR portfolio as a result of acquisitions, our strata are defined as conventional (i.e. conforming to the underwriting standards of Fannie Mae or Freddie Mac), government insured (loans insured by FHA or VA), non-Agency (i.e. all private label primary and master serviced loans except non-Agency prime) and non-Agency prime (loans generally conforming to the underwriting standards of Fannie Mae or Freddie Mac that exceeded GSE loan limits, commonly referred to as jumbo mortgage loans).

The determination of fair value of MSRs requires management judgment due to the number of assumptions that underlie the valuation. We estimate the fair value of our MSRs by using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The key assumptions used in the valuation of these MSRs include:

- Mortgage prepayment speeds;
- Delinquency rates, and
- Discount rates.

The following table provides the range of key assumptions (expressed as a percentage of UPB) by stratum projected for the five-year period beginning December 31, 2013:

	Conventional	Government Insured	Non-Agency
Prepayment speed	8.1% - 15.8%	10.4% - 17.1%	17.4% - 19.2%
Delinquency	8.0% - 10.1%	14.9% - 16.8%	25.3% - 27.8%
Discount rate	9.2%	11.0%	16.7%
Cost to service	$71 to $126	$73 to $125	$305 to $340

Changes in these assumptions are generally expected to affect our results of operations as follows:

- Increases in prepayment speeds generally reduce the value of our MSRs as the underlying loans prepay faster which causes accelerated MSR amortization, higher compensating interest payments and lower overall servicing fees, partially offset by a lower overall cost of servicing, increased float earnings on higher float balances and lower interest expense on lower servicing advance balances.
- Increases in delinquencies generally reduce the value of our MSRs as the cost of servicing increases during the delinquency period, and the amounts of servicing advances and related interest expense also increase.
- Increases in the discount rate reduce the value of our MSRs due to the lower overall net present value of the net cash flows.
- Increases in interest rate assumptions will increase interest expense for financing servicing advances although this effect is partially offset because rate increases will also increase the amount of float earnings that we recognize.

The following table provides information related to the sensitivity of our MSR fair value estimate to a 10% adverse change in key valuation inputs as of December 31, 2013 (in thousands):

	Conventional	Government Insured	Non-Agency
Prepayment speed	$ (117,610)	$ (22,431)	$ (33,108)
Delinquency	(11,482)	(31,257)	(87,417)
Discount rate	(59,265)	(6,699)	(29,027)
Cost to service	(33,888)	(7,296)	(114,777)

Income Taxes

We record a tax provision for the anticipated tax consequences of the reported results of operations. We compute the provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. We measure deferred tax assets and liabilities using the currently enacted tax rates in each jurisdiction that applies to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Other than for certain U.S. deferred tax assets, management believes it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with future reversals of existing taxable temporary differences, will be sufficient to fully recover the deferred tax assets. As a result of this evaluation, we concluded that a valuation allowance of $15.8 million was necessary at December 31, 2013. In the event that we determine all or part of the net deferred tax assets are not realizable in the future, we will make an adjustment to the valuation allowance that will be charged to earnings in the period such determination is made. In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of GAAP and complex tax laws. Resolution of these uncertainties in a manner inconsistent with management’s expectations could have a material impact on our financial condition and operating results.

Goodwill

We test goodwill for impairment at least annually and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its net carrying value. We have the option of performing a

qualitative assessment of impairment to determine whether any further quantitative testing for impairment is necessary. Factors that we consider in the qualitative assessment include general economic conditions, conditions of the industry and market in which we operate, regulatory developments, cost factors and our overall financial performance. If we elect to bypass the qualitative assessment or if we determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying value, a two-step quantitative test is required. Under the two-step impairment test, we evaluate the recoverability of goodwill by comparing the estimated fair value of each reporting unit with its estimated net carrying value (including goodwill). We derive the fair value of reporting units based on valuation techniques that we believe market participants would use (discounted cash flow valuation methodology).

Our qualitative and quantitative goodwill impairment testing involves the use of estimates and the exercise of judgment on the part of management. From time to time, we may obtain assistance from third parties in our quantitative evaluation. The discounted cash flow valuation methodology uses projections of future cash flows and includes assumptions concerning future operating performance, discount rates and economic conditions that may differ from actual future results achieved. In projecting our cash flows, we use projected growth rates or, where applicable, the projected prepayment rate. For the discount rate, we use a rate that reflects our weighted average cost of capital determined based on our industry and size risk premiums based on our market capitalization.

The following table provides information regarding the balance of goodwill by business acquisition and by reporting segment as of December 31, 2013:

	Servicing	Lending	Total
HomeEq	$ 12,810	$ —	$ 12,810
Litton	57,430	—	57,430
Homeward	218,170	46,159	264,329
ResCap	79,026	—	79,026
Liberty	—	2,963	2,963
	$ 367,436	$ 49,122	$ 416,558

We perform our annual impairment test of goodwill as of August 31st of each year. Based on our 2013 annual assessment, we determined that goodwill was not impaired. We determined, on the basis of qualitative factors, that the fair value of the reporting units were not more likely than not less than their respective carrying values and therefore a two-step quantitative test was not required. We believe that the fair values of our reporting units are substantially in excess of their carrying values.

Indemnification Obligations

We have exposure to representation, warranty and indemnification obligations because of our lending, sales and securitization activities, our acquisitions to the extent we assume one or more of these obligations and in connection with our servicing practices. We initially recognize these obligations at fair value. Thereafter, the estimation of the liability considers probable future obligations based on industry data of loans of similar type segregated by year of origination, to the extent applicable, and estimated loss severity based on current loss rates for similar loans, our historical rescission rates and the current pipeline of unresolved demands. Our historical loss severity considers the historical loss experience that we incur upon sale or liquidation of a repurchased loan as well as current market conditions. We monitor the adequacy of the overall reserve and make adjustments to the level of reserve, as necessary, after consideration of other qualitative factors including ongoing dialogue and experience with our counterparties.

Litigation

We monitor our litigation matters, including advice from external legal counsel, and regularly perform assessments of these matters for potential loss accrual and disclosure. We establish reserves for settlements, judgments on appeal and filed and/or threatened claims for which we believe it is probable that a loss has been or will be incurred and the amount can be reasonably estimated.

RECENT ACCOUNTING DEVELOPMENTS

Recent Accounting Pronouncements

Listed below are recent accounting pronouncements that we had not yet adopted as of December 31, 2013. Our adoption of these standards on January 1, 2014 did not have a material impact on our Consolidated Financial Statements. For additional information regarding these pronouncements, see Note 1 — Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements.

- ASU 2013-04 (ASC 405, Liabilities): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date, a consensus of the FASB Emerging Issues Task Force.
- ASU 2013-05 (ASC 830, Foreign Currency Matters): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity, a consensus of the FASB Emerging Issues Task Force.
- ASU 2013-11 (ASC 740, Income Taxes): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force).

In addition to the above recently issued accounting pronouncements, listed below are accounting pronouncements that we adopted on January 1, 2013 that only require additional disclosures and did not have a material effect on our Consolidated Financial Statements.

- ASU 2011-11 (ASC 210, Balance Sheet): Disclosures about Offsetting Assets and Liabilities
- ASU 2013-01 (ASC 210, Balance Sheet): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities
- ASU 2013-02 (ASC 220, Comprehensive Income): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

The principal effect of ASU 2011-11 and ASU 2013-01 is to require additional disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position, including the effect, or potential effect, of rights of set-off associated with certain financial instruments and derivative instruments.

The amendments in ASU 2013-02 require disclosure of, on the face of our statement of operations or in footnotes thereto, the line items affected by any significant items reclassified from accumulated other comprehensive income to earnings and the before tax amount and the related effect on income tax expense of the reclassification.

We also adopted ASU 2013-10 (ASC 815, Derivatives and Hedging): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (a consensus of the FASB Emerging Issues Task Force) effective July 17, 2013. The ASU permits the use of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. The ASU also removes the restriction on using different benchmark rates for similar hedges. We terminated our remaining interest rate swaps on May 31, 2013 and, therefore, our adoption of this standard did not have a material impact on our Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to the Market Risk sections of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for our quantitative and qualitative disclosures about market risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this section is contained in the Consolidated Financial Statements of Ocwen Financial Corporation and Report of Deloitte & Touche LLP, Independent Registered Public Accounting Firm, beginning on Page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this Annual Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of our internal control over financial reporting as of December 31, 2013, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (1992). Based on that evaluation, our management concluded that, as of December 31, 2013, internal control over financial reporting is effective based on criteria established in Internal Control—Integrated Framework issued by the COSO.

The effectiveness of Ocwen's internal control over financial reporting as of December 31, 2013 has been audited by Deloitte & Touche LLP, an independent registered certified public accounting firm, as stated in their report that appears herein.

Limitations on the Effectiveness of Controls

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting during our fiscal quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

There was no information required to be reported on Form 8-K during the fourth quarter of the year covered by this Form 10-K that was not so reported.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained in our definitive Proxy Statement with respect to our Annual Meeting of Shareholders to be held on May 14, 2014 and as filed with the SEC on or about March 28, 2014 (the 2014 Proxy Statement) under the captions "Election of Directors—Nominees for Director," "Executive Officers Who Are Not Directors," "Board of Directors and Corporate Governance—Committees of the Board of Directors—Audit Committee", "Security Ownership of Certain Beneficial Owners and Related Shareholder Matters—Section 16(a) Beneficial Ownership Reporting Compliance" and "Board of Directors and Corporate Governance—Code of Ethics" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in our 2014 Proxy Statement under the captions “Executive Compensation” and “Board of Directors Compensation” is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in our 2014 Proxy Statement under the captions “Security Ownership of Certain Beneficial Owners and Related Shareholder Matters—Beneficial Ownership of Equity Securities” and “Equity Compensation Plan Information” is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in our 2014 Proxy Statement under the captions “Board of Directors and Corporate Governance—Independence of Directors” and “Business Relationships and Related Transactions” is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is included in our 2014 Proxy Statement under the caption “Ratification of Appointment of Independent Registered Public Accounting Firm” and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) and (2) Financial Statements and Schedules. The information required by this section is contained in the Consolidated Financial Statements of Ocwen Financial Corporation and Report of Deloitte & Touche LLP, Independent Registered Public Accounting Firm, beginning on Page F-1.

(3) Exhibits.

2.1	Separation Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Portfolio Solutions S.A. (1)
2.2	Purchase Agreement dated as of June 5, 2011, by and between The Goldman Sachs Group, Inc. and Ocwen Financial Corporation † (2)
2.3	Purchase Agreement, dated as of October 19, 2011, by and among Morgan Stanley (solely for purposes of Article 5, Section 7.4, Section 8.7, Article 11 and Article 12), SCI Services, Inc., Saxon Capital Holdings, Inc., Morgan Stanley Mortgage Capital Holdings, LLC and Ocwen Financial Corporation † (3)
2.4	Amended and Restated Purchase Agreement, dated March 18, 2012, among Ocwen Financial Corporation (solely for purposes of Section 6.11, Section 6.12, Section 7.4, Section 7.8, Section 7.14, Section 10.2(b), Article 11 and Article 12), Ocwen Loan Servicing, LLC, Morgan Stanley (solely for purposes of Article 5, Section 7.4, Article 11 and Article 12), SCI Services, Inc., Saxon Mortgage Services, Inc., and Morgan Stanley Mortgage Capital Holdings, LLC (4)
2.5	Merger Agreement, dated as of October 3, 2012, by and among Ocwen Financial Corporation, O&H Acquisition Corp., Homeward Residential Holdings, Inc., and WL Ross & Co. LLC † (5)
2.6	Asset Purchase Agreement between Ocwen Loan Servicing, LLC, and Residential Capital, LLC, Residential Funding Company, LLC, GMAC Mortgage, LLC, Executive Trustee Services, LLC, ETS of Washington, Inc., EPRE LLC, GMACM Borrower LLC, and RFC Borrower LLC dated as of November 2, 2012 † (6)
2.7	Mortgage Servicing Rights Purchase and Sale Agreement between Ocwen Loan Servicing, LLC and One West Bank, FSB dated as of June 13, 2013 (7)
2.8	Purchase and Sale Agreement, dated as of March 29, 2013, by and among Altisource Portfolio Solutions, Inc., Altisource Solutions S.à r.l., Ocwen Financial Corporation, Homeward Residential, Inc. and Power Valuation Services, Inc. (8)
2.9	Repurchase Letter Agreement, dated as of September 23, 2013, by and among Ocwen Financial Corporation and the holders of Series A Perpetual Convertible Preferred Stock party thereto (9)
3.1	Amended and Restated Articles of Incorporation (10)
3.2	Articles of Amendment to Articles of Incorporation (filed herewith)

3.3	Articles of Amendment to Articles of Incorporation (filed herewith)
3.4	Articles of Amendment to Articles of Incorporation (11)
3.5	Articles of Correction (11)
3.6	Articles of Amendment to Articles of Incorporation, Articles of Designation, Preferences and Rights of Series A Perpetual Convertible Preferred Stock (12)
3.7	Amended and Restated Bylaws of Ocwen Financial Corporation (13)
4.1	Form of Certificate of Common Stock (10)
4.2	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7
10.1*	Ocwen Financial Corporation 1996 Stock Plan for Directors, as amended (14)
10.2*	Ocwen Financial Corporation 1998 Annual Incentive Plan, as amended (15)
10.3*	Amended Ocwen Financial Corporation 1991 Non-Qualified Stock Option Plan, dated October 26, 1999 (16)
10.4*	Ocwen Financial Corporation Deferral Plan for Directors, dated March 7, 2005 (17)
10.5*	Ocwen Financial Corporation 2007 Equity Incentive Plan, dated May 10, 2007 (18)
10.6*	Ocwen Mortgage Servicing, Inc. Amended and Restated 2013 Preferred Stock Plan (filed herewith)
10.7	Tax Matters Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.8	Employee Matters Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.9	Technology Products Services Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.10	Services Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.11	Data Center and Disaster Recovery Services Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.12	Intellectual Property Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.13	Support Services Agreement, dated as of August 10, 2012, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (19)
10.14	Services Agreement, dated as of October 1, 2012, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (20)
10.15	Technology Products Services Agreement, dated as of October 1, 2012, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (20)
10.16	Data Center and Disaster Recovery Services Agreement, dated as of October 1, 2012, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (20)
10.17	Intellectual Property Agreement, dated as of October 1, 2012, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (20)
10.18	First Amendment to Support Services Agreement, dated as of October 1, 2012, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (20)
10.19	First Amendment to Services Agreement, dated as of October 1, 2012, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (20)
10.20	First Amendment to Technology Products Services Agreement, dated as of October 1, 2012, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (20)
10.21	First Amendment to Data Center and Disaster Recovery Services Agreement, dated as of October 1, 2012, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (20)
10.22	First Amendment to Intellectual Property Agreement, dated as of October 1, 2012, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (20)
10.23	Second Amendment to Services Agreement, dated as of March 29, 2013, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (8)
10.24	Second Amendment to Technology Products Services Agreement, dated as of March 29, 2013, by and between Ocwen Financial Corporation Altisource Solutions S.à r.l. (8)
10.25	Second Amendment to Data Center and Disaster Recovery Services Agreement, dated as of March 29, 2013, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (8)

10.26	Second Amendment to Intellectual Property Agreement, dated as of March 29, 2013, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (8)
10.27	First Amendment to Services Agreement, dated as of March 29, 2013, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (8)
10.28	First Amendment to Technology Products Services Agreement, dated as of March 29, 2013, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (8)
10.29	First Amendment to Data Center and Disaster Recovery Services Agreement, dated as of March 29, 2013, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (8)
10.30	First Amendment to Intellectual Property Agreement, dated as of March 29, 2013, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (8)
10.31	Third Amendment to Services Agreement, dated as of July 24, 2013, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (filed herewith)
10.32	Second Amendment to Services Agreement dated July 24, 2013 by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (filed herewith)
10.33	First Amended and Restated Support Services Agreement dated September 12, 2013, by and between Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. (filed herewith)
10.34	Agreement dated as of April 12, 2013 by and among Altisource Solutions S.à r.l., Ocwen Financial Corporation and Ocwen Mortgage Servicing, Inc. (21)
10.35	Master Servicing Rights Purchase Agreement, dated October 1, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC (filed herewith)
10.36	Sale Supplement, dated February 10, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC (4)
10.37	Master Subservicing Agreement, dated October 1, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC (filed herewith)
10.38	Subservicing Supplement, dated February 10, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC (4)
10.39	Professional Services Agreement, dated February 10, 2012, between Ocwen Financial Corporation, together with its subsidiaries and affiliates, and HLSS Management, LLC (4)
10.40	Sale Supplement, dated as of July 1, 2013, to the Master Servicing Rights Purchase Agreement, dated as of October 1, 2012, between Ocwen Loan Servicing, LLC, HLSS Holdings, LLC and Home Loan Servicing Solutions, Ltd. (22)
10.41	Subservicing Supplement, dated as of July 1, 2013, to the Master Subservicing Agreement, dated as of October 1, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings LLC (22)
10.42	Amendment, dated as of September 30, 2013, to the Sale Supplement, dated as of July 1, 2013, to the Master Servicing Rights Purchase Agreement, dated as of October 1, 2012, between Ocwen Loan Servicing, LLC, HLSS Holdings, LLC and Home Loan Servicing Solutions, Ltd. (23)
10.43	Amendment, dated as of September 30, 2013, to the Subservicing Supplement, dated as of July 1, 2013, to the Master Subservicing Agreement, dated as of October 1, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings LLC (23)
10.44	Amendment, dated as of February 4, 2014, to the Sale Supplement dated as of July 1, 2013, the Sale Supplement dated February 10, 2012 and various other sale supplements, between Ocwen Loan Servicing, LLC, HLSS Holdings, LLC and Home Loan Servicing Solutions, Ltd. (filed herewith)
10.45	Amendment, dated as of February 4, 2014, to the Subservicing Supplement dated as of July 1, 2013, the Subservicing Supplement dated as of February 10, 2012 and various other subservicing supplements, among Ocwen Loan Servicing, LLC and HLSS Holdings, LLC (filed herewith)
10.46	Registration Rights Agreement, made and entered into as of December 27, 2012, by and among Ocwen Financial Corporation and the Holders (as defined therein) (13)
10.47	Guarantee between Ocwen Financial Corporation and OneWest Bank, FSB dated as of June 13, 2013 (7)
10.48	Senior Secured Term Loan Facility Agreement dated as of February 15, 2013 by and among Ocwen Loan Servicing, LLC, as Borrower, Ocwen Financial Corporation, as Parent, Certain Subsidiaries of Ocwen Financial Corporation, as Subsidiary Guarantors, the Lender Parties thereto, and Barclays Bank PLC, as Administrative Agent (24)
10.49	Pledge and Security Agreement dated as of February 15, 2013 between each of the Grantor Parties thereto, and Barclays Bank PLC, as Collateral Agent (24)

10.50	Amendment No. 1 to Senior Secured Term Loan Facility Agreement and Amendment No. 1 to Pledge and Security Agreement dated as of September 23, 2013 by and among Ocwen Loan Servicing, LLC, as Borrower, Ocwen Financial Corporation, as Parent, Certain Subsidiaries of Ocwen Financial Corporation, as Subsidiary Guarantors, the Lender Parties thereto, and Barclays Bank PLC, as Administrative Agent and Collateral Agent (9)
11.1	Computation of earnings per share (26)
12.1	Ratio of earnings to fixed charges (filed herewith)
21.0	Subsidiaries (filed herewith)
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith)
99.1	Consent Judgment dated February 26, 2014 of the United States District Court for the District of Columbia (filed herewith)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

* Management contract or compensatory plan or agreement.

† The schedules referenced in the Purchase Agreements, the Merger Agreement and the Asset Purchase Agreement have been omitted in accordance with Item 601 (b)(2) of Regulation S-K. A copy of any referenced schedules will be furnished supplementally to the SEC upon request.

(1) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on August 12, 2009.
(2) Incorporated by reference to the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on June 6, 2011.
(3) Incorporated by reference to Exhibit 2.1 of the Registrant's Form 8-K filed with the SEC on October 24, 2011.
(4) Incorporated by reference from the similarly described exhibit included with the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2012.
(5) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on October 5, 2012.
(6) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on November 8, 2012.
(7) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on June 13, 2013.
(8) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed on April 4, 2013.
(9) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed on September 24, 2013.
(10) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-1 (File No. 333-5153) as amended, declared effective by the SEC on September 25, 1996.
(11) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010.
(12) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on December 28, 2012.
(13) Incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed with the SEC on May 10, 2013.

(14) Incorporated by reference from the similarly described exhibit filed in connection with the Registrant's Registration Statement on Form S-8 (File No. 333-44999), effective when filed with the SEC on January 27, 1998.
(15) Incorporated by reference from the similarly described exhibit to our definitive Proxy Statement with respect to our 2003 Annual Meeting of Shareholders as filed with the SEC on March 28, 2003.
(16) Incorporated by reference from the similarly described exhibit included with the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2000.
(17) Incorporated by reference from the similarly described exhibit included with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2004.
(18) Incorporated by reference from the similarly described exhibit to our definitive Proxy Statement with respect to our 2007 Annual Meeting of Shareholders as filed with the SEC on March 30, 2007.
(19) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on August 16, 2012.
(20) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on October 5, 2012.
(21) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on April 18, 2013.
(22) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on July 8, 2013.
(23) Incorporated by reference from the similarly described exhibit included with the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2013.
(24) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on February 19, 2013.
(25) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the SEC on September 24, 2013.
(26) Incorporated by reference from "Note 23 — Basic and Diluted Earnings per Share" on page F-55 of our Consolidated Financial Statements.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on our behalf by the undersigned, thereunto duly authorized.

Ocwen Financial Corporation

By: /s/ Ronald M. Faris
Ronald M. Faris
President and Chief Executive Officer
(duly authorized representative)

Date: February 28, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ William C. Erbey — Date: February 28, 2014
William C. Erbey,
Executive Chairman of the Board of Directors

/s/ Ronald M. Faris — Date: February 28, 2014
Ronald M. Faris,
President, Chief Executive Officer and Director
(principal executive officer)

/s/ Ronald J. Korn — Date: February 28, 2014
Ronald J. Korn,
Director

/s/ William H. Lacy — Date: February 28, 2014
William H. Lacy,
Director

/s/ Barry N. Wish — Date: February 28, 2014
Barry N. Wish,
Director

/s/ Robert A. Salcetti — Date: February 28, 2014
Robert A. Salcetti,
Director

/s/ Wilbur L. Ross — Date: February 28, 2014
Wilbur L. Ross,
Director

/s/ John V. Britti — Date: February 28, 2014
John V. Britti,
Executive Vice President and Chief Financial Officer
(principal financial officer)

/s/ Catherine M. Dondzila — Date: February 28, 2014
Catherine M. Dondzila, Senior Vice President and
Chief Accounting Officer
(principal accounting officer)

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

December 31, 2013

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES
December 31, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ocwen Financial Corporation:

We have audited the accompanying consolidated balance sheets of Ocwen Financial Corporation and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2013. 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 in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ocwen Financial Corporation and subsidiaries as of December 31, 2013 and 2012 and the results of their operations and their cash flows for the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
February 28, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ocwen Financial Corporation:

We have audited the internal control over financial reporting of Ocwen Financial Corporation and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 28, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
February 28, 2014

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	December 31, 2013	December 31, 2012
Assets		
Cash	$ 178,512	$ 220,130
Mortgage servicing rights ($116,029 and $85,213 carried at fair value)	2,069,381	764,150
Advances	892,188	184,463
Match funded advances	2,552,383	3,049,244
Loans held for sale ($503,753 and $426,480 carried at fair value)	566,660	509,346
Loans held for investment - reverse mortgages, at fair value	618,018	—
Goodwill	416,558	416,176
Receivables, net	152,516	132,853
Debt service accounts	129,897	88,748
Deferred tax assets, net	116,558	96,893
Premises and equipment, net	53,786	33,247
Other assets	127,313	190,712
Total assets	$ 7,873,770	$ 5,685,962
Liabilities, Mezzanine Equity and Stockholders' Equity		
Liabilities		
Match funded liabilities	$ 2,364,814	$ 2,532,745
Financing liabilities ($615,576 and $0 carried at fair value)	1,284,229	306,308
Other secured borrowings	1,777,669	790,371
Other liabilities	590,375	291,744
Total liabilities	6,017,087	3,921,168
Commitments and Contingencies (Note 28)		
Mezzanine Equity		
Series A Perpetual Convertible Preferred stock, $.01 par value; 200,000 shares authorized; 62,000 and 162,000 shares issued and outstanding at December 31, 2013 and 2012, respectively; redemption value $62,000 plus accrued and unpaid dividends at December 31, 2013	60,361	153,372
Stockholders' Equity		
Common stock, $.01 par value; 200,000,000 shares authorized; 135,176,271 and 135,637,932 shares issued and outstanding at December 31, 2013 and 2012, respectively	1,352	1,356
Additional paid-in capital	818,427	911,942
Retained earnings	986,694	704,565
Accumulated other comprehensive loss, net of income taxes	(10,151)	(6,441)
Total stockholders' equity	1,796,322	1,611,422
Total liabilities, mezzanine equity and stockholders' equity	$ 7,873,770	$ 5,685,962

The accompanying notes are an integral part of these consolidated financial statements

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data)

	For the Years Ended December 31,		
	2013	**2012**	**2011**
Revenue			
Servicing and subservicing fees	$ 1,823,559	$ 804,407	$ 458,838
Gain (loss) on loans held for sale, net	121,694	215	(2)
Other revenues	93,020	40,581	37,055
Total revenue	2,038,273	845,203	495,891
Operating expenses			
Compensation and benefits	442,777	122,341	99,844
Amortization of servicing rights	282,781	72,897	42,996
Servicing and origination	112,127	25,542	8,217
Technology and communications	140,466	45,362	33,617
Professional services	123,886	29,213	19,961
Occupancy and equipment	105,145	47,044	23,759
Other operating expenses	94,112	21,508	11,153
Total operating expenses	1,301,294	363,907	239,547
Income from operations	736,979	481,296	256,344
Other income (expense)			
Interest income	22,355	8,329	8,876
Interest expense	(412,842)	(223,455)	(132,770)
Gain (loss) on debt redemption	(8,681)	(2,167)	3,651
Other, net	(2,588)	(6,495)	(13,106)
Total other expense, net	(401,756)	(223,788)	(133,349)
Income before income taxes	335,223	257,508	122,995
Income tax expense	41,074	76,585	44,672
Net income	294,149	180,923	78,323
Net loss attributable to non-controlling interests	—	—	8
Net income attributable to Ocwen stockholders	294,149	180,923	78,331
Preferred stock dividends	(5,031)	(85)	—
Deemed dividends related to beneficial conversion feature of preferred stock	(6,989)	(60)	—
Net income attributable to Ocwen common stockholders	$ 282,129	$ 180,778	$ 78,331
Earnings per share attributable to Ocwen common stockholders			
Basic	$ 2.08	$ 1.35	$ 0.75
Diluted	$ 2.02	$ 1.31	$ 0.71
Weighted average common shares outstanding			
Basic	135,678,088	133,912,643	104,507,055
Diluted	139,800,506	138,521,279	111,855,961

The accompanying notes are an integral part of these consolidated financial statements

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)

	For the Years Ended December 31,		
	2013	**2012**	**2011**
Net income	$ 294,149	$ 180,923	$ 78,323
Other comprehensive income (loss), net of income taxes:			
Unrealized foreign currency translation gain (loss) arising during the year	1	1	21
Change in deferred gain (loss) on cash flow hedges arising during the year (1)	(11,558)	(5,303)	589
Reclassification adjustment for losses on cash flow hedges included in net income (2)	7,843	6,753	890
Net change in deferred loss on cash flow hedges	(3,715)	1,450	1,479
Other	4	4	5
Total other comprehensive income, net of income taxes	(3,710)	1,455	1,505
Comprehensive income	290,439	182,378	79,828
Comprehensive income attributable to non-controlling interests	—	—	(1)
Comprehensive income attributable to Ocwen stockholders	$ 290,439	$ 182,378	$ 79,827

(1) Net of tax benefit (expense) of $0.8 million, $3.0 million and $(0.3) million for 2013, 2012 and 2011, respectively.
(2) Net of tax benefit (expense) of $(3.6) million, $3.8 million and $0.5 million for 2013, 2012 and 2011, respectively.

The accompanying notes are an integral part of these consolidated financial statements

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011
(Dollars in thousands)

	Ocwen Stockholders						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Taxes	Non-controlling Interest in Subsidiaries	Total
	Shares	Amount					
Balance at December 31, 2010	100,726,947	$ 1,007	$ 467,500	$ 445,456	$ (9,392)	$ 246	$ 904,817
Net income (loss)	—	—	—	78,331	—	(8)	78,323
Issuance of common stock	28,750,000	288	354,157	—	—	—	354,445
Exercise of common stock options	410,977	4	1,269	—	—	—	1,273
Equity-based compensation	11,364	—	3,195	—	—	—	3,195
Distribution to non-controlling interest holder	—	—	—	—	—	(247)	(247)
Other comprehensive income, net of income taxes	—	—	—	—	1,496	9	1,505
Balance at December 31, 2011	129,899,288	1,299	826,121	523,787	(7,896)	—	1,343,311
Net income	—	—	—	180,923	—	—	180,923
Discount – Preferred stock beneficial conversion feature	—	—	8,688	—	—	—	8,688
Deemed dividend related to beneficial conversion feature of preferred stock	—	—	—	(60)	—	—	(60)
Preferred stock dividends ($0.26 per share)	—	—	—	(85)	—	—	(85)
Conversion of 3.25% Convertible Notes	4,635,159	46	56,364	—	—	—	56,410
Exercise of common stock options	1,082,944	11	6,276	—	—	—	6,287
Equity-based compensation	20,541	—	14,493	—	—	—	14,493
Other comprehensive income, net of income taxes	—	—	—	—	1,455	—	1,455
Balance at December 31, 2012	135,637,932	1,356	911,942	704,565	(6,441)	—	1,611,422
Net income	—	—	—	294,149	—	—	294,149
Preferred stock dividends ($37.29 per share)	—	—	—	(5,031)	—	—	(5,031)
Deemed dividend related to beneficial conversion feature of preferred stock	—	—	—	(6,989)	—	—	(6,989)
Conversion of preferred stock	3,145,640	31	99,969	—	—	—	100,000
Repurchase of common stock	(4,271,347)	(42)	(217,861)	—	—	—	(217,903)
Exercise of common stock options	652,015	7	(2,612)	—	—	—	(2,605)
Equity-based compensation	12,031	—	26,989	—	—	—	26,989
Other comprehensive loss, net of income taxes	—	—	—	—	(3,710)	—	(3,710)
Balance at December 31, 2013	135,176,271	$ 1,352	$ 818,427	$ 986,694	$ (10,151)	$ —	$ 1,796,322

The accompanying notes are an integral part of these consolidated financial statements

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the Years Ended December 31,		
	2013	**2012**	**2011**
Cash flows from operating activities			
Net income	$ 294,149	$ 180,923	$ 78,323
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of mortgage servicing rights	282,781	72,897	42,996
Amortization of debt discount	1,412	3,259	8,853
Amortization of debt issuance costs – senior secured term loan	4,395	3,718	9,764
Depreciation	24,245	5,720	4,160
Provision for bad debts	34,816	5,030	852
(Gain) loss on sale of loans	(121,694)	(215)	2
Loss on deconsolidation of variable interest entities	—	3,167	—
Realized and unrealized losses on derivative financial instruments	14,336	4,294	7,426
(Gain) loss on extinguishment of debt	8,681	2,167	(3,651)
Gain on valuation of mortgage servicing rights, at fair value	(30,816)	(30)	—
(Increase) decrease in deferred tax assets, net	(22,112)	62,393	29,898
Origination and purchase of loans held for sale	(9,678,038)	(172,262)	—
Proceeds from sale and collections of loans held for sale	9,468,627	243,434	1,468
Changes in assets and liabilities:			
Decrease in advances and match funded advances	295,108	1,443,643	842,545
(Increase) decrease in receivables and other assets, net	224,543	(53,870)	(36,452)
Increase (decrease) in servicer liabilities	2,563	1,750	(1,196)
Increase (decrease) in other liabilities	67,773	(4,343)	(15,470)
Other, net	(3,606)	14,179	12,627
Net cash provided by operating activities	867,163	1,815,854	982,145
Cash flows from investing activities			
Cash paid to acquire ResCap Servicing Operations (a component of Residential Capital, LLC)	(2,289,709)	—	—
Cash paid to acquire Liberty Home Equity Solutions, Inc.	(26,568)	—	—
Net cash acquired in acquisition of Correspondent One S.A.	22,108	—	—
Cash paid to acquire Homeward Residential Holdings, Inc.	—	(524,213)	—
Cash paid to acquire Litton Loan Servicing LP	—	—	(2,646,700)
Investment in unconsolidated entities	—	—	(15,340)
Distributions of capital from unconsolidated entities	1,300	3,226	2,415
Purchase of mortgage servicing rights, net	(987,663)	(180,039)	—
Acquisition of advances in connection with the purchase of MSRs	(2,588,739)	(1,920,437)	—
Proceeds from sale of advances and match funded advances	3,842,537	2,824,645	—
Net proceeds from sale of diversified fee-based businesses to Altisource Portfolio Solutions, SA	210,793	—	—
Proceeds from sale of MSRs	34,754	—	—
Proceeds from sale of advance financing subsidiary and special purpose entity	—	76,334	—
Proceeds from sale of beneficial interest in consolidated variable interest entities	—	3,020	—
Origination of loans held for investment - reverse mortgages	(609,555)	—	—
Principal payments received on loans held for investment - reverse mortgages	5,886	—	—
Additions to premises and equipment	(28,915)	(19,217)	(3,822)
Other	(1,207)	(449)	8,329
Net cash provided by (used in) investing activities	(2,414,978)	262,870	(2,655,118)
Cash flows from financing activities			
(Repayment of) proceeds from match funded liabilities	(167,931)	(1,665,330)	1,076,422
Proceeds from other borrowings	9,633,914	204,784	563,500
Repayments of other borrowings	(8,787,302)	(822,137)	(281,768)
Payment of debt issuance costs – senior secured term loan	(25,758)	(1,052)	(13,147)
Proceeds from sale of mortgage servicing rights accounted for as a financing	447,755	320,381	—
Proceeds from sale of loans accounted for as a financing	604,991	—	—

Issuance of common stock	—	—	354,445
Repurchase of common stock	(217,903)	—	—
Redemption of 10.875% Capital Securities	—	(26,829)	—
Payment of preferred stock dividends	(5,115)	—	—
Proceeds from exercise of common stock options	2,302	6,005	1,483
Other	21,244	(18,650)	(11,524)
Net cash provided by (used in) financing activities	1,506,197	(2,002,828)	1,689,411
Net (decrease) increase in cash	(41,618)	75,896	16,438
Cash at beginning of year	220,130	144,234	127,796
Cash at end of year	$ 178,512	$ 220,130	$ 144,234
Supplemental cash flow information			
Interest paid	$ 413,014	$ 219,825	$ 128,947
Income tax payments, net	14,747	37,199	29,461
Supplemental non-cash investing and financing activities			
Conversion of Series A preferred stock to common stock	$ 100,000	$ —	$ —
Conversion of 3.25% Convertible Notes to common stock	—	56,410	—
Supplemental business acquisition information (1)			
Fair value of assets acquired			
Cash	$ —	$ (79,511)	$ (23,791)
Loans held for sale	—	(558,721)	—
Advances	(1,747,201)	(2,266,882)	(2,468,137)
Mortgage servicing rights	(389,944)	(360,344)	(144,314)
Deferred tax assets	—	(52,103)	—
Premises and equipment	(16,423)	(12,515)	(3,386)
Goodwill	(207,776)	(345,936)	(57,430)
Debt service accounts	—	(69,287)	—
Receivables and other assets	(2,989)	(27,765)	(4,888)
	(2,364,333)	(3,773,064)	(2,701,946)
Fair value of liabilities assumed			
Match funded liabilities	—	1,997,459	—
Other secured borrowings	—	864,969	—
Servicing liabilities	—	—	8,972
Accrued expenses and other liabilities	74,624	145,812	22,483
Total consideration	(2,289,709)	(764,824)	(2,670,491)
Issuance of preferred stock as consideration	—	162,000	—
Amount due from seller for purchase price adjustments	—	(900)	—
Cash paid	(2,289,709)	(603,724)	(2,670,491)
Less cash acquired	—	79,511	23,791
Net cash paid	$ (2,289,709)	$ (524,213)	$ (2,646,700)

(1) See Note 3 — Business Acquisitions for information regarding the acquisitions of Liberty Home Equity Solutions, Inc. and Correspondent One S.A. during 2013.

The accompanying notes are an integral part of these consolidated financial statements

Note 1 — Description of Business, Basis of Presentation and Summary of Significant Accounting Policies

Organization

Ocwen Financial Corporation (NYSE: OCN) (Ocwen, we, us and our) is a financial services holding company which, through its subsidiaries, is engaged in the servicing and origination of mortgage loans. Ocwen is headquartered in Atlanta, Georgia with offices throughout the United States (U.S.) and in the United States Virgin Islands (USVI) with support operations in India, the Philippines and Uruguay. Ocwen is a Florida corporation organized in February 1988.

Ocwen owns all of the common stock of its primary operating subsidiary, Ocwen Mortgage Servicing, Inc. (OMS), and directly or indirectly owns all of the outstanding stock of its other primary operating subsidiaries: Ocwen Loan Servicing, LLC (OLS), Ocwen Financial Solutions Private Limited, Homeward Residential, Inc. (Homeward), and Liberty Home Equity Solutions, Inc. (Liberty).

We are subject to licensing requirements in the jurisdictions in which we originate and/or service mortgage loans.

We purchase existing mortgage servicing rights (MSRs) from market participants and generate new MSRs through our origination activities. We perform primary and master servicer activities on behalf of investors and other servicers, including the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the GSEs), the Government National Mortgage Association (Ginnie Mae) and private-label securitizations (non-Agency). As primary servicer, we may be required to make certain payments of property taxes and insurance premiums, default and property maintenance payments, as well as advances of principal and interest payments before collecting them from borrowers. As master servicer, we collect mortgage payments from primary servicers and distribute the funds to investors in the mortgage-backed securities. To the extent the primary servicer does not advance the scheduled principal and interest, as master servicer we are responsible for advancing the shortfall subject to certain limitations.

We originate, purchase, sell and securitize conventional and government insured forward and reverse mortgages. The GSEs or Ginnie Mae guarantee these securitizations.

We are actively engaged in identifying and completing asset and other acquisitions in connection with our growth strategy. This could involve the acquisition of domestic and international servicing and/or origination platforms or related assets. In 2013, we completed MSR and servicing advance receivable acquisitions from, among others, OneWest Bank, FSB (OneWest MSR Transaction) and Ally Bank (Ally MSR Transaction), and servicing and origination platform acquisitions including Liberty through a stock purchase agreement (Liberty Acquisition) and certain assets and operations of Residential Capital, LLC (ResCap) pursuant to a plan under Chapter 11 of the Bankruptcy Code (ResCap Acquisition). Ally Bank is a wholly-owned subsidiary of Ally Financial Inc. (Ally), the indirect parent of ResCap. In 2012, we completed the merger by and among Ocwen, O&H Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Ocwen, Homeward Residential Holdings, Inc. a Delaware corporation (Holdings), and WL Ross & Co. LLC, a Delaware limited liability company, as shareholder representative, pursuant to which O&H Acquisition Corp. merged with and into Holdings with Holdings continuing as the surviving corporation and becoming a wholly-owned subsidiary of Ocwen (Homeward Acquisition). In 2011, we completed the acquisition of Litton Loan Servicing LP (Litton Acquisition), a subsidiary of The Goldman Sachs Group, Inc. (Goldman Sachs). We have significantly expanded our GSE servicing capabilities and portfolio through the Homeward, ResCap and Ally MSR acquisitions. We acquired forward and reverse conventional and government insured mortgage origination platforms as a result of the Homeward and Liberty acquisitions. See Note 3 — Business Acquisitions and Note 9 — Mortgage Servicing for additional information.

Consolidation and Basis of Presentation

Principles of Consolidation

Our financial statements include the accounts of Ocwen, its majority-owned subsidiaries and any variable interest entity (VIE) for which we have determined that we are the primary beneficiary. We apply the equity method of accounting to investments when the entity is not a VIE, and we are able to exercise significant influence, but not control, over the policies and procedures of the entity but own 50% or less of the voting securities.

We have eliminated all significant intercompany accounts and transactions in consolidation.

Foreign Currency Translation

Where the functional currency is not the U.S. dollar, we translate the assets and liabilities of foreign subsidiaries into U.S. dollars at the current rate of exchange existing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the reported period. Non-current assets and equity are translated to U.S. dollars at historical exchange rates. We report the resulting translation adjustments as a component of Accumulated other comprehensive loss in Stockholders' equity in our Consolidated Balance Sheets. Where the functional currency of a foreign subsidiary is the U.S. dollar, re-measurement adjustments of foreign-denominated amounts to U.S. dollars are included in Other, net in our Consolidated Statements of Operations.

Reclassifications

We made the following reclassifications within the Total assets and Total liabilities sections of the Consolidated Balance Sheets at December 31, 2012:

- Combined Loans held for sale, at fair value of $426.5 million (previously reported as a separate line item) and Loans held for sale, at the lower of cost or fair value of $82.9 million (previously included in Other assets) in a new line item, Loans held for sale;
- Combined Mortgage servicing rights, at amortized cost of $676.7 million (previously reported as a separate line item) and Mortgage servicing rights, at fair value of $85.2 million (previously reported as a separate line item) in a new line item, Mortgage servicing rights; and
- Reclassified Financing liabilities of $306.3 million from Lines of credit and other secured borrowings to a new line item.

Within the Revenue section of the Consolidated Statement of Operations for 2012 and 2011, we reclassified Process management fees of $37.1 million and $34.2 million, respectively, to Other revenues. In addition, certain other insignificant amounts in the Consolidated Statements of Operations and Cash Flows for prior years have been reclassified to conform to the current year presentation. These reclassifications had no impact on our consolidated financial position, cash flows or results of operations.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the related disclosures in the accompanying notes. Such estimates and assumptions include, but are not limited to, those that relate to fair value measurements, the provision for potential losses that may arise from litigation proceedings, representation and warranty and other indemnification obligations and the valuation of goodwill. In developing estimates and assumptions, management uses all available information; however, actual results could materially differ because of uncertainties associated with estimating the amounts, timing and likelihood of possible outcomes.

Significant Accounting Policies

Cash

Cash includes both interest-bearing and non-interest-bearing demand deposits with financial institutions that have original maturities of 90 days or less.

Mortgage Servicing Rights

MSRs are an intangible asset representing our right to service portfolios of mortgage loans. We primarily obtain MSRs through asset purchases or business combination transactions. We also retain MSRs on originated loans when they are sold in the secondary market. For servicing retained in connection with the securitization of reverse mortgage loans accounted for as secured financings, we do not recognize an MSR.

An agreement between the various parties to a mortgage securitization transaction typically specifies the rights and obligations of the holder of the MSRs which include guidelines and procedures for servicing the loans. Two examples of these guidelines and procedures include remittance and reporting requirements. The unpaid principal balance (UPB) of the loan portfolios that we service for others is not included on our balance sheet.

Custodial accounts, which hold funds representing collections of principal and interest that we receive from borrowers (float balances), are held in escrow by an unaffiliated bank and excluded from our balance sheet.

All newly acquired or retained MSRs are initially measured at fair value. We recognize a servicing liability for those portfolio contracts that are not expected to compensate us adequately for performing the servicing. For this purpose, we define contracts as conventional (Fannie Mae and Freddie Mac, collectively Agency), government insured (FHA and VA) or non-

Agency based on their general comparability with regard to servicing guidelines, underwriting standards and borrower risk characteristics. Servicing assets are not recognized for subservicing arrangements entered into with the entity that owns the MSRs. Subsequent to acquisition, we account for servicing assets and servicing liabilities using the amortization method or the fair value measurement method. The fair value election is irrevocable and can be made at the beginning of any fiscal year. Once the fair value election is made for a particular class of MSRs, that election applies to all subsequently acquired or originated servicing assets and liabilities with characteristics consistent with the class. For the year ended December 31, 2013, we defined our classes based on our strategy for managing the risks of the underlying portfolios. For certain of the servicing assets, we previously managed the effects of interest rate risk with derivative financial instruments. We elected to account for this class of servicing assets using the fair value measurement method.

For servicing assets or liabilities that we account for using the amortization method, we amortize the balances in proportion to, and over the period of, estimated net servicing income (if servicing revenues exceed servicing costs) or net servicing loss (if servicing costs exceed servicing revenues). We assess servicing assets or liabilities for impairment or increased obligation based on fair value at each reporting date. We determine estimated net servicing income using the estimated future balance of the underlying mortgage loan portfolio, which, absent new purchases, declines over time from prepayments and scheduled loan amortization. We adjust MSR amortization prospectively in response to changes in estimated projections of future cash flows. We perform an impairment analysis based on the difference between the carrying amount and estimated fair value after grouping the underlying portfolios into the applicable strata. We recognize any impairment through a valuation allowance. We adjust the valuation allowance to reflect subsequent changes in the measurement of impairment. However, we do not recognize fair value in excess of the carrying amount of servicing assets for that stratum.

For servicing assets or liabilities that we account for at fair value on a recurring basis, we measure the balances at fair value at each reporting date and report changes in fair value in earnings in the period in which the changes occur.

We earn fees for servicing mortgage loans. We collect servicing fees, generally expressed as a percent of UPB, from the borrowers' payments. We also include late fees, prepayment penalties, float earnings and other ancillary fees in servicing revenue. We recognize servicing fees as revenue when the fees are earned which is generally when the borrowers' payments are collected or when loans are modified or liquidated through the sale of the underlying real estate collateral or otherwise.

Advances and Match Funded Advances

During any period in which a borrower does not make payments, most of our servicing agreements require that we advance our own funds to meet contractual principal and interest remittance requirements for the investors, to pay property taxes and insurance premiums and to process foreclosures. We also advance funds to maintain, repair and market foreclosed real estate properties on behalf of investors. These advances are made pursuant to the terms of each servicing contract. Each servicing contract is associated with specific loans, identified as a pool.

When we make an advance on a loan under each servicing contract, we are entitled to recover that advance either from the borrower, for reinstated and performing loans, or from investors, for liquidated loans. Most of our servicing contracts provide that the advances made under the respective agreement have priority over all other cash payments from the proceeds of the loan, and in the majority of cases, the proceeds of the pool of loans that are the subject of that servicing contract. As a result, we are entitled to repayment from loan proceeds before any interest or principal is paid on the bonds, and in the majority of cases, advances in excess of loan proceeds may be recovered from pool level proceeds.

We record a charge to earnings to the extent that we believe advances are uncollectible under the provisions of each servicing contract taking into consideration historical loss and delinquency experience, length of delinquency and the amount of the advance. However, we are generally only obligated to advance funds to the extent that we believe the advances are recoverable from expected proceeds from the loan. We assess collectibility using proprietary cash flow projection models that incorporate a number of different factors, depending on the characteristics of the mortgage loan or pool, including, for example, time to a foreclosure sale, estimated costs of foreclosure action, future property tax payments and the value of the underlying property net of carrying costs, commissions and closing costs.

Loans Held for Sale

Loans held for sale include forward and reverse residential mortgage loans that we originate or purchase and do not intend to hold until maturity. We report loans held for sale at either fair value or the lower of cost or fair value computed on an aggregate basis. Loan origination fees, as well as premium and discount, points and incremental direct origination costs, are initially recorded as an adjustment of the cost basis of the loan and are deferred until the loan is sold. For loans that we elected to measure at fair value on a recurring basis, we report changes in fair value in Gain on loans held for sale, net in the Consolidated Statements of Operations in the period in which the changes occur. These loans are expected to be sold into the secondary market to the GSEs or into Ginnie Mae guaranteed securitizations.

For all other loans held for sale which we report at the lower of cost or fair value, we account for the excess of cost over fair value as a valuation allowance and include changes in the valuation allowance in Other, net, in the Consolidated Statements of Operations in the period in which the change occurs.

We accrue interest income as earned. We place loans on non-accrual status after any portion of principal or interest has been delinquent for more than 89 days, or earlier if management determines the borrower is unable to continue performance. When we place a loan on non-accrual status, we reverse the interest that we have accrued but not yet received. We return loans to accrual status only when we reinstate the loan and there is no significant uncertainty as to collectibility.

Transfers of Financial Assets

We securitize, sell and service forward and reverse residential mortgage loans. Securitization transactions typically involve the use of VIEs and are accounted for either as sales or as secured financings. We typically retain economic interests in the securitized assets in the form of servicing rights and obligations. In order to efficiently finance our assets and operations and create liquidity, we may sell servicing advances, MSRs or the right to receive servicing fees, excluding ancillary income, relating to certain of our MSRs (Rights to MSRs).

In order to determine whether or not a VIE is required to be consolidated, we consider our ongoing involvement with the VIE. In circumstances where we have both the power to direct the activities that most significantly impact the performance of the VIE and the obligation to absorb losses or the right to receive benefits that could be significant, we would conclude that we would consolidate the entity, which precludes us from recording an accounting sale in connection with the transfer of the financial assets. In the case of a consolidated VIE, we continue to report the underlying residential mortgage loans or servicing advances, and we record the securitized debt on our consolidated balance sheet.

In the case of transfers where either one or both of the power or economic criteria above are not met, we evaluate whether we achieve a sale for accounting purposes. In order to achieve a sale, the transferred assets must be legally isolated, not be constrained by restrictions from further transfer and be deemed to be beyond our control. If the transfer does not meet any of these three criteria, the accounting is consistent with a secured financing as described in the preceding paragraph. Subsequent to the determination that a transaction does not meet the accounting sale criteria, we may determine that we meet the criteria. In the event we subsequently meet the sale accounting criteria, we derecognize the transferred assets and related liabilities.

In the case of transfers of MSRs and Rights to MSRs where we retain the right to subservice, we defer the related gain or loss and amortize the balance over the life of the subservicing agreement.

Gains or losses on off-balance sheet securitizations take into consideration any retained interests, including servicing rights and representation and warranty obligations, both of which are initially recorded at fair value at the date of sale in Gain on loans held for sale, net, in our Consolidated Statements of Operations.

Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of the net assets acquired, including any identifiable intangible assets. We test goodwill for impairment annually or sooner if an event occurs or circumstances change that would more likely than not (defined as having a likelihood of more than 50 percent) reduce the fair value of a reporting unit below its net carrying value. We perform our annual impairment test of goodwill as of August 31st of each year. Goodwill is reviewed for impairment utilizing a two-step process. We have the option of performing a qualitative assessment of impairment to determine whether any further quantitative testing for impairment is necessary. If no impairment is implied based upon the qualitative assessment, no further testing is required. Factors that we consider in the qualitative assessment include general economic conditions, conditions of the industry and market in which we operate, regulatory developments, cost factors and our overall financial performance.

If we were to perform the two-step quantitative assessment, we would first compare the fair value of the reporting unit with its net carrying value, including goodwill. If the net carrying value of the reporting unit exceeds its fair value, we would then perform the second step of the impairment test to measure the amount of impairment loss, if any. In the second, step we would allocate the reporting unit’s fair value to all of its assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill (implied fair value of goodwill). If the carrying amount of the reporting unit’s goodwill exceeds the implied fair value of that goodwill, we would recognize an impairment loss in an amount equal to that excess up to the carrying value of goodwill.

In performing the quantitative two-step impairment analysis for goodwill, we would use an approach based on the fair value of the assets and liabilities. We would perform this analysis using projections of future income discounted at a market rate. The determination of market discount rates is subjective and could vary based on the nature of the underlying business, stage of development and revenue to date. The projections of future cash flows and assumptions concerning future operating performance and economic conditions may differ from actual results.

Premises and Equipment

We report premises and equipment at cost and, except for land, depreciate them over their estimated useful lives on the straight-line method as follows:

Computer hardware and software	2 – 3 years
Buildings	40 years
Leasehold improvements	Term of the lease not to exceed useful life
Furniture and fixtures	5 years
Office equipment	5 years

Representation, Warranty and Indemnification Obligations

We recognize the fair value of representation and warranty obligations in connection with originations upon the sale or securitization of the loan or upon the completion of an acquisition to the extent that we assume these obligations. Obligations recognized in connection with our loan sales and securitization activities are classified in Other liabilities on our Consolidated Balance Sheet and recognized in Gain on loans held for sale, net on our Consolidated Statements of Operations. The fair value of liabilities assumed as part of an MSR or servicing business acquisition are recognized on the closing date and are classified in Other liabilities on our Consolidated Balance Sheet. Thereafter, the estimation of the liability considers probable future obligations based on industry data for loans of similar type segregated by year of origination and estimated loss severity based on current loss rates for similar loans, our historical rescission rates and the current pipeline of unresolved demands. Our historical loss severity considers the historical loss experience that we incur upon sale or liquidation of a repurchased loan as well as current market conditions. We review each demand and monitor through resolution, primarily through rescission, loan repurchase or make-whole payment. We recognize subsequent changes in the liability when additional relevant information becomes available.

Litigation

We monitor our legal matters, including advice from external legal counsel, and periodically perform assessments of these matters for potential loss accrual and disclosure. We establish reserves for settlements, judgments on appeal and filed and/or threatened claims for which we believe that it is probable that a loss has been or will be incurred and the amount can be reasonably estimated. We recognize legal costs associated with loss contingencies as they are incurred.

Derivative Financial Instruments

We recognize all derivatives on our consolidated balance sheet at fair value. On the date that we enter into a derivative contract, we designate and document each derivative contract as one of the following at the time the contract is executed: (a) a hedge of a recognized asset or liability (fair value hedge); (b) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge); (c) a hedge of a net investment in a foreign operation; or (d) a derivative instrument not designated as a hedging instrument. To qualify for hedge accounting, a derivative must be highly effective at reducing the risk associated with the exposure being hedged. In addition, the documentation must include the risk management objective and strategy. We assess and document quarterly the extent to which a derivative has been and is expected to continue to be effective in offsetting the changes in the fair value or the cash flows of the hedged item. To assess effectiveness, we use statistical methods, such as regression analysis, as well as nonstatistical methods including dollar-offset analysis. For a fair value hedge, we record changes in the fair value of the derivative, to the extent that it is effective, and changes in the fair value of the hedged asset or liability attributable to the hedged risk in the same financial statement category as the hedged item on the face of the statement of operations. For a cash flow hedge, to the extent that it is effective, we record changes in the estimated fair value of the derivative in other comprehensive income. We subsequently reclassify these changes in estimated fair value to net income in the same period, or periods, that the hedged transaction affects earnings and in the same financial statement category as the hedged item. For derivative instruments not designated as a hedge for accounting purposes that were entered into as an economic hedge against changes in fair value of a recognized asset, we report changes in the fair value in the same financial statement category of the statement of operations as the changes in fair value of the related asset. For all other derivatives instrument not designated as a hedging instrument, we report changes in the fair values in Other income (expense), net.

If a derivative instrument in a cash flow hedge is terminated or the hedge designation is removed, we reclassify related amounts in accumulated other comprehensive income into earnings in the same period or periods during which the cash flows that were hedged affect earnings. In a period where we determine that it is probable that a hedged forecasted transaction will not occur, such as variable-rate interest payments on debt that has been repaid in advance, any related amounts in accumulated other comprehensive income are reclassified into earnings in that period.

The cash collateral held by counterparties to our derivative agreements is included in Other assets.

Convertible Preferred Stock

We evaluate convertible preferred stock that we issue and determine if the preferred stock should be accounted for as equity or as debt. We also determine if the conversion feature of the preferred stock must be separated from the host contract. We evaluate the change of control provisions to determine if they could result in a redemption not solely under Ocwen's control, in which case the preferred stock would be classified as "mezzanine" equity rather than permanent equity as part of Stockholders' equity.

We also evaluate the conversion option of the preferred stock to determine if it represents a Beneficial Conversion Feature (BCF). If we determine that the conversion option is a BCF, we determine the intrinsic value of the BCF — the difference between the price of common stock on the issue date and the conversion price multiplied by the number of shares of common stock into which the Preferred Shares can be converted — and account for it as a discount on the preferred stock with an offsetting increase in additional paid in capital and we determine the period over which the discount is to be amortized.

Stock-Based Compensation

We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. For stock option awards with a service condition, we recognize the cost of the awards as compensation expense ratably over the vesting period. For stock options awarded with a market condition, we recognize the cost as compensation expense ratably over the expected life of the option that is derived from a lattice (binomial) options pricing model. When options with a market condition meet their vesting requirements, any unrecognized compensation at the vesting date is recognized ratably over the vesting period.

Income Taxes

We file consolidated federal income tax returns. We allocate consolidated income tax among all subsidiaries included in the consolidated return as if each subsidiary filed a separate return or, in certain cases, a consolidated return.

We account for income taxes using the asset and liability method which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Additionally, we adjust deferred taxes to reflect estimated tax rate changes. We conduct periodic evaluations to determine whether it is more likely than not that some or all of our deferred tax assets will not be realized. Among the factors considered in this evaluation are estimates of future earnings, the future reversal of temporary differences and the impact of tax planning strategies that we can implement if warranted. We provide a valuation allowance for any portion of our deferred tax assets that, more likely than not, will not be realized. We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. We recognize interest and penalties related to income tax matters in income tax expense.

Basic and Diluted Earnings per Share

We calculate basic earnings per share (EPS) based upon the weighted average number of shares of common stock outstanding during the year. We calculate diluted EPS based upon the weighted average number of shares of common stock outstanding and all dilutive potential common shares outstanding during the year. The computation of diluted EPS includes the estimated impact of the exercise of the outstanding options to purchase common stock using the treasury stock method. The computation of diluted EPS also includes the potential shares of converted common stock associated with our Series A Perpetual Convertible Preferred Stock (the Preferred Shares) and our previously outstanding 3.25% Contingent Convertible Senior Unsecured Notes (the 3.25% Convertible Notes) using the if-converted method.

Recently Adopted Accounting Standards

Balance Sheet – Disclosures about Offsetting Assets and Liabilities (ASU 2011-11 and ASU 2013-01)

As of January 1, 2013, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2011-11, which amends Accounting Standards Codification (ASC) 210, Balance Sheet. This ASU contains new disclosure requirements regarding the nature of an entity's netting arrangements, including rights of offset, associated with its financial instruments and derivative instruments. In addition, we adopted ASU 2013-1, which clarified the scope of ASU 2011-11. The new disclosures will give financial statement users information about both gross and net exposures. ASU 2011-11 and ASU 2013-01 are required to be applied retrospectively. Since the guidance relates only to disclosure of information, the adoption did not have a material impact on our consolidated financial condition or results of operations.

Comprehensive Income – Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)

As of January 1, 2013, we adopted ASU 2013-02, which amends ASC 220, Comprehensive Income. The ASU contains new requirements related to the presentation and disclosure of items that are reclassified out of accumulated other comprehensive income. The new requirements provide financial statement users a more comprehensive view of items that are reclassified out of accumulated other comprehensive income. ASU 2013-02 is required to be applied prospectively. Since the guidance related only to presentation and disclosure of information, the adoption did not have a material impact on our consolidated financial condition or results of operations.

Derivatives and Hedging – Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (ASU 2013-10)

As of July 17, 2013, we adopted ASU 2013-10, which amends ASC 815, *Derivatives and Hedging.* The ASU established the Fed Funds Effective Swap Rate, or Overnight Index Swap Rate (OIS), as an additional U.S. benchmark interest rate for hedge accounting purposes. Prior to the ASU's addition of the OIS as a benchmark rate, only interest rates on direct Treasury obligations and the London Interbank Offered Rate (LIBOR) swap rate were considered to be such benchmarks. The amendments of the update also remove the restriction on using different benchmark rates for similar hedges. The amendment is effective prospectively when entering into new or redesignating existing hedging relationships on or after July 17, 2013. Adoption did not have a material impact on our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

Liabilities – Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (ASU 2013-04)

In February 2013, the FASB issued ASU 2013-04. This ASU requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of the following: (a) The amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors, and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. It further requires that an entity disclose the nature and amount of the obligation as well as other information about those obligations. ASU 2013-04 will be effective for us on January 1, 2014 with retrospective application required. The adoption did not have a material impact on our consolidated financial condition or results of operations.

Foreign Currency Matters – Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (ASU 2013-05)

In March 2013, the FASB issued ASU 2013-05. This ASU requires that a reporting entity that ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity release any related cumulative translation adjustment (CTA) into net income. The CTA should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For an equity method investment that is a foreign entity, a pro rata portion of the CTA should be released into net income upon a partial sale of such an investment. This ASU clarifies that the sale of an investment in a foreign entity includes both events that result in the loss of a controlling financial interest in a foreign entity, irrespective of any retained investment, and events that result in step acquisition under which an acquirer obtains control of an acquiree in which it held an equity interest immediately before the acquisition date. Under these circumstances, the CTA should be released into net income upon their occurrence. ASU 2013-05 will be effective for us prospectively on January 1, 2014. Adoption of this standard on January 1, 2014 did not have a material impact on our consolidated financial condition or results of operations.

Income Taxes - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists

In July 2013, the FASB issued ASU 2013-11. This ASU generally requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss (NOL) carryforward, a similar tax loss or a tax credit carryforward. The guidance further includes an exception that if a NOL carryforward, a similar tax loss, or a tax credit carryforward is not available to settle any additional income taxes that would result from the disallowance of a tax position at the reporting date or the tax law of the applicable jurisdiction does not require the entity to use them and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. ASU 2013-11 will be effective for us on January 1, 2014. The amendment should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Early adoption and retrospective application are permitted. Adoption of this guidance did not have a material impact on our consolidated financial condition or results of operations.

Note 2 — Securitizations and Variable Interest Entities

We securitize, sell and service forward and reverse residential mortgage loans and regularly transfer financial assets in connection with asset-backed financing arrangements. We have aggregated these securitizations and asset-backed financing arrangements into two groups: (1) securitizations of residential mortgage loans and (2) financings of advances on loans serviced for others.

We have determined that the SPEs created in connection with our match funded financing facilities are VIEs of which we are the primary beneficiary. We also determined that we were the primary beneficiary for certain residential mortgage loan securitization trusts which were subsequently derecognized on December 31, 2012, upon sale of our retained interests to a third party.

Securitizations of Residential Mortgage Loans

Currently, we securitize forward and reverse residential mortgage loans involving the GSEs and Ginnie Mae. We retain the right to service these loans and receive servicing fees based upon the securitized loan balances and certain ancillary fees, all of which are reported in Servicing and subservicing fees on the Consolidated Statements of Operations. In prior years, we securitized residential mortgage loans through private label securitization trusts. We continued to be involved with the securitization trusts, typically by acting as the servicer or sub-servicer for the loans held by the trust and by retaining a beneficial ownership interest in the securitization trust. The beneficial interests that we held consisted of both subordinate and residual securities that were either retained at the time of the securitization or subsequently acquired. We also acquired residual and subordinated interests in trusts where we were not the transferor but were the servicer.

In December 2012, we sold the beneficial interests that we held in four securitization trusts that we had included in our consolidated financial statements and deconsolidated these securitization trusts. All assets and liabilities associated with the trusts were derecognized. We have no obligation to provide financial support to unconsolidated securitization trusts and have provided no such support. The beneficial owners of the trusts can look only to the assets of the securitization trusts for satisfaction of the debt issued by the securitization trusts and have no recourse against the assets of Ocwen. The general creditors of Ocwen have no claim on the assets of the trusts.

Transfers of Forward Loans

We sell or securitize forward loans that we originate or that we purchase from third parties, generally in the form of mortgage-backed securities guaranteed by the GSEs or Ginnie Mae. Securitization usually occurs within 30 days of loan closing or purchase. We retain servicing rights associated with the transferred loans and receive a servicing fee for services provided. We act only as a fiduciary and do not have a variable interest in the securitization trusts. As a result, we account for these transactions as sales upon transfer.

We report the gain or loss on the transfer of the loans held for sale in Gain on loans held for sale, net in the Consolidated Statements of Operations along with changes in fair value of the loans and the gain or loss on the related derivatives. See Note 19 — Derivative Financial Instruments and Hedging Activities for information on these derivative financial instruments. We include all changes in loans held for sale and related derivative balances in operating activities in the Consolidated Statements of Cash Flows.

The following table presents a summary of cash flows received from and paid to securitization trusts related to transfers accounted for as sales that were outstanding during 2013:

Proceeds received from securitizations	$	7,871,481
Servicing fees collected		20,333
Purchases of previously transferred assets, net of claims reimbursed		(358)
	$	7,891,456

In connection with these transfers, we recorded MSRs of $74.8 million during 2013. We initially record the MSRs at fair value and subsequently account for them at amortized cost. See Note 9 — Mortgage Servicing for information relating to MSRs.

Certain obligations arise from agreements associated with our transfers of loans. Under these agreements, we may be obligated to repurchase the loans, or otherwise indemnify or reimburse the investor or insurer for losses incurred due to material breach of contractual representations and warranties. See Note 16 — Other Liabilities for further information.

The following table presents the carrying amounts of our assets that relate to our continuing involvement with forward loans that we have transferred with servicing rights retained as well as our maximum exposure to loss including the UPB of the transferred loans at December 31:

	2013	2012
Carrying value of assets:		
Mortgage servicing rights, at amortized cost	$ 44,615	$ —
Mortgage servicing rights, at fair value	3,075	2,908
Advances and match funded advances	15,888	—
Unpaid principal balance of loans transferred (1)	5,641,277	238,010
Maximum exposure to loss	$ 5,704,855	$ 240,918

(1) The UPB of the loans transferred is the maximum exposure to loss under our standard representations and warranties obligations.

At December 31, 2013, 2.6% of the transferred residential loans that we serviced were 60 days or more past due. During 2013, there were no charge-offs, net of recoveries, associated with these transferred loans.

Transfers of Reverse Mortgages

We are an approved issuer of Ginnie Mae Home Equity Conversion Mortgage-Backed Securities (HMBS) that are guaranteed by Ginnie Mae. We originate Home Equity Conversion Mortgages (HECMs, or reverse mortgages) that are insured by the FHA. We then pool the loans into HMBS that we sell into the secondary market with servicing rights retained. We have determined that loan transfers in the HMBS program do not meet the definition of a participating interest because of the servicing requirements in the product that require the issuer/servicer to absorb some level of interest rate risk, cash flow timing risk and incidental credit risk. As a result, the transfers of the HECMs do not qualify for sale accounting, and we, therefore, account for these transfers as financings. Under this accounting treatment, the HECMs are classified as Loans held for investment - reverse mortgages, at fair value, on our Consolidated Balance Sheets. We record the proceeds from the transfer of assets as secured borrowings (HMBS-related borrowings) in Financing liabilities and recognize no gain or loss on the transfer. Holders of participating interests in the HMBS have no recourse against the assets of Ocwen, except for standard representations and warranties and our contractual obligation to service the HECMs and the HMBS.

We have elected to measure the HECMS and HMBS-related borrowings at fair value. The changes in fair value of the HECMs and HMBS-related borrowings are included in Other revenues in our Consolidated Statements of Operations. Included in net fair value gains on the HECMs and related HMBS borrowings are the interest income that we expect to be collected on the HECMs and the interest expense that we expect to be paid on the HMBS-related borrowings. We report originations and collections of HECMs in investing activities in the Consolidated Statements of Cash Flows. We report net fair value gains on HECMs and the related HMBS borrowings as an adjustment to the net cash provided by or used in operating activities in the Consolidated Statements of Cash Flows. Proceeds from securitizations of HECMs and payments on HMBS-related borrowings are included in financing activities in the Consolidated Statements of Cash Flows.

At December 31, 2013, we had HMBS-related borrowings of $615.6 million and HECMs pledged as collateral to the pools of $618.0 million. See Note 5 — Fair Value for a reconciliation of the changes in fair value for the year ended December 31, 2013.

Financings of Advances on Loans Serviced for Others

Match funded advances on loans serviced for others result from our transfers of residential loan servicing advances to SPEs in exchange for cash. We consolidate these SPEs either because the transfers do not qualify for sales accounting treatment or because Ocwen is the primary beneficiary of the SPE. These SPEs issue debt supported by collections on the transferred advances.

We make these transfers under the terms of our advance facility agreements. We classify the transferred advances on our Consolidated Balance Sheet as Match funded advances and the related liabilities as Match funded liabilities. The SPEs use collections of the pledged advances to repay principal and interest and to pay the expenses of the SPE. Holders of the debt issued by these entities can look only to the assets of the SPE for satisfaction of the debt and have no recourse against Ocwen. However, Ocwen and OLS have guaranteed the payment of the obligations under the securitization documents of one of the entities. The maximum amount payable under the guarantee is limited to 10% of the notes outstanding at the end of the facility’s revolving period in December 2014. The entity to which this guarantee applies had $33.2 million of notes outstanding at December 31, 2013. Ocwen and OLS had previously guaranteed the payment of obligations under the securitization documents of one additional entity; however, in July 2013, the notes outstanding under this facility were repaid, and the facility

was terminated. The assets and liabilities of the advance financing SPEs are comprised solely of Match funded advances, Debt service accounts, Match funded liabilities and amounts due to affiliates. Amounts due to affiliates are eliminated in consolidation.

See Note 8 — Match Funded Advances, Note 13 — Debt Service Accounts and Note 15 — Borrowings for additional information.

Note 3 — Business Acquisitions

We completed the Liberty, Correspondent One, ResCap, Homeward and Litton acquisitions as part of our ongoing strategy to expand our residential origination and servicing businesses. We accounted for these transactions using the acquisition method which requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In a business combination, the initial allocation of the purchase price is considered preliminary and therefore subject to change until the end of the measurement period (up to one year from the acquisition date). Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined business.

The purchase price allocations provided below for each business acquisition are based on an estimate of the fair value of the acquired loans, advances, MSRs and the assumed debt in a manner consistent with the methodology described in Note 5 — Fair Value. Premises and equipment were initially valued based on the "in-use" valuation premise, where the fair value of an asset is based on the highest and best use of the asset that would provide maximum value to market participants principally through its use with other assets as a group. Other assets and liabilities expected to have a short life were valued at the face value of the specific assets and liabilities purchased, including receivables, prepaid expenses, accounts payable and accrued expenses.

The pro forma consolidated results presented below for each business acquisition are not indicative of what Ocwen's consolidated net earnings would have been had we completed the acquisition on the dates indicated because of differences in servicing practices and cost structure between Ocwen and each acquiree. In addition, the pro forma consolidated results do not purport to project our combined future results nor do they reflect the expected realization of any cost savings associated with each acquisition.

The acquisitions of Liberty and Homeward were treated as stock purchases for U.S. tax purposes. The ResCap and Litton acquisitions were treated as asset acquisitions for U.S. tax purposes. We expect the opening tax basis for the acquired assets and liabilities to be the fair values as shown in the purchase price allocation tables below. We expect MSRs and goodwill to be treated as intangible assets acquired in connection with the purchase of a trade or business and, as such, amortized over 15 years for tax purposes.

Purchase Price Allocation

The following table summarizes the fair values of assets acquired and liabilities assumed as part of the ResCap, Homeward and Litton acquisitions:

	ResCap				Homeward			Litton
Purchase Price Allocation	**February 15, 2013**	**Adjust-ments**	**Revised**		**December 27, 2012**	**Adjust-ments**	**Final**	**Final**
Cash	$ —	$ —	$ —		$ 79,511	$ —	$ 79,511	$ 23,791
Loans held for sale	—	—	—		558,721	—	558,721	—
MSRs(2)	393,891	(3,947)	389,944	(1)	358,119	2,225	360,344	144,314
Advances and match funded advances (2)	1,622,348	124,853	1,747,201	(1)	2,266,882	—	2,266,882	2,468,137
Deferred tax assets	—	—	—		47,346	4,757	52,103	—
Premises and equipment	22,398	(5,975)	16,423		16,803	(4,288)	12,515	3,386
Debt service accounts	—	—	—		69,287	—	69,287	—
Investment in unconsolidated entities	—	—	—		5,485	—	5,485	—
Receivables and other assets (3)	2,989	—	2,989		56,886	(34,606)	22,280	4,888
Match funded liabilities	—	—	—		(1,997,459)	—	(1,997,459)	—
Other borrowings	—	—	—		(864,969)	—	(864,969)	—
Other liabilities:								—
Liability for indemnification obligations	(49,500)	—	(49,500)		(32,498)	—	(32,498)	—
Liability for certain foreclosure matters (4)	—	—	—		—	(13,430)	(13,430)	—
Accrued bonuses	—	—	—		(35,201)	—	(35,201)	—
Checks held for escheat	—	—	—		(16,418)	(35)	(16,453)	(3,939)
Other	(24,840)	(284)	(25,124)		(47,614)	(616)	(48,230)	(27,516)
Total identifiable net assets	1,967,286	114,647	2,081,933		464,881	(45,993)	418,888	2,613,061
Goodwill	204,743	3,033	207,776	(1)	300,843	45,093	345,936	57,430
Total consideration	2,172,029	117,680	2,289,709		765,724	(900)	764,824	2,670,491
Debt repaid to seller at closing	—	—	—		—	—	—	(2,423,123)
Base purchase price, as adjusted	$ 2,172,029	$ 117,680	$ 2,289,709		$ 765,724	$ (900)	$ 764,824	$ 247,368

(1) Initial fair value estimate.

(2) As of the acquisition date, the purchase of certain MSRs from ResCap was not complete pending the receipt of certain consents and court approvals. During the third and fourth quarters of 2013, we obtained the required consents and approvals for a portion of these MSRs and paid an additional purchase price of $120.4 million to acquire the MSRs and related advances. The purchase price allocation has been revised to include the resulting adjustments to MSRs, advances and goodwill. We completed additional settlements in January and February 2014.

(3) The Homeward purchase price allocation has been revised to include a $34.6 million income tax liability, with an offsetting increase to goodwill.

(4) See Note 16 — Other Liabilities for additional information.

Because the measurement period is still open for the ResCap Acquisition, we expect that certain fair value estimates will change once we receive all information necessary to make a final fair value assessment. As disclosed above, we completed additional settlements in January and February 2014 requiring revisions to the purchase price allocation to include the resulting adjustments to MSRs, advances and goodwill. Any measurement period adjustments that we identify and determine to be material will be applied retrospectively to the period of acquisition, and depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected. As of December 31, 2013, we have adjusted the initial purchase price and purchase price allocations related to the Homeward and ResCap Acquisitions as indicated in the table above. These measurement period adjustments were applied retrospectively to the period of acquisition. None of the adjustments had a material impact on earnings.

ResCap Acquisition

We completed the ResCap Acquisition on February 15, 2013. We acquired MSRs related to conventional, government insured and non-Agency residential forward mortgage loans with a UPB of $111.2 billion and master servicing agreements with a UPB of $44.9 billion. The ResCap Acquisition included advances and elements of the servicing platform related to the acquired MSRs, as well as certain diversified fee-based business operations that included recovery, title and closing services. We also assumed subservicing contracts with a UPB of $27.0 billion. Under the terms of the ResCap Acquisition, we are obligated to acquire certain servicing rights and subservicing agreements that were not settled as part of the initial closing on February 15, 2013 as a result of objections raised in connection with the sale. We purchase these MSRs and assume the subservicing contracts from ResCap when such consents and approvals are obtained. We completed subsequent settlements and purchased additional MSRs during the third and fourth quarters of 2013 as objections were resolved.

To finance the ResCap Acquisition, we deployed $840.0 million from the proceeds of a new $1.3 billion senior secured term loan (SSTL) facility and borrowed an additional $1.2 billion pursuant to two new servicing advance facilities and one existing facility. We settled the third and fourth quarter closings with cash. Ocwen assumed certain limited liabilities as part of the transaction, including certain employee liabilities and certain business payables outstanding at the closing date. Under the agreement with ResCap, Ocwen generally did not assume any contingent obligations, including pending or threatened litigation, financial obligations in connection with any settlements, orders or similar agreements entered into by ResCap or obligations in connection with any representations or warranties associated with loans previously sold by ResCap except for litigation that may arise in the ordinary course of servicing mortgage loans relating to servicing agreements assumed by Ocwen. Ocwen assumed all liabilities related to servicing loans that are guaranteed by Ginnie Mae, whether arising prior to or after the closing date.

On April 12, 2013, in connection with the sale to Altisource Portfolio Solutions, S.A. (Altisource) of the diversified fee-based business acquired in connection with the ResCap Acquisition, we received cash consideration from Altisource of $128.8 million. At the time of the closing, we derecognized goodwill of $128.8 million associated with the diversified fee-based business sold to Altisource. There were no other significant assets or liabilities associated with this business. See Note 26 — Related Party Transactions for a discussion of additional terms that were established related to the existing services agreements.

Post-Acquisition Results of Operations

The following table presents the revenue and earnings of the ResCap operations that are included in our unaudited Consolidated Statements of Operations from the acquisition date of February 15, 2013 through December 31, 2013:

Revenues	$	684,935
Net income	$	16,424

Pro Forma Results of Operations

The following table presents supplemental pro forma information for Ocwen as if the ResCap Acquisition occurred on January 1, 2012. Pro forma adjustments include:

- conforming servicing revenues to the revenue recognition policies followed by Ocwen;
- conforming the accounting for MSRs to the valuation and amortization policies of Ocwen;
- adjusting interest expense to eliminate the pre-acquisition interest expense of ResCap and to recognize interest expense as if the acquisition-related debt of Ocwen had been outstanding at January 1, 2012; and
- reporting acquisition-related charges for professional services as if they had been incurred in 2012 rather than 2013.

	2013	2012
	(Unaudited)	(Unaudited)
Revenues	$ 2,086,010	$ 1,263,692
Net income	$ 285,302	$ 87,262

Through December 31, 2013, we incurred approximately $3.2 million of fees for professional services related to the ResCap Acquisition that are included in Operating expenses.

Homeward Acquisition

We completed the Homeward Acquisition on December 27, 2012. We acquired the MSRs and subservicing for approximately 421,000 residential mortgage loans with a UPB of $77.0 billion. We also acquired Homeward's loan origination platform and its diversified fee-based businesses, including property valuation, REO management, title, closing and advisory services. On March 29, 2013, Ocwen sold the Homeward diversified fee-based businesses to Altisource Solutions S.à r.l. and Altisource Portfolio Solutions, Inc., wholly-owned subsidiaries of Altisource, for an aggregate purchase price of $87.0 million in cash ($82.0 million, net of cash transferred and other adjustments). As part of this transaction, Ocwen sold its investment in two subsidiaries of Homeward, Beltline Road Insurance Agency, Inc. and Power Default Services, Inc. Ocwen also agreed to sell to Altisource certain designated assets used or usable in the business conducted by another Homeward subsidiary, Power Valuation Services, Inc., as well as certain designated intellectual property and information technology assets that are used or usable in the business conducted by the acquired subsidiaries or by Powerline Valuation Services, Inc. Altisource also assumed certain liabilities of the diversified fee-based business. The carrying value of the net assets sold, including allocated goodwill, approximated the sales price. The assets sold consisted of receivables and other assets of $9.4 million. The liabilities assumed by Altisource of $4.0 million consisted principally of deferred revenue. At the time of the sale, we derecognized goodwill of $81.6 million associated with the sold businesses. In connection with this transaction, Ocwen entered into amendments to certain of its services and intellectual property agreements with Altisource. See Note 26 — Related Party Transactions for a discussion of these amendments.

As consideration for the Homeward Acquisition, Ocwen paid an initial aggregate purchase price of $765.7 million. Of this amount, $603.7 million was paid in cash and $162.0 million was paid in Preferred Shares. $75.0 million of the consideration has been placed into escrow for a period of 21 months following the closing date to fund any loss sharing payments and certain other indemnification payments that may become owed to Ocwen as well as to fund certain expenses. See Note 17 — Mezzanine Equity for information related to the preferred stock.

Payment of the cash consideration was financed, in part, by a $100.0 million incremental term loan from Barclays Bank PLC pursuant to the existing SSTL facility that we entered into on September 1, 2011 and $75.0 million from Altisource, pursuant to a senior unsecured loan agreement. See Note 15 — Borrowings for additional information regarding the terms of these agreements.

Following the acquisition, we terminated the senior credit facility and revolving line of credit that we assumed from Homeward and repaid the outstanding balances which totaled $350.0 million.

Post-Acquisition Results of Operations

The following table presents the revenue and earnings of the Homeward that is included in our Consolidated Statements of Operations from the acquisition date of December 27, 2012 through December 31, 2012:

Revenues	$ 5,881
Net income	$ 44

Pro Forma Results of Operations

The following table presents supplemental pro forma information as if the acquisition of Homeward occurred on January 1, 2011. Pro forma adjustments include:

- conforming servicing revenues to the revenue recognition policy followed by Ocwen;
- conforming the accounting for MSRs to the valuation and amortization policies of Ocwen;
- reversing depreciation recognized by Homeward and reporting depreciation based on the estimated fair values and remaining lives of the acquired premises and equipment at the date of acquisition;
- adjusting interest expense to eliminate the pre-acquisition interest expense of Homeward and to recognize interest expense as if the acquisition-related debt of Ocwen had been outstanding at January 1, 2011; and
- reporting acquisition-related charges for professional services related to the acquisition as if they had been incurred in 2011 rather than 2012.

	2012	2011
	(Unaudited)	(Unaudited)
Revenues	$ 1,362,927	$ 1,085,914
Net income	$ 254,051	$ 163,647

Through December 31, 2012, we incurred approximately $1.0 million of fees for professional services related to the Homeward Acquisition that are included in Operating expenses.

Litton Acquisition

Ocwen completed the Litton Acquisition on September 1, 2011. The Litton Acquisition included a servicing portfolio of approximately 245,000 primarily non-Agency residential mortgage loans with approximately $38.6 billion in UPB and the servicing platform based in Houston, Texas and McDonough, Georgia.

The base purchase price for the Litton Acquisition was $247.4 million, which was paid in cash by Ocwen. In addition and as part of the closing, Ocwen repaid Litton's $2.4 billion outstanding debt on an existing servicing advance financing facility and entered into a new advance financing facility under which it borrowed $2.1 billion. On September 1, 2011, Ocwen and certain of its subsidiaries also entered into a $575.0 million SSTL facility agreement to fund the base purchase price and the difference between the proceeds from the new advance financing facility and the amount repaid on Litton's existing facility.

The purchase agreement provided that the severance plans of Litton and Goldman Sachs remained in effect for 1 year. We recognized severance expense of $10.1 million during 2011 as steps taken to reorganize and streamline the operations of Litton obligated Ocwen to pay severance under those plans. Severance expense is included in Compensation and benefits in our Consolidated Statements of Operations.

In connection with the establishment of the match funded advance facility, Ocwen funded a reserve in the initial amount of $42.5 million which was held by the facility indenture trustee for the benefit of the note holders. Ocwen also paid an $11.5 million arrangement fee in connection with the SSTL agreement. This fee along with the discount and certain other professional fees incurred in connection with the establishment of the facility were to be amortized over the 5-year life of the loan.

In connection with the Litton Acquisition, Ocwen, Goldman Sachs, Litton and the New York Department of Financial Services (NY DFS) entered into an agreement on servicing practices (Agreement on Servicing Practices) that sets forth certain loan servicing practices and operational requirements. No fines, penalties or other payments were assessed against Ocwen or Litton under the terms of the Agreement on Servicing Practices. For additional detail on the Agreement on Servicing Practices, see Note 28 - Commitments and Contingencies below.

Post-Acquisition Results of Operations

The following table presents the revenue and earnings of the Litton operations that are included in our Consolidated Statements of Operations from the acquisition date of September 1, 2011 through December 31, 2011:

Revenues	$ 62,750
Net loss (1)	$ (20,910)

(1) Net loss includes non-recurring transaction related expenses of $49.6 million, including (i) $33.1 million of severance and other compensation related to Litton employees, (ii) $6.8 million of amortization of the acquired MSRs, (iii) $2.0 million of depreciation resulting from the write-down of certain of the acquired furniture and fixtures that are no longer in use and (iv) $0.4 million of fees for professional services related to the acquisition. Net loss does not include an allocation of costs related to the servicing of the Litton loans on Ocwen's platform.

Pro Forma Results of Operations

The following table presents supplemental pro forma information as if the acquisition of Litton occurred on January 1, 2010. Pro forma adjustments include:

- conforming revenues to the revenue recognition policy followed by Ocwen;
- conforming the accounting for MSRs to the valuation and amortization policy of Ocwen;
- reversing depreciation recognized by Litton and reporting depreciation based on the estimated fair values and remaining lives of the acquired premises and equipment at the date of acquisition;
- adjusting interest expense to eliminate the pre-acquisition interest expense of Litton and to recognize interest expense as if the acquisition-related debt of Ocwen had been outstanding at January 1, 2010; and
- reporting acquisition-related charges, including severance paid to Litton employees and fees for professional services related to the acquisition as if they had been incurred in 2010 rather than 2011.

	2011
	(Unaudited)
Revenues	$ 642,033
Net income (loss)	$ 52,407

Through December 31, 2011, we incurred approximately $1.2 million of fees for professional services related to the Litton Acquisition that are included in Operating expenses.

Other Acquisitions

Correspondent One

On March 31, 2013, we increased our ownership in Correspondent One, an entity formed with Altisource in March 2011, from 49% to 100%. We acquired the shares of Correspondent One held by Altisource (49% interest) for $12.6 million and acquired the remaining shares held by an unrelated entity for $0.9 million. We accounted for this transaction as an acquisition and recognized the assets acquired and liabilities assumed at their fair values as of the acquisition date. The acquired net assets were $26.3 million and consisted primarily of cash ($23.0 million) and residential mortgage loans ($1.1 million). We remeasured our previously held investment, which we accounted for using the equity method, at fair value and recognized a loss of $0.4 million. We did not recognize goodwill in connection with this acquisition. Correspondent One facilitates the purchase of conventional and government insured residential mortgages from approved mortgage originators and resells the mortgages to secondary market investors. Correspondent One is not material to our financial condition, results of operations or cash flows.

Liberty

On April 1, 2013, we completed the Liberty Acquisition for $22.0 million in cash. In addition, and as part of the closing, Ocwen repaid Liberty's $9.1 million existing outstanding debt to the sellers. We acquired approximately 420 reverse mortgage loans with a UPB of $55.2 million. We also acquired Liberty's reverse mortgage origination platform. The acquired net assets were $31.1 million and consisted primarily of residential reverse mortgage loans ($60.0 million), receivables ($11.2 million), loans held for investment ($10.3 million) and cash ($4.6 million) less amounts due under warehouse facilities ($46.3 million) and HMBS-related borrowings ($10.2 million). We recognized $3.0 million of goodwill in connection with this acquisition. Liberty is engaged in the origination, purchase, sale and securitization of reverse mortgage loans, both retail and wholesale. The acquisition of Liberty did not have a material impact on our financial condition, results of operations or cash flows.

Facility Closure Costs

In connection with the business acquisitions completed in recent years, we incurred employee termination benefits primarily consisting of severance, Worker Adjustment and Retraining Notification Act compensation and lease termination costs for the closure of leased facilities. The following table provides a reconciliation of the beginning and ending liability balances for these termination costs:

	Employee termination benefits	Lease termination costs	Total
Liability balance as at December 31, 2010	$ 1,332	$ 7,794	$ 9,126
Additions charged to operations (1)	33,127	—	33,127
Amortization of discount	—	99	99
Payments	(29,296)	(2,606)	(31,902)
Liability balance as at December 31, 2011	5,163	5,287	10,450
Additions charged to operations (1)	2,869	5,030	7,899
Amortization of discount	—	176	176
Payments	(8,032)	(5,602)	(13,634)
Liability balance as at December 31, 2012	—	4,891	4,891
Additions charged to operations (1)	20,683	—	20,683
Amortization of discount	—	347	347
Payments	(15,867)	(2,784)	(18,651)
Liability balance as at December 31, 2013 (2)	$ 4,816	$ 2,454	$ 7,270

(1) Additions charged to operations during 2011 and 2012 were recorded in the Servicing segment. In 2013, $15.9 million of the charges were recorded in the Servicing segment, $0.7 million was recorded in the Lending segment and the

remaining $4.1 million was recorded in Corporate Items and Other. Charges related to employee termination benefits and lease termination costs are reported in Compensation and benefits expense and Occupancy and equipment expense, respectively, in the Consolidated Statements of Operations. The liabilities are included in Other liabilities in the Consolidated Balance Sheets.

(2) We expect the remaining liability for employee termination benefits at December 31, 2013 to be settled in 2014.

Note 4 — Sales of Advances and MSRs

In order to efficiently finance our assets and operations and to create liquidity, we periodically sell MSRs, Rights to MSRs and servicing advances to market participants, including Home Loan Servicing Solutions, Ltd. and its wholly owned subsidiary, HLSS Holdings, LLC (collectively HLSS). We typically retain the right to subservice loans when we sell MSRs and Rights to MSRs. To the extent applicable, HLSS may also acquire advance SPEs and the related match funded liabilities (together with the purchase of Rights to MSRs and servicing advances, the HLSS Transactions). During the years ended December 31, 2013 and 2012, we completed HLSS Transactions relating to the Rights to MSRs for $119.7 billion and $82.7 billion of UPB, respectively.

As part of the HLSS Transactions, we retain legal ownership of the MSRs and continue to service the related mortgage loans. We are obligated to transfer legal ownership of the MSRs to HLSS upon obtaining all required third party consents. At that time, we would subservice the loans pursuant to a subservicing agreement, as amended, with HLSS. See Note 26 — Related Party Transactions for additional information regarding this agreement.

During 2013, we also sold MSRs to unaffiliated third parties in transactions accounted for as sales with subservicing retained. See Note 9 — Mortgage Servicing for additional information.

The following table provides a summary of the assets and liabilities sold in connection with the HLSS Transactions during the years ended December 31:

	2013	2012
Sale of MSRs accounted for as a financing	$ 417,167	316,607
Sale of advances and match funded advances	3,839,954	2,827,227
Sale of advance SPEs:		
Match funded advances	—	413,374
Debt service account	—	14,786
Prepaid lender fees and debt issuance costs	—	5,422
Other prepaid expenses	—	1,928
Match funded liabilities	—	(358,335)
Accrued interest payable and other accrued expenses	—	(841)
Net assets of advance SPEs	—	76,334
Sales price, as adjusted	4,257,121	3,220,168
Amount due to (from) HLSS for post-closing adjustments at December 31	—	(1,410)
Cash received on current year sales	4,257,121	3,218,758
Amount received from HLSS as settlement of post-closing adjustments outstanding at the end of the previous year	1,410	—
Total cash received	$ 4,258,531	3,218,758

Because we retain legal title to the MSRs, the sales of Rights to MSRs are accounted for as financings. To the extent that we obtain all the third party consents, we will derecognize the related MSRs. Upon derecognition, any resulting gain or loss will be deferred and amortized over the expected life of the related subservicing agreement. Until derecognition, we continue to recognize the full amount of servicing revenue and amortization of the MSRs.

The related advance sales meet the requirements for sale accounting under GAAP. When HLSS acquired advance SPEs from Ocwen, we derecognized the consolidated assets and liabilities of the advance SPEs at the time of the sale. In subsequent sales of advances, HLSS acquired the advances directly and the transferred financial assets were accounted for as a sale and were derecognized from our financial statements. We have also evaluated our relationship with the financing SPEs to which HLSS has transferred the servicing advances that it has acquired from us and have determined that we are not required to consolidate these SPEs.

We have determined that the HLSS Transactions do not constitute the disposal of a business. Therefore, there is no need to consider goodwill in determining the gain on the sale. Because the HLSS Transactions resulted in the sale of a portion of the

assets within the Residential Servicing reporting unit, which is an indicator that goodwill for the reporting unit should be tested for impairment, we updated our qualitative assessment of whether it was more likely than not that the fair value of the Residential Servicing reporting unit was less than its carrying amount. Our updated assessment indicated that goodwill was not impaired.

Note 5 — Fair Value

Fair value is estimated based on a hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy prioritizes the inputs to valuation techniques into three broad levels whereby the highest priority is given to Level 1 inputs and the lowest to Level 3 inputs.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

We classify assets in their entirety based on the lowest level of input that is significant to the fair value measurement.

The carrying amounts and the estimated fair values of our financial instruments and our nonfinancial assets measured at fair value are as follows at December 31:

		2013		2012	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:					
Loans held for sale:					
Loans held for sale, at fair value (a)	2	$ 503,753	$ 503,753	$ 426,480	$ 426,480
Loans held for sale, at lower of cost or fair value (b)	3	62,907	62,907	82,866	82,866
Total Loans held for sale		$ 566,660	$ 566,660	$ 509,346	$ 509,346
Loans held for investment - Reverse mortgages, at fair value (a)	3	$ 618,018	$ 618,018	$ —	$ —
Advances and match funded advances (c)	3	3,444,571	3,444,571	3,233,707	3,233,707
Receivables, net (c)	3	152,516	152,516	132,853	132,853
Financial liabilities:					
Match funded liabilities (c)	3	$ 2,364,814	$ 2,364,814	$ 2,532,745	$ 2,533,278
Financing liabilities:					
HMBS-related borrowings, at fair value (a)	3	$ 615,576	$ 615,576	$ —	$ —
Other (c)	3	668,653	668,653	306,308	306,308
Total Financing liabilities		$ 1,284,229	$ 1,284,229	$ 306,308	$ 306,308
Other secured borrowings:					
Senior secured term loan (c)	3	$ 1,284,901	$ 1,270,108	$ 305,997	$ 310,822
Other (c)	3	492,768	492,768	484,374	484,374
Total Other secured borrowings		$ 1,777,669	$ 1,762,876	$ 790,371	$ 795,196
Derivative financial instruments (a):					
IRLCs	2	$ 8,433	$ 8,433	$ 5,781	$ 5,781
Interest rate swaps	3	—	—	(10,836)	(10,836)
Forward MBS trades	1	6,905	6,905	(1,719)	(1,719)
U.S. Treasury futures	1	—	—	(1,258)	(1,258)
Interest rate caps	3	442	442	168	168
MSRs:					
MSRs, at fair value (a)	3	$ 116,029	$ 116,029	$ 85,213	$ 85,213
MSRs, at amortized cost (c)	3	1,953,352	2,441,719	678,937	743,830
Total MSRs		$ 2,069,381	$ 2,557,748	$ 764,150	$ 829,043

(a) Measured at fair value on a recurring basis.
(b) Measured at fair value on a non-recurring basis.
(c) Disclosed, but not carried, at fair value.

The following tables present a reconciliation of the changes in fair value of Level 3 assets and liabilities that we measure at fair value on a recurring basis:

	Loans Held for Investment - Reverse Mortgages	HMBS-Related Borrowings	Derivative Financial Instruments, net	MSRs	Total
January 1, 2013	$ —	$ —	$ (10,668)	$ 85,213	$ 74,545
Purchases, issuances, sales and settlements:					
Purchases	10,251	(10,179)	498	—	570
Issuances	609,555	(604,991)	—	—	4,564
Sales	—	—	24,156	—	24,156
Settlements	(5,886)	5,440	(1,241)	—	(1,687)
	613,920	(609,730)	23,413	—	27,603
Total realized and unrealized gains and (losses): (1)					
Included in earnings	4,098	(5,846)	60	30,816	29,128
Included in Other comprehensive income (loss)	—	—	(12,363)	—	(12,363)
	4,098	(5,846)	(12,303)	30,816	16,765
Transfers in and / or out of Level 3	—	—	—	—	—
December 31, 2013	$ 618,018	$ (615,576)	$ 442	$ 116,029	$ 118,913

	Derivative Financial Instruments, net	MSRs	Total
January 1, 2012	$ (16,676)	$ —	$ (16,676)
Purchases, issuances, sales and settlements:			
Purchases	4,946	85,183	90,129
Issuances	—	—	—
Sales	(405)	—	(405)
Settlements	2,451	—	2,451
	6,992	85,183	92,175
Total realized and unrealized gains and (losses) (1):			
Included in earnings	7,331	30	7,361
Included in Other comprehensive income (loss)	(8,315)	—	(8,315)
	(984)	30	(954)
Transfers in and / or out of Level 3	—	—	—
December 31, 2012	$ (10,668)	$ 85,213	$ 74,545

	Derivative Financial Instruments, net
January 1, 2011	$ (15,351)
Purchases, issuances, sales and settlements:	
Purchases	3,688
Settlements	85
	3,773
Total realized and unrealized gains and (losses):	
Included in earnings	(5,881)
Included in Other comprehensive income (loss)	783
	(5,098)
Transfers in and / or out of Level 3	—
December 31, 2011	$ (16,676)

(1) Total losses attributable to derivative financial instruments still held at December 31, 2012 and 2011 were $1.2 million and $5.1 million, respectively.

The methodologies that we use and key assumptions that we make to estimate the fair value of instruments and other assets and liabilities measured at fair value on a recurring or non-recurring basis are described below:

Loans Held for Sale

We originate and purchase residential forward and reverse mortgage loans that we intend to sell to the GSEs. We also own residential mortgage loans that are not eligible to be sold to the GSEs due to delinquency or other factors. Residential forward and reverse mortgage loans that we intend to sell to the GSEs are carried at fair value as a result of a fair value election. Such loans are subject to changes in fair value due to fluctuations in interest rates from the closing date through the date of the sale of the loan into the secondary market. These loans are classified within Level 2 of the valuation hierarchy because the primary component of the price is obtained from observable values of mortgage forwards for loans of similar terms and characteristics. We have the ability to access this market, and it is the market into which conventional and government insured mortgage loans are typically sold.

We repurchase certain loans from Ginnie Mae guaranteed securitizations in connection with loan modifications and loan resolution activity as part of our servicing obligations. These are classified as loans held for sale at the lower of cost or fair value, in the case of modified loans, as we expect to redeliver (sell) the loans to new Ginnie Mae guaranteed securitizations. The fair value of these loans is estimated using published forward Ginnie Mae prices. Loans repurchased in connection with loan resolution activities are modified or otherwise remediated through loss mitigation activities or are reclassified to receivables. Because these loans are insured or guaranteed by the FHA or VA, the fair value of these loans represents the net recovery value taking into consideration the insured or guaranteed claim

For all other loans held for sale which we report at the lower of cost or fair value, market illiquidity has reduced the availability of observable pricing data. When we enter into an agreement to sell a loan or pool of loans to an investor at a set price, we value the loan or loans at the commitment price. We base the fair value of uncommitted loans on the expected future cash flows discounted at a rate commensurate with the risk of the estimated cash flows.

Loans Held for Investment – Reverse Mortgages

We have elected to measure these loans at fair value. For transferred reverse mortgage loans that do not qualify as sales for accounting purposes, we base the fair value on the expected future cash flows discounted over the expected life of the loans at a rate commensurate with the risk of the estimated cash flows. Significant assumptions include expected prepayment and delinquency rates and cumulative loss curves. The discount rate assumption for these assets is primarily based on an assessment of current market yields on newly originated reverse mortgage loans, expected duration of the asset and current market interest rates.

The more significant assumptions used in the December 31, 2013 valuation include:

- Life in years ranging from 2.76 to 23.25 (weighted average of 7.10);
- Conditional repayment rate ranging from 4.83% to 38.40% (weighted average of 9.65%); and
- Discount rate of 1.72%.

Significant increases or decreases in any of these assumptions in isolation could result in a significantly higher or lower fair value.

Mortgage Servicing Rights

Amortized Cost MSRs

We estimate the fair value of MSRs carried at amortized cost using a combination of internal models and data provided by third-party valuation experts. The most significant assumptions used in our internal valuation are the speed at which mortgages prepay and delinquency experience. Other assumptions typically used in the internal valuation are:

- Cost of servicing
- Discount rate
- Interest rate used for computing the cost of financing servicing advances
- Interest rate used for computing float earnings
- Compensating interest expense
- Collection rate of other ancillary fees

The significant components of the estimated future cash inflows for MSRs include servicing fees, late fees, float earnings and other ancillary fees. Significant cash outflows include the cost of servicing, the cost of financing servicing advances and compensating interest payments.

We estimate fair value using internal models and with the assistance of third-party valuation experts. Our internal models calculate the present value of expected future cash flows utilizing assumptions that we believe are used by market participants. We derive prepayment speeds and delinquency assumptions from historical experience adjusted for prevailing market conditions. We utilize a discount rate provided by third-party valuation experts, and we consider external market-based assumptions in determining the interest rate for the cost of financing advances, the interest rate for float earnings and the cost of servicing.

Third-party valuation experts generally utilize: (a) transactions involving instruments with similar collateral and risk profiles, adjusted as necessary based on specific characteristics of the asset or liability being valued; and/or (b) industry-standard modeling, such as a discounted cash flow model, in arriving at their estimate of fair value. The prices provided by the valuation experts reflect their observations and assumptions related to market activity, including risk premiums and liquidity adjustments. The models and related assumptions used by the valuation experts are owned and managed by them and, in many cases, the significant inputs used in the valuation techniques are not reasonably available to us. However, we have an understanding of the processes and assumptions used to develop the prices based on our ongoing due diligence, which includes regular discussions with the valuation experts. We believe that the procedures executed by the valuation experts, combined with our internal verification and analytical procedures, provide assurance that the prices used in our consolidated financial statements comply with the accounting guidance for fair value measurements and disclosures and reflect the assumptions that a market participant would use.

The more significant assumptions used in the December 31, 2013 valuation of our MSRs carried at amortized cost include:

- Prepayment speeds ranging from 6.41% to 17.50% (weighted average of 13.90%) depending on loan type;
- Delinquency rates ranging from 6.18% to 30.82% (weighted average of 17.32%) depending on loan type;
- Interest rate of 1-month LIBOR plus a range of 0.00% to 3.75% for computing the cost of financing servicing advances;
- Interest rate of 1-month LIBOR for computing float earnings; and
- Discount rates ranging from 9.98%% to 16.73% (weighted average of 11.64%)

We perform an impairment analysis based on the difference between the carrying amount and fair value after grouping the underlying loans into the applicable strata. In response to the significant change in the composition of our MSR portfolio as a result of recent acquisitions, our stratum are defined as conventional (i.e. conforming to the underwriting standards of Fannie Mae or Freddie Mac), government insured (loans insured by FHA or VA), non-Agency (i.e. all private label primary and master serviced loans except non-Agency prime) and non-Agency prime (loans generally conforming to the underwriting standards of Fannie Mae and Freddie Mac that exceeded GSE loan limits, commonly referred to as jumbo mortgage loans).

Fair Value MSRs

MSRs carried at fair value are classified within Level 3 of the valuation hierarchy due to the use of third party valuation expert pricing without adjustment. The fair value of these MSRs is within the range of prices provided by the valuation experts; however, a change in the valuation inputs utilized by the valuation expert or a change in the best point price in the range might result in a significantly higher or lower fair value measurement.

The key assumptions (generally unobservable inputs) used in the valuation of these MSRs include:

- Mortgage prepayment speeds;
- Delinquency rates; and
- Discount rates.

The primary assumptions used in the December 31, 2013 valuation include a 7.75% weighted average constant prepayment rate and a discount rate equal to 1-Month LIBOR plus 9.00%.

Advances

We value advances that we make on loans that we service for others at their net realizable value, which generally approximates fair value, because advances have no stated maturity, generally are realized within a relatively short period of time and do not bear interest.

Receivables

The carrying value of receivables generally approximates fair value because of the relatively short period of time between their origination and realization.

Borrowings

Match Funded Liabilities

For match funded liabilities that bear interest at a rate that is adjusted regularly based on a market index, the carrying value approximates fair value. For match funded liabilities that bear interest at a fixed rate, we determine fair value by discounting the future principal and interest repayments at a market rate commensurate with the risk of the estimated cash flows. We estimate principal repayments of match funded liabilities during the amortization period based on our historical advance collection rates and taking into consideration any plans to refinance the notes. At December 31, 2013, the interest on all borrowings under match funded facilities was based on a variable rate adjusted regularly using a market index, and therefore, the carrying value approximates fair value.

HMBS-Related Borrowings

We have elected to measure these borrowings at fair value. We recognize the proceeds from the transfer of reverse mortgages as a secured borrowing that we account for at fair value. These borrowings are not actively traded and therefore quoted market prices are not available. We determine fair value by discounting the future principal and interest repayments over the estimated life of the borrowing at a market rate commensurate with the risk of the estimated cash flows. Significant assumptions include prepayments, discount rate and borrower mortality rates for reverse mortgages. The discount rate assumption for these liabilities is based on an assessment of current market yields for newly issued HMBS, expected duration and current market interest rates.

The more significant assumptions used in the December 31, 2013 valuation include:

- Life in years ranging from 2.74 to 22.55 (weighted average of 6.42);
- Conditional repayment rate ranging from 4.83% to 37.97% (weighted average of 9.65%); and
- Discount rate of 1.17%.

Significant increases or decreases in any of these assumptions in isolation would result in a significantly higher or lower fair value.

Financing Liability - MSRs Pledged

The carrying value of the Financing Liability - MSRs Pledged approximates fair value. We initially establish the value of the Financing Liability - MSRs Pledged based on the price at which the Rights to MSRs are sold to HLSS. Thereafter, the carrying value of the Financing Liability - MSRs pledged is adjusted from time to time to reflect changes in the net present value of the estimated future cash flows of the underlying MSRs. Since these cash flows are ceded to HLSS as part of the HLSS transactions, the future cash flows of the underlying MSRs also represent the future payments to HLSS of principal and interest on the Financing Liability - MSRs Pledged. As a result, the net present value of the future cash flows related to the underlying MSRs also represent the net present value of the principal and interest payments to be made on the Financing Liability - MSRs Pledged. The net present value of these future cash flows represents the fair value of the Financing Liability - MSRs Pledged.

Other Secured Borrowings

The carrying value of secured borrowings that bear interest at a rate that is adjusted regularly based on a market index approximates fair value. For other secured borrowings that bear interest at a fixed rate, we determine fair value by discounting the future principal and interest repayments at a market rate commensurate with the risk of the estimated cash flows. For the SSTL, we used a discount rate of 5.57% and the repayment schedule specified in the loan agreement to determine fair value at December 31, 2013.

Derivative Financial Instruments

We may execute interest rate swaps to hedge against the effects of changes in interest rates on our borrowings under advance funding facilities. These derivatives are not exchange-traded, and therefore, quoted market prices or other observable inputs are not available. Fair value is based on information provided by third-party pricing sources. Third-party valuations are derived from proprietary models based on inputs that include yield curves and contractual terms such as fixed interest rates and payment dates. Although we have not adjusted the information obtained from the third-party pricing sources, we review this information to ensure that it provides a reasonable basis for estimating fair value. Our review is designed to identify information that appears stale, information that has changed significantly from the prior period and other indicators that the information may not be accurate. For interest rate contracts, significant increases or decreases in the unobservable portion of the yield curves in isolation will result in substantial changes in the fair value measurement. We terminated our outstanding interest rates swaps on May 31, 2013.

In addition, we may use interest rate caps to minimize future interest rate exposures on variable rate debt issued on servicing advance facilities from increases in one-month LIBOR interest rates. The fair value for interest rate caps is based on counterparty market prices and adjusted for counterparty credit risk.

We enter into forward mortgage-backed securities (MBS) trades to provide an economic hedge against changes in fair value of residential forward and reverse mortgage loans held for sale that we carry at fair value. Forward MBS trades are primarily used to fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market. Forward contracts are actively traded in the market and we obtained unadjusted market quotes for these derivatives, thus they are classified within Level 1 of the valuation hierarchy.

Interest rate lock commitments (IRLCs) represent an agreement to purchase loans from a third-party originator, an agreement to extend credit to a mortgage applicant (locked pipeline) or an agreement to sell a loan to investors, whereby the interest rate is set prior to funding. IRLCs are classified within Level 2 of the valuation hierarchy as the primary component of the price is obtained from observable values of mortgage forwards for loans of similar terms and characteristics. Fair value amounts of IRLCs are adjusted for expected “fallout” (locked pipeline loans not expected to close) using models that consider cumulative historical fallout rates and other factors.

We previously entered into derivative contracts that included interest rate swaps, U.S. Treasury futures and forward contracts to hedge against the effects of changes in the value of the MSRs which we carry at fair value. Effective April 1, 2013, we modified our strategy for managing the risks of the underlying loan portfolios and no longer use derivative contracts to hedge against the effects of changes in the value of MSRs which we carry at fair value. The fair value of interest rate swaps were based upon projected short-term interest rates and volatility based on published market based sources, a Level 3 valuation. Because futures and forward contracts are actively traded in the market, they are classified within Level 1 of the valuation hierarchy.

See Note 19 — Derivative Financial Instruments and Hedging Activities for additional information regarding derivative financial instruments.

Note 6 — Loans Held for Sale

Loans held for sale are comprised of the following at December 31:

	2013	2012
Loans held for sale - fair value	$ 503,753	$ 426,480
Loans held for sale - lower of cost or fair value	62,907	82,866
	$ 566,660	$ 509,346

Loans Held for Sale - Fair Value

Loans held for sale, at fair value, represent residential forward and reverse mortgage loans originated or purchased and held until sold to secondary market investors, such as GSEs or other third parties. The following table summarizes the activity in the balance of Loans held for sale, at fair value, during the years ended December 31:

	2013	2012
Beginning balance	$ 426,480	$ —
Originations and purchases (1)	8,106,742	670,147
Proceeds from sales	(7,999,235)	(241,960)
Gain (loss) on sale of loans (2)	(26,981)	3,889
Other	(3,253)	(5,596)
Ending balance	$ 503,753	$ 426,480

(1) Purchases include $60.0 million of reverse mortgages acquired in the Liberty Acquisition in 2013 and $558.7 million of forward mortgages acquired in the Homeward Acquisition in 2012. See Note 3 — Business Acquisitions for additional information.

(2) Includes gains of $41.7 million recorded during 2013 to adjust Loans Held for investment - reverse mortgages to fair value.

At December 31, 2013, Loans Held for Sale - Fair Value with a UPB of $471.2 million were pledged to secure Lending segment warehouse lines of credit. See Note 15 — Borrowings for additional information regarding these facilities.

Loans Held for Sale - Lower of Cost or Fair Value

Loans held for sale, at lower of cost or fair value, include residential loans that we do not intend to hold to maturity. The following table summarizes the activity in the balance of Loans held for sale, at lower of cost or fair value, during the years ended December 31:

	2013	2012	2011
Beginning balance	$ 82,866	$ 20,633	$ 25,803
Purchases	1,632,390	65,756	—
Proceeds from sales	(1,036,316)	—	—
Principal payments	(432,423)	(1,474)	(1,468)
Transfers to accounts receivable	(218,629)	—	—
Transfers to real estate owned	(4,775)	(999)	(2,599)
Gain on sale of loans	35,087	—	—
Decrease (increase) in valuation allowance	(10,644)	568	354
Modifications, charge offs and other	15,351	(1,618)	(1,457)
Ending balance	$ 62,907	$ 82,866	$ 20,633

The balances at December 31, 2013, 2012 and 2011 are net of valuation allowances of $30.7 million, $14.7 million and $14.3 million, respectively. The balance at December 31, 2013 includes $43.1 million of loans that we were required to repurchase from Ginnie Mae guaranteed securitizations as part of our servicing obligations. Repurchased loans are modified or otherwise remediated through loss mitigation activities or are reclassified to receivables. The balance at December 31, 2012 includes non-performing mortgage loans with a carrying value of $65.4 million that we acquired in December 2012 and sold to Altisource Residential, LP in February 2013 for an insignificant gain.

At December 31, 2013, Loans Held for Sale - Lower of Cost or Fair Value with a UPB of $18.0 million were pledged to secure a warehouse line of credit. See Note 15 — Borrowings for additional information regarding this facility.

Gain (Loss) on Loans Held for Sale, Net

The following table summarizes the activity in Gain on loans held for sale, net, during the years ended December 31:

	2013	2012	2011
Gain (loss) on sales of loans (1)	$ 82,518	$ 6,797	$ (2)
Change in fair value of IRLCs	523	2	—
Change in fair value of loans held for sale	(1,709)	(5,462)	—
Gain (loss) on economic hedge instruments	42,732	(1,075)	—
Other	(2,370)	(47)	—
	$ 121,694	$ 215	$ (2)

(1) Includes gains of $74.8 million and $2.9 million for 2013 and 2012, respectively, representing the value assigned to MSRs retained on sales of loans. Also includes gains of $35.1 million recorded during 2013 on sales of repurchased loans into Ginnie Mae guaranteed securitizations.

Note 7 — Advances

Advances, net, representing payments made on behalf of borrowers or on foreclosed properties, consisted of the following at December 31:

	2013	2012
Servicing:		
Principal and interest	$ 141,307	$ 83,617
Taxes and insurance	477,039	51,447
Foreclosures, bankruptcy and other	269,409	41,296
	887,755	176,360
Corporate Items and Other	4,433	8,103
	$ 892,188	$ 184,463

The following table summarizes the activity in advances for the years ended December 31:

	2013	2012
Beginning balance	$ 184,463	$ 103,591
Acquisitions (1)	734,794	118,360
Transfers to match funded advances	(142,286)	(74,317)
Sales of advances to HLSS	(200,749)	—
New advances, net of collections	315,966	36,829
Other	—	—
Ending balance	$ 892,188	$ 184,463

(1) Servicing advances acquired in connection with the acquisition of MSRs through business acquisitions and asset acquisitions. See Note 3 — Business Acquisitions and Note 9 — Mortgage Servicing for additional information.

Note 8 — Match Funded Advances

Match funded advances on residential loans we service for others are comprised of the following at December 31:

	2013	2012
Principal and interest	$ 1,497,649	$ 1,577,808
Taxes and insurance	830,113	1,148,486
Foreclosures, bankruptcy, real estate and other	224,621	322,950
	$ 2,552,383	$ 3,049,244

The following table summarizes the activity in match funded advances for the years ended December 31:

	2013	2012
Beginning balance	$ 3,049,244	$ 3,629,911
Acquisitions (1)	3,589,773	4,068,959
Transfers from advances (2)	142,286	74,317
Sales of advances to HLSS	(3,639,205)	(3,240,601)
Collections of pledged advances, net of new advances	(589,715)	(1,483,342)
Ending balance	$ 2,552,383	$ 3,049,244

(1) Represents advances acquired in connection with business and asset acquisitions that were pledged to advance facilities at the date of acquisition.
(2) Represents new advances initially classified as Advances at the date of payment and subsequently pledged to advance facilities.

Note 9 — Mortgage Servicing

MSRs are comprised of the following at December 31:

	2013	2012
MSRs - Amortization method	$ 1,953,352	$ 678,937
MSRs - Fair value measurement method	116,029	85,213
	$ 2,069,381	$ 764,150

Mortgage Servicing Rights – Amortization Method

Servicing Assets. The following tables summarize the activity in the carrying value of amortization method servicing assets for the years ended December 31:

	2013	2012	2011
Beginning balance	$ 678,937	$ 293,152	$ 193,985
Additions recognized in connection with business acquisitions:			
ResCap Acquisition (1)	389,944	—	—
Liberty Acquisition (1)	2,840	—	—
Homeward Acquisition (1)	—	278,069	—
Litton Acquisition (1)	—	—	144,314
Additions recognized in connection with asset acquisitions:			
Ally MSR Transaction (2)	683,787	—	—
OneWest MSR Transaction (3)	398,804	—	—
Greenpoint MSR Transaction (4)	33,647	—	—
Saxon	—	77,881	—
JPMorgan	—	23,445	—
Bank of America	—	64,569	—
Other	8,764	16,084	—
Additions recognized on the sale of mortgage loans	74,784	—	—
Sales (5)	(28,403)	—	—
Servicing transfers and adjustments	(8,883)	(4)	—
Change in valuation allowance	2,375	(88)	574
Amortization (6)	(283,244)	(74,171)	(45,721)
Ending balance	$ 1,953,352	$ 678,937	$ 293,152
Estimated fair value at end of year	$ 2,441,719	$ 743,830	$ 340,015

(1) See Note 3 — Business Acquisitions for additional information regarding MSRs recognized in connection with business acquisitions.

(2) The acquired MSRs relate to mortgage loans with a UPB of $87.5 billion owned by Freddie Mac and Fannie Mae. We also acquired servicing advances and other receivables of $73.6 million. Prior to the closing, we subserviced the related MSRs on behalf of Ally Bank. We assumed the origination representation and warranty obligations of approximately $136.7 million in connection with a majority of the acquired MSRs. We had been subservicing these MSRs on behalf of Ally under a subservicing contract that we assumed in connection with the ResCap Acquisition. No operations, entities or other assets were acquired in the transaction.

(3) The acquired MSRs relate to mortgage loans with a UPB of approximately $69.0 billion and related servicing advance receivables of $2.1 billion acquired in the OneWest MSR Transaction. No operations or other assets were purchased in the transaction. As part of the OneWest MSR Transaction, both the seller and OLS have agreed to indemnification provisions for the benefit of the other party. The OneWest MSR Transaction closed in stages, and the majority of loans were boarded onto our primary servicing platform as of December 31, 2013. Each closing is subject to, among other things, receipt of certain investor and third party consents and customary closing conditions.

(4) The acquired MSRs relate to mortgage loans with a UPB of approximately $6.3 billion and related servicing advance receivables of $422.1 million.

(5) Cash proceeds from the sale were $34.8 million. These MSRs were sold with subservicing retained. The gain on the sale of $5.1 million has been deferred and will be recognized in earnings over the life of the subservicing contract.

(6) In the Consolidated Statement of Operations, Amortization of mortgage servicing rights is reported net of the amortization of servicing liabilities and includes the amount of charges we recognized to increase servicing liability obligations.

As disclosed in Note 4 — Sales of Advances and MSRs, we sold certain Rights to MSRs during 2012 and 2013 as part of the HLSS Transactions which did not qualify as sales for accounting purposes. The carrying value of the related MSRs which

have not been derecognized at December 31, 2013 and 2012 was $455.4 million and $273.0 million, respectively. In addition, at December 31, 2013, MSRs with a carrying value of $48.2 million were pledged to secure the promissory note under our MSR financing facility. See Note 15 — Borrowings for additional information regarding this facility.

The estimated amortization expense for MSRs, calculated based on assumptions used at December 31, 2013, is projected as follows over the next five years:

2014	$ 326,583
2015	276,893
2016	234,207
2017	194,053
2018	160,804

Servicing Liabilities. Servicing liabilities are included in Other liabilities. See Note 16 — Other Liabilities for additional information.

Mortgage Servicing Rights—Fair Value Measurement Method

This portfolio comprises servicing rights for which we elected the fair value option and includes Agency forward residential mortgage loans for which we previously hedged the related market risks. We acquired these MSRs as part of the Homeward Acquisition.

The following table summarizes the activity related to fair value servicing assets for the years ended December 31:

	2013	2012
Beginning balance	$ 85,213	$ —
Amount recognized in connection with the Homeward Acquisition (1)	—	82,275
Additions recognized on the sale of residential mortgage loans	—	2,908
Changes in fair value (2):		
Changes in market value assumptions	44,199	30
Realization of cash flows and other changes	(13,383)	—
Ending balance	$ 116,029	$ 85,213

(1) See Note 3 — Business Acquisitions for additional information.
(2) Changes in fair value are recognized in Servicing and origination expense in the Consolidated Statements of Operations.

Because the mortgages underlying these MSRs permit the borrowers to prepay the loans, the value of the MSRs generally tends to diminish in periods of declining interest rates (as prepayments increase) and increase in periods of rising interest rates (as prepayments decrease). The following table summarizes the estimated change in the value of the MSRs that we carry at fair value as of December 31, 2013 given hypothetical instantaneous parallel shifts in the yield curve:

	Adverse change in fair value	
	10%	20%
Weighted average prepayment speeds	$ (7,995)	$ (15,713)
Discount rate (Option-adjusted spread)	$ (4,497)	$ (8,659)

The sensitivity analysis measures the potential impact on fair values based on hypothetical changes (increases and decreases) in interest rates.

Portfolio of Assets Serviced

The following table presents the composition of our servicing and subservicing portfolios by type of property serviced as measured by UPB. The servicing portfolio represents loans for which we own the MSRs while subservicing represents all other loans. The UPB of assets serviced for others are not included on our Consolidated Balance Sheet.

	Residential	Commercial	Total
UPB at December 31, 2011			
Servicing	$ 78,675,160	$ —	$ 78,675,160
Subservicing	23,524,062	290,863	23,814,925
	$ 102,199,222	$ 290,863	$ 102,490,085
UPB at December 31, 2012			
Servicing (1)	$ 175,762,161	$ —	$ 175,762,161
Subservicing	27,903,555	401,031	28,304,586
	$ 203,665,716	$ 401,031	$ 204,066,747
UPB at December 31, 2013			
Servicing (1)	$ 397,546,635	$ —	$ 397,546,635
Subservicing	67,104,697	400,502	67,505,199
	$ 464,651,332	$ 400,502	$ 465,051,834

(1) Includes UPB of $175.1 billion and $79.4 billion at December 31, 2013 and 2012, respectively, for which the Rights to MSRs have been sold to HLSS.

Residential assets serviced includes foreclosed real estate. Residential assets serviced also includes small-balance commercial assets with a UPB of $2.6 billion and $2.1 billion at December 31, 2013 and 2012, respectively that are managed using the REALServicing™ application. Commercial assets consist of large-balance foreclosed real estate.

At December 31, 2013, the geographic distribution of the UPB and count of residential loans and real estate we serviced was as follows:

	Amount	Count
California	$ 112,200,350	436,374
Florida	37,881,401	245,438
New York	30,548,742	129,364
Texas	20,838,925	203,035
New Jersey	20,336,702	97,207
Other	242,845,212	1,750,500
	$ 464,651,332	2,861,918

Servicing Revenue

The following table presents the components of servicing and subservicing fees for the years ended December 31:

	2013	2012	2011
Loan servicing and subservicing fees:			
Servicing	$ 1,246,882	$ 535,415	$ 313,997
Subservicing	146,605	45,713	27,404
	1,393,487	581,128	341,401
Home Affordable Modification Program (HAMP) fees	152,812	76,764	42,025
Late charges	115,826	69,281	38,557
Loan collection fees	31,022	15,960	11,223
Custodial accounts (float earnings)	5,332	3,749	2,105
Other	125,080	57,525	23,527
	$ 1,823,559	$ 804,407	$ 458,838

Float balances amounted to $3.2 billion and $1.3 billion at December 31, 2013 and 2012, respectively.

Note 10 — Receivables

Receivables consisted of the following at the dates indicated:

	Receivables	Allowance for Losses	Net
December 31, 2013			
Servicing (1)	$ 124,537	$ (17,419)	$ 107,118
Income taxes receivable	6,369	—	6,369
Due from related parties (2)	14,553	—	14,553
Other (3)	24,579	(103)	24,476
	$ 170,038	$ (17,522)	$ 152,516
December 31, 2012			
Servicing (1)	$ 84,870	$ (1,647)	$ 83,223
Income taxes receivable	20,686	—	20,686
Due from related parties (2)	12,361	—	12,361
Other	18,577	(1,994)	16,583
	$ 136,494	$ (3,641)	$ 132,853

(1) The balances at December 31, 2013 and 2012 arise from our Servicing business and primarily include reimbursable expenditures due from investors and amounts to be recovered from the custodial accounts of the trustees. The balances at December 31, 2013 also include $54.0 million of receivables and $14.0 million of allowance for losses related to defaulted FHA or VA insured loans repurchased from Ginnie Mae guaranteed securitizations.
(2) See Note 26 — Related Party Transactions for additional information regarding transactions with Altisource and HLSS.
(3) Includes $13.6 million related to probable losses expected to be indemnified under the terms of the Homeward merger agreement. See Note 3 — Business Acquisitions for additional information.

Note 11 — Premises and Equipment

Our premises and equipment are summarized as follows at December 31:

	2013	2012
Computer hardware and software	$ 51,060	$ 32,628
Buildings	12,926	—
Leasehold improvements	25,467	14,950
Furniture and fixtures	13,174	10,367
Office equipment and other	12,506	9,108
	115,133	67,053
Less accumulated depreciation and amortization	(61,347)	(33,806)
	$ 53,786	$ 33,247

In 2013, we acquired premises and equipment with an estimated fair value of $16.4 million as part of the ResCap Acquisition, consisting primarily of buildings and computer hardware. See Note 3 — Business Acquisitions.

Note 12 — Goodwill

The following table provides a summary of activity in the carrying value of goodwill during the year ended December 31, 2013. See Note 3 — Business Acquisitions for additional information.

	Liberty Acquisition	ResCap Acquisition	Homeward Acquisition	Litton Acquisition	HomEq Acquisition	Total
Balance at December 31, 2012	$ —	$ —	$ 345,936	$ 57,430	$ 12,810	$ 416,176
Recognition of goodwill in connection with a business acquisition	2,963	207,776	—	—	—	210,739
Derecognition of goodwill in connection with the sale of a business	—	(128,750)	(81,607)	—	—	(210,357)
Balance at December 31, 2013	$ 2,963	$ 79,026	$ 264,329	$ 57,430	$ 12,810	416,558

For the ResCap Acquisition, the $79.0 million of remaining goodwill is assigned to the Servicing segment. For the Homeward Acquisition, $218.2 million of the remaining goodwill is assigned to the Servicing segment and $46.2 million is assigned to the Lending segment. For the Liberty Acquisition, the entire balance is assigned to the Lending segment. The assignment of goodwill in the ResCap and Liberty Acquisitions is preliminary pending the final purchase price allocation. For the Litton and HomEq Acquisitions, the entire balance of goodwill is assigned to the Servicing segment.

We perform an annual impairment test of goodwill as of August 31 of each year. Based on our 2013 annual assessment, we determined that goodwill was not impaired. We elected to perform a qualitative assessment of impairment to determine whether any further quantitative testing for impairment was necessary. No impairment was implied based upon the qualitative assessment; therefore, no further testing was required.

Note 13 — Debt Service Accounts

Under our advance funding facilities, we are contractually required to remit collections on pledged advances to the trustee within two days of receipt. The collected funds are not applied to reduce the related match funded debt until the payment dates specified in the indenture. The balances also include amounts that have been set aside from the proceeds of our match funded advance facilities and certain of our warehouse facilities to provide for possible shortfalls in the funds available to pay certain expenses and interest. These funds are held in interest earning accounts in the name of the SPE created in connection with the match funded financing facility. The balances at December 31, 2013 and 2012 were $129.9 million and $88.7 million, respectively.

Note 14 — Other Assets

Other assets consisted of the following at December 31:

	2013	2012
Prepaid lender fees and debt issuance costs, net (1)	$ 31,481	$ 14,389
Prepaid income taxes (2)	20,585	23,112
Prepaid expenses	16,132	15,058
Derivatives, at fair value (3)	15,494	10,795
Investment in unconsolidated entities (4)	11,771	25,187
Purchase price deposit (5)	10,000	57,000
Other	21,850	45,171
	$ 127,313	$ 190,712

(1) These balances relate to match funded liabilities and other secured borrowings. We amortize these costs to the earlier of the scheduled amortization date, contractual maturity date or prepayment date of the debt.

(2) During 2012 and 2013, we completed intra-entity transfers of certain MSRs. The deferred tax effects of these transactions have been recognized as prepaid income tax assets and are being amortized to Income tax expense over a 7-year period.

(3) See Note 19 — Derivative Financial Instruments and Hedging Activities for additional information regarding derivatives.

(4) The balance at December 31, 2012 includes an investment of $13.4 million in Correspondent One. As disclosed in Note 3 — Business Acquisitions, we increased our ownership from 49% to 100% on March 31, 2013. Effective on that

date, we began including the accounts of Correspondent One in our consolidated financial statements and eliminated our current investment in consolidation.

(5) The balance at December 31, 2013 represents an initial cash deposit that we made in connection with the agreement we entered into on December 20, 2013 to acquire MSRs and related advances from Wells Fargo Bank, N.A. This deposit along with an additional deposit of $15.0 million that we made in January 2014 will be held in escrow until the transaction closes. The balance at December 31, 2012 represents an earnest money cash deposit we made in connection with the ResCap Acquisition. This deposit was subsequently applied towards the purchase price upon closing of the transaction on February 15, 2013. See Note 3 — Business Acquisitions for additional information.

Note 15 — Borrowings

Match Funded Liabilities

Match funded liabilities are comprised of the following at December 31:

Borrowing Type	Interest Rate	Maturity (1)	Amortization Date (1)	Available Borrowing Capacity (2)	2013	2012
Fixed Rate:						
2011-Servicer Advance Revolving Trust 1 (3)	2.23%	May 2043	May 2013	—	—	325,000
2011-Servicer Advance Revolving Trust 1 (3)	3.37 – 5.92%	May 2043	May 2013	—	—	525,000
2012-Servicing Advance Revolving Trust 2 (3)	3.27 – 6.90%	Sep. 2043	Sep. 2013	—	—	250,000
2012-Servicing Advance Revolving Trust 3 (3)	2.98%	Mar. 2043	Mar. 2013	—	—	248,999
2012-Servicing Advance Revolving Trust 3 (3)	3.72 – 7.04%	Mar. 2044	Mar. 2014	—	—	299,278
Total fixed rate				—	—	1,648,277

Borrowing Type	Interest Rate	Maturity (1)	Amortization Date (1)	Available Borrowing Capacity (2)	2013	2012
Variable Rate:						
Advance Receivable Backed Notes (4)	1ML (5) + 285 bps	Apr. 2015	Apr. 2014	—	—	205,016
Advance Receivable Backed Notes Series 2012-ADV1 (6)	Commercial Paper (CP) rate + 225 or 335 bps	Dec. 2043	Dec. 2013	—	—	232,712
Advance Receivable Backed Notes Series 2012-ADV1 (7)	1ML + 250 bps	Jun. 2016	Jun. 2014	57,612	417,388	94,095
Advance Receivable Backed Note	1ML + 300 bps	Dec. 2015	Dec. 2014	16,789	33,211	49,138
2011-Servicing Advance Revolving Trust 1 (3)	1ML + 300 bps	May 2043	May 2013	—	—	204,633
2012-Servicing Advance Revolving Trust 2 (3)	1ML + 315 bps	Sep. 2043	Sep. 2013	—	—	22,003
2012-Servicing Advance Revolving Trust 3 (3)	1ML + 300 bps – 675 bps	Mar. 2044	Mar. 2014	—	—	40,626
2012-Homeward Agency Advance Funding Trust 2012-1 (3)	Cost of Funds + 300 bps	Jan. 2014	Jan. 2014	3,981	21,019	16,094
2012-Homeward DSF Advance Revolving Trust 2012-1 (3)	1ML + 450 bps	Feb. 2013	Feb. 2013	—	—	20,151
Advance Receivables Backed Notes, Series 2013-VF1, Class A (8)	1ML + 175 bps (9)	Oct. 2044	Oct. 2014	5,372	1,494,628	—
Advance Receivables Backed Notes, Series 2013-VF2, Class A (8)	1ML + 167 bps (10)	Oct. 2044	Oct. 2014	1,325	385,645	—
Advance Receivables Backed Notes, Series 2013-VF2, Class B (8)	1ML + 425 bps (11)	Oct. 2044	Oct. 2014	107	12,923	—
Total variable rate				85,186	2,364,814	884,468
				$ 85,186	$ 2,364,814	$ 2,532,745
Weighted average interest rate					2.08%	3.52%

(1) The amortization date of our facilities is the date on which the revolving period ends under each advance facility note and repayment of the outstanding balance must begin if the note is not renewed or extended. The maturity date is the date on which all outstanding balances must be repaid. In two advance facilities, there are multiple notes outstanding. For each note, after the amortization date, all collections that represent the repayment of advances pledged to the facility must be applied to reduce the balance of the note outstanding, and any new advances are ineligible to be financed.

(2) Borrowing capacity is available to us provided that we have additional eligible collateral to pledge. Collateral may only be pledged to one facility. At December 31, 2013, none of the available borrowing capacity could be used based on the amount of eligible collateral that had been pledged.

(3) Advance facility assumed in the Homeward Acquisition. The 2011-Servicing Advance Revolving Trust 1, 2012-Servicing Advance Revolving Trust 2, 2012-Servicing Advance Revolving Trust 3 and 2012-Homeward DSF Advance Revolving Trust 2012-1 facilities were repaid in February 2013 from the proceeds of a new $1.7 billion bridge facility which has an amortization date of August 14, 2013. The amortization date of the 2012-Homeward Agency Advance Funding Trust 2012-1 facility has been extended to March 3, 2014.

(4) These notes were issued to finance the advances acquired from Bank of America, NA (BANA) in connection with the acquisition of MSRs. We repaid this facility in full in July 2013.
(5) 1-Month LIBOR (1ML) was 0.17% and 0.21% at December 31, 2013 and 2012, respectively.
(6) These notes were issued to finance the advances acquired from BANA in connection with the acquisition of MSRs. We repaid this facility in full in October 2013.
(7) The borrowing capacity under this facility was increased to $475.0 million in November 2013.
(8) These notes were issued in connection with the OneWest MSR Transaction. On February 3, 2014, the maximum borrowing capacity on the 2013-VF2 notes was increased by $100.0 million to a total of $500.0 million. On February 28, 2014, the maximum borrowing capacity under the 2013-VF1 note is scheduled to decline by $250.0 million to a total of $1.3 billion. On February 28, 2014 we negotiated a deferral for a month of the scheduled decrease in the maximum borrowing capacity under the 2013-VF1 Note.
(9) The interest margin on these notes increases to 200 bps on July 15, 2014, to 225 bps on August 15, 2014 and 250 bps on September 15, 2014.
(10) The interest margin on these notes increases to 191 bps on July 15, 2014, to 215 bps on August 15, 2014 and 238 bps on September 15, 2014.
(11) The interest margin on these notes increases to 486 bps on July 15, 2014, to 546 bps on August 15, 2014 and 607 bps on September 15, 2014.

Financing Liabilities

Financing liabilities are comprised of the following at December 31:

Borrowings	Collateral	Interest Rate	Maturity	2013	2012
Servicing:					
Financing liability – MSRs pledged	MSRs	(1)	(1)	$ 651,060	$ 303,705
Financing liability – MSRs pledged	MSRs	(2)	(2)	—	2,603
				651,060	306,308
Lending:					
Financing liability - MSRs pledged	MSRs	(2)	(2)	17,593	—
HMBS-related borrowings (3)	Loans held for investment	1ML + 220 bps	(3)	615,576	—
				633,169	—
				$ 1,284,229	$ 306,308

(1) The HLSS Transaction financing liabilities have no contractual maturity but are amortized over the estimated life of the transferred Rights to MSRs using the interest method with the servicing income that is remitted to HLSS representing payments of principal and interest. For purposes of applying the interest method, the balance of the liability is reduced each month based on the change in the present value of the estimated future cash flows underlying the related MSRs. See Note 4 — Sales of Advances and MSRs for additional information regarding the HLSS Transactions.
(2) The financing liability is being amortized using the interest method with the servicing income that is remitted to the purchaser representing payments of principal and interest.
(3) Represents amounts due to the holders of beneficial interests in Ginnie Mae guaranteed HMBS. The beneficial interests have no maturity dates, and the borrowings mature as the related loans are repaid. See Note 2 — Securitizations and Variable Interest Entities for additional information.

Other Secured Borrowings

Other secured borrowings are comprised of the following at December 31:

Borrowings	Collateral	Interest Rate	Maturity	Available Borrowing Capacity	December 31, 2013	December 31, 2012
Servicing:						
SSTL (1)	(1)	1ML + 550 bps with a LIBOR floor of 150 bps (1)	Sep. 2016	$ —	$ —	314,229
SSTL (2)	(2)	1-Month Euro-dollar rate + 375 bps with a Eurodollar floor of 125 bps (2)	Feb. 2018	—	1,290,250	—
Senior unsecured term loan (3)		1-Month Euro-dollar rate + 675 bps with a Eurodollar floor of 150 bps	Mar. 2017	—	—	75,000
Promissory note (4)	MSRs	1ML + 350 bps	May 2017	—	15,529	18,466
Repurchase agreement	Loans held for sale (LHFS)	1ML + 200 - 345 bps	Apr. 2014	82,493	17,507	—
				82,493	1,323,286	407,695
Lending:						
Master repurchase agreement (5)	LHFS	1ML + 175 bps	Mar. 2014	194,341	105,659	88,122
Participation agreement (6)	LHFS	N/A	May 2014	—	81,268	58,938
Master repurchase agreement (7)	LHFS	1ML + 175 - 275 bps	Jul. 2014	58,010	91,990	133,995
Master repurchase agreement (8)	LHFS	1ML + 175 - 200 bps	Sep. 2014	210,164	89,836	107,020
Master repurchase agreement	LHFS	1ML + 275bps	Jul. 2014	48,025	51,975	—
Mortgage warehouse agreement	LHFS	1ML + 275 bps; floor of 350 bps	Jun. 2014	25,708	34,292	—
				536,248	455,020	388,075
Corporate Items and Other:						
Securities sold under an agreement to repurchase (9)	Ocwen Real Estate Asset Liquidating Trust 2007-1 Notes	Class A-2 notes: 1ML + 200 bps; Class A-3 notes: 1ML + 300 bps	Monthly	—	4,712	2,833
				618,741	1,783,018	798,603
Discount (1)(2)				—	(5,349)	(8,232)
				$ 618,741	$ 1,777,669	$ 790,371
Weighted average interest rate					4.86%	4.49%

(1) In February 2013, we repaid this loan in full and wrote off the remaining discount as part of the loss on extinguishment.

(2) On February 15, 2013, we entered into a new SSTL facility agreement and borrowed $1.3 billion that was used principally to fund the ResCap Acquisition and repay the balance of the previous SSTL. The loan was issued with an original issue discount of $6.5 million that we are amortizing over the term of the loan. We are required to repay the principal amount of the borrowings in consecutive quarterly installments of $3.3 million. In addition, we are generally required to use the net cash proceeds (as defined) from any asset sale (as defined) to repay loan principal. Generally, this provision applies to non-operating sales of assets, and net cash proceeds represent the proceeds from the sale of the assets, net of the repayment of any debt secured by a lien on the assets sold. However, for assets sales that are part of an HLSS Transaction, we have the option, within 180 days, either to invest the net cash proceeds in MSRs or related assets, such as advances, or to repay loan principal. The borrowings are secured by a first priority security interest in substantially all of the assets of Ocwen. Borrowings bear interest, at the election of Ocwen, at a rate per annum equal to either (a) the base rate [the greatest of (i) the prime rate in effect on such day, (ii) the federal funds rate in effect on such day plus 0.50% and (iii) the one-month Eurodollar rate (1-Month LIBOR)], plus a margin of 2.75% and a base rate floor of 2.25% or (b) the one month Eurodollar rate, plus a margin of 3.75% with a one month Eurodollar floor of 1.25%. To date we have elected option (b) to determine the interest rate.

On September 23, 2013, we entered into Amendment No. 1 to the Senior Secured Term Loan Facility Agreement and Amendment No. 1 to the related Pledge and Security Agreement. These amendments:

- permit repurchases of all of the Preferred Shares, which may be converted to common stock prior to repurchase, and up to $1.5 billion of common stock, subject, in each case, to pro forma financial covenant compliance;
- eliminate the dollar cap on Junior Indebtedness (as defined in the SSTL) but retain the requirement for any such issuance to be subject to pro forma covenant compliance;
- include a value for whole loans (i.e., loans held for sale) in collateral value for purposes of calculating the loan-to-value ratio and include specified deferred servicing fees and the fair value of specified mortgage servicing rights in net worth for purposes of calculating the ratio of consolidated total debt to consolidated tangible net worth; and
- modify the applicable quarterly covenant levels for the corporate leverage ratio, ratio of consolidated total debt to consolidated tangible net worth and loan-to-value ratio.

(3) Ocwen borrowed funds from Altisource in connection with the financing of the Homeward Acquisition. See Note 26 — Related Party Transactions for additional information regarding this agreement with Altisource. We repaid this loan in full in February 2013.

(4) This note was issued to finance the acquisition of MSRs from BANA. Prepayments of the balance on this note may be required if the borrowing base, as defined, falls below the amount of the note outstanding.

(5) On March 19, 2013, the maturity date was extended to March 18, 2014 and the maximum borrowing capacity was increased from $125.0 million to $300.0 million.

(6) Under this participation agreement, the lender provides financing on an uncommitted basis for $50.0 million to $90.0 million at the discretion of the lender. The participation agreement allows the lender to acquire a 100% beneficial interest in the underlying mortgage loans. However, the transaction does not qualify for sale accounting treatment and is accounted for as a secured borrowing. The lender earns the stated interest rate of the underlying mortgage loans while the loans are financed under the participation agreement. In April 2013, we extended the maturity date of the participation agreement to May 31, 2014.

(7) On August 3, 2013, we extended the maturity date of this facility to August 2, 2014.

(8) On September 27, 2013, we extended the maturity date of this facility to September 26, 2014.

(9) Repurchase agreement for Class A-2 and A-3 notes issued by Ocwen Real Estate Asset Liquidating Trust 2007-1 which have a current face value of $24.5 million at December 31, 2013. This agreement has no stated credit limit and lending is determined for each transaction based on the acceptability of the securities presented as collateral.

Covenants

Match funded liabilities and other secured borrowings are collateralized by specific assets. Under the terms of these borrowing agreements, we are subject to various qualitative and quantitative covenants. Collectively, these covenants include:

- Specified net worth requirements;
- Restrictions on future indebtedness; and
- Monitoring and reporting of various specified transactions or events, including specific reporting on defined events affecting collateral underlying certain borrowing agreements.

Financial covenants in our borrowing agreements require that we maintain consolidated tangible net worth, the most restrictive of which is $630.0 million plus 65% of quarterly net income, without adjustment for quarterly net losses, beginning with the three months ended December 31, 2012. The required consolidated tangible net worth in connection with this agreement was $863.7 million at December 31, 2013. Should we fail to be in compliance with these requirements, remedies include but are not limited to, at the option of the facility provider, termination of further funding, acceleration of outstanding

obligations, enforcement of liens against the assets securing or otherwise supporting the agreement, and other legal remedies. Our lenders can waive their contractual rights in the event of a default. Our borrowing agreements generally include cross default provisions such that a default under one agreement could trigger defaults under other agreements. We are in compliance with all of our qualitative and quantitative covenants at the date of these financial statements.

Maturities of Borrowings

Aggregate long-term borrowings by maturity date at December 31, 2013 are as follows:

	Expected Maturity Date (1) (2)							
	2014	2015	2016	2017	2018	There-after	Total Balance	Fair Value
Match funded liabilities (3)	$ 2,364,814	$ —	$ —	$ —	$ —	$ —	$ 2,364,814	$ 2,364,814
Other secured borrowings (3)	488,929	27,219	11,690	11,690	1,238,141	—	1,777,669	1,762,876
	$ 2,853,743	$ 27,219	$ 11,690	$ 11,690	$ 1,238,141	$ —	$ 4,142,483	$ 4,127,690

(1) For match funded liabilities, the expected maturity date is the date on which the revolving period ends for each advance financing facility note and repayment of the outstanding balance must begin if the note is not renewed or extended.

(2) Excludes $651.1 million recorded in connection with sales of MSRs and Rights to MSRs accounted for as financings and $615.6 million recorded in connection with the securitizations of HMBS that we record as financings. The MSR-related financing liabilities have no contractual maturity and are amortized over the life of the transferred Rights to MSRs. The HMBS-related financing liabilities have no contractual maturity and are amortized as the related loans are repaid. See Note 2 — Securitizations and Variable Interest Entities and Note 15 — Borrowings for additional information.

(3) At December 31, 2013 all Match funded liabilities and all Other secured borrowings were variable rate obligations.

Note 16 — Other Liabilities

Other liabilities were comprised of the following at December 31:

	2013	2012
Liability for indemnification obligations (1)	$ 192,716	$ 38,140
Accrued expenses	108,870	68,068
Due to related parties (2)	77,901	45,034
Liability for certain foreclosure matters (3)	66,948	13,430
Payable to servicing and subservicing investors (4)	33,501	9,973
Checks held for escheat	24,392	33,259
Liability for selected tax items (5)	27,273	22,702
Other	58,774	61,138
	$ 590,375	$ 291,744

(1) The balance includes origination representation and warranty obligations and compensatory fees for foreclosures that may ultimately exceed investor timelines. These obligations were primarily assumed in connection with the Ally MSR Transaction, the ResCap Acquisition and the Homeward Acquisition. See Note 28 — Commitments and Contingencies for additional information.

(2) See Note 26 — Related Party Transactions for additional information regarding transactions with Altisource and HLSS.

(3) We recognized $53.5 million of expense in Professional services during 2013 to establish the liability. We recognized the remaining $13.4 million of the liability as an adjustment to the initial purchase price allocation related to the Homeward Acquisition. We applied this measurement period adjustment retrospectively to our Consolidated Balance Sheet at December 31, 2012 with an offsetting increase in goodwill. See Note 28 — Commitments and Contingencies for additional information.

(4) The balance represents amounts due to investors in connection with loans we service under servicing and subservicing agreements.

(5) See Note 22 — Income Taxes for information on the liability for selected tax items.

Note 17 — Mezzanine Equity

Preferred Stock

On December 27, 2012, Ocwen issued 162,000 shares of Series A Perpetual Convertible Preferred Stock, having a par value of $0.01 per share as part of the consideration paid in the Homeward Acquisition. The following is a summary of the voting powers, preferences and relative, participating, optional and other special rights of the Preferred Shares:

- *Ranking*. The Preferred Shares shall, with respect to the payment of dividends, redemption and distributions upon the liquidation, winding up or dissolution of Ocwen rank senior to all classes of common stock.
- *Dividends*. Holders of the Preferred Shares are entitled to receive mandatory and cumulative dividends payable quarterly at the rate per share equal to the greater of (i) 3.75% per annum multiplied by $1,000 per share and (ii) in the event Ocwen pays a regular quarterly dividend on its common stock in such quarter, the rate per share payable in respect of such quarterly dividend on an as-converted basis. If Ocwen declares a special dividend on common stock, then any dividend shall be payable to the holders of the shares of common stock and the holders of the Preferred Shares on a *pari passu*, as-converted basis. Any such dividend may be paid either in cash or in Preferred Shares.
- *Conversion*. Each Preferred Share, together with any accrued and unpaid dividends, may be converted to common stock at the option of the holder at a conversion price equal to $31.79.
- *Redemption.* Ocwen may redeem the Preferred Shares commencing on December 27, 2014. The shares of Series A Preferred Stock are redeemable, at Ocwen's option, in whole, or, from time to time, in part, at any time beginning on the second anniversary of the issue date of the Preferred Shares, payable through the issuance of shares of common stock. The redemption amount is any accrued and unpaid dividends plus: 103% of the liquidation preference of $1,000 for each Preferred Share plus from the second anniversary of the issue date and prior to the third anniversary; 102% of the liquidation preference from the third anniversary and prior to the fourth anniversary; 101% of the liquidation preference from the fourth anniversary and prior to the fifth anniversary; and the liquidation preference from the fifth anniversary.
- *Voting.* The holders of Preferred Shares shall be entitled to vote on all matters submitted to the stockholders for a vote, voting together with the holders of the common stock as a single class, with each share of common stock entitled to one vote per share and each Preferred Share entitled to one vote for each share of common stock issuable upon conversion of the Preferred Share as of the record date for such vote or, if no record date is specified, as of the date of such vote.
- *Protective Provisions.* So long as the Preferred Shares are outstanding, Ocwen will not, without obtaining the approval of the holders of a majority of the Preferred Shares (i) issue any preferred stock other than the Preferred Shares, any senior securities or any parity securities in excess of $325 million; (ii) amend or alter the Articles of Designation or Articles of Incorporation in any manner that under the Florida Business Corporation Act requires the prior vote as a separate class of the holders of the Preferred Shares; (iii) amend or otherwise alter the Articles of Designation or the Articles of Incorporation in any manner that would adversely affect the rights, privileges or preferences of the Preferred Shares; (iv) pay any dividend in cash to the common stock in respect of any quarterly dividend unless the dividend payable in respect of such quarter on the Preferred Shares is also paid in cash to the same extent; or (v) waive compliance with any provision of the Articles of Designation or take any actions intended to circumvent the provisions of the Articles of Designation.
- Change of Control; Liquidation Event.
    1. Change of Control. In the case of any change in control of Ocwen, then, upon consummation of such transaction, each holder of Preferred Shares shall be entitled to receive in respect of such share the greater of (i) the liquidation preference of $1,000 plus accrued and unpaid dividends thereon, whether or not declared, if any, or (ii) the amount such holder would receive if such holder converted such Preferred Shares into the kind and amount of securities, cash or other assets receivable upon the consummation of the change in control by a holder of the number of shares of Common Stock into which such Preferred Shares might have been converted immediately prior to such change in control;
    2. Liquidation Event. Upon any liquidation event, each holder of Preferred Shares will be entitled to payment out of Ocwen's assets available for distribution, before any distribution or payment out of such assets may be made to the holders of any junior securities, and subject to the rights of the holders of any senior securities or parity securities upon liquidation and the rights of Ocwen's creditors, of an amount equal to the liquidation preference of $1,000 plus accrued and unpaid dividends thereon, whether or not declared. After payment in full of the liquidation preference plus accrued and unpaid dividends thereon to which holders of Preferred Shares are entitled, such holders will not be entitled to any further participation in any distribution of Ocwen's assets.

The holders of the Preferred Shares also received registration rights for the Preferred Shares and the shares of common stock issuable upon conversion. On May 9, 2013, Ocwen filed with the SEC a registration statement covering the resale of the Preferred Shares and the shares of common stock issuable upon conversion of the Preferred Shares.

We evaluated the Preferred Shares and determined that they should be accounted for as equity because the Preferred Shares are convertible at any time at the option of the holder into common stock and redemption of the shares by Ocwen is settled through the issuance of common stock. We also determined that the conversion feature of the Preferred Shares does not require separation from the host contract.

We determined that the change of control provisions could result in a redemption not solely under Ocwen's control. Therefore, classification of the Preferred Shares as "mezzanine" equity in the Consolidated Balance Sheets was appropriate. We also determined that the conversion option of the Preferred Shares represented a Beneficial Conversion Feature (BCF). We account for the BCF as a discount on the Preferred Shares and are amortizing the BCF as a deemed dividend through the second anniversary of the issued date, at which time Ocwen can first redeem the Preferred Shares.

The carrying value of our Preferred Shares reflects the following:

Initial issuance price on December 27, 2012	$	162,000
Discount for beneficial conversion feature		(8,688)
Accretion of BCF discount (Deemed dividend)		60
Carrying value at December 31, 2012		153,372
Conversion of 100,000 Preferred Shares (1)		(100,000)
Accretion of BCF discount (Deemed dividend) (2)		6,989
Carrying value at December 31, 2013	$	60,361

(1) On September 23, 2013, holders elected to convert 100,000 of the Preferred Shares into 3,145,640 shares of common stock. See Note 26 — Related Party Transactions for additional information.

(2) Accretion includes a $3.5 million accelerated write-off of the unamortized discount related to the 100,000 Preferred Shares converted on September 23, 2013.

Note 18 — Equity

Common Stock

On November 9, 2011, Ocwen completed the public offering of 28,750,000 shares of common stock at a per share price of $13.00, including 3,750,000 shares of common stock purchased by the underwriters pursuant to the full exercise of the over-allotment option granted under the underwriting agreement. We received net proceeds of $354.4 million from the offering after deducting underwriting fees and other incremental costs directly related to the offering.

On March 28, 2012, we converted $56.4 million of the outstanding principal balance of the 3.25% Convertible Notes to 4,635,159 shares of Ocwen common stock and redeemed the remaining balance for cash.

On September 23, 2013, Ocwen paid $157.9 million to repurchase from the holders of our Preferred Shares all 3,145,640 shares of Ocwen common stock that were issued upon their election to convert 100,000 of the Preferred Shares into shares of Ocwen common stock. See Note 26 — Related Party Transactions for additional information.

On October 31, 2013, we announced that Ocwen's Board of Directors had authorized a share repurchase program for an aggregate of up to $500.0 million of Ocwen's issued and outstanding shares of common stock. Repurchases may be made in open market transactions at prevailing market prices or in privately negotiated transactions. Unless we amend the share repurchase program or repurchase the full $500.0 million amount by an earlier date, the share repurchase program will continue through July 2016. No assurances can be given as to the amount of shares, if any, that we may repurchase in any given period. The repurchase of shares issued in connection with the conversion of Preferred Shares is not considered to be part of this repurchase program and, therefore, does not count against the $500.0 million aggregate value limit. During the fourth quarter of 2013, we repurchased 1,125,707 shares of common stock in the open market under this program for a total purchase price of $60.0 million.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss (AOCL), net of income taxes, were as follows at December 31:

		2013		2012
Unrealized losses on cash flow hedges	$	10,026	$	6,310
Other		125		131
	$	10,151	$	6,441

See Note 19 — Derivative Financial Instruments and Hedging Activities for the changes in the components of AOCL for the years ended December 31, 2013, 2012 and 2011.

Note 19 — Derivative Financial Instruments and Hedging Activities

Because many of our current derivative agreements are not exchange-traded, we are exposed to credit loss in the event of nonperformance by the counterparty to the agreements. We control this risk through credit monitoring procedures including financial analysis, dollar limits and other monitoring procedures. The notional amount of our contracts does not represent our exposure to credit loss.

The following table summarizes the changes in the notional balances of our holdings of derivatives during the year ended December 31, 2013:

	IRLCs	U.S. Treasury Futures	Forward MBS Trades	Interest Rate Caps	Interest Rate Swaps
Beginning notional balance	$ 1,112,519	$ 109,000	$ 1,638,979	$ 1,025,000	$ 1,495,955
Additions	5,887,759	85,000	10,578,176	1,900,000	1,280,000
Amortization	(228,806)	—	(33,372)	(56,000)	—
Maturities	(5,124,849)	—	(4,156,314)	—	(295,604)
Terminations	(895,187)	(194,000)	(7,076,821)	(1,001,000)	(2,480,351)
Ending notional balance	$ 751,436	$ —	$ 950,648	$ 1,868,000	$ —
Fair value of derivative assets (liabilities) at:					
December 31, 2013	$ 8,433	$ —	$ 6,905	$ 442	$ —
December 31, 2012	$ 5,781	$ (1,258)	$ (1,719)	$ 168	$ (10,836)
Maturity	Jan. 2014 - Apr. 2014	N/A	Jan. 2014 - Feb. 2014	Nov. 2016	N/A

Foreign Currency Exchange Rate Risk Management

We periodically enter into foreign exchange forward contracts to hedge against the effect of changes in the value of the India Rupee on amounts payable to our India subsidiaries. Our operations in Uruguay and the Philippines also expose us to foreign currency exchange rate risk, but we currently consider this risk to be insignificant.

Interest Rate Management

Match Funded Liabilities

We have previously entered into interest rate swaps in order to hedge against the effects of changes in interest rates on our borrowings under our advance funding facilities. These interest rate swap agreements require us to pay a fixed rate and receive a variable interest rate based on one-month LIBOR. At the time that we entered into the agreements, these swaps were designated as hedges for accounting purposes. As disclosed in Note 5 — Fair Value, we terminated these interest rate swaps on May 31, 2013 primarily because the custodial account float balances, which earn a variable rate of interest, are well in excess of variable rate borrowings under advance facilities. The earnings on these deposits reduce our exposure to changes in interest rates. We have also purchased interest rate caps to minimize future interest rate exposure from increases in one-month LIBOR interest rates, as required by the certain of our advance financing arrangements. Certain of these caps were terminated with the payoff and termination of the related financing facilities.

Loans Held for Sale, at Fair Value

The mortgage loans held for sale which we carry at fair value are subject to interest rate and price risk from the loan funding date until the date the loan is sold into the secondary market. Generally, the fair value of a loan will decline in value when interest rates increase and will rise in value when interest rates decrease. To mitigate this risk, we enter into forward MBS trades to provide an economic hedge against those changes in fair value on mortgage loans held for sale. Forward MBS trades are primarily used to fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market.

Interest Rate Lock Commitments

IRLCs represent an agreement to purchase loans from a third-party originator or an agreement to extend credit to a mortgage applicant, whereby the interest rate is set prior to funding. The loan commitment binds us (subject to the loan

approval process) to fund the loan at the specified rate, regardless of whether interest rates have changed between the commitment date and the loan funding date. As such, outstanding IRLCs are subject to interest rate risk and related price risk during the period from the date of the commitment through the loan funding date or expiration date. The borrower is not obligated to obtain the loan, thus we are subject to fallout risk related to IRLCs, which is realized if approved borrowers choose not to close on the loans within the terms of the IRLCs. Our interest rate exposure on these derivative loan commitments is hedged with freestanding derivatives such as forward contracts. We enter into forward contracts with respect to fixed rate loan commitments.

MSRs, at Fair Value

The MSRs which we measure at fair value are subject to substantial interest rate risk as the mortgage loans underlying the MSRs permit the borrowers to prepay the loans. Therefore, the value of these MSRs generally tends to diminish in periods of declining interest rates (as prepayments increase) and increase in periods of rising interest rates (as prepayments decrease). Although the level of interest rates is a key driver of prepayment activity, there are other factors that influence prepayments, including home prices, underwriting standards and product characteristics. Effective April 1, 2013, we terminated our hedging program for fair value MSRs. Prior to their termination, we used economic hedges including interest rate swaps, U.S. Treasury futures and forward contracts to minimize the effects of loss in value of these MSRs associated with increased prepayment activity that generally results from declining interest rates.

We may enter into economic hedges including interest rate swaps, U.S. Treasury futures and forward contracts to minimize the effects of loss in value of these MSRs associated with increased prepayment activity that generally results from declining interest rates. These interest rate swap agreements generally require that we pay a variable interest rate based on LIBOR and receive a fixed rate. Futures contracts are exchange-traded contracts where two parties agree to purchase and sell a specific quantity of a financial instrument at a specific price, with delivery or settlement at a specified date. Forward contracts are over-the-counter contracts where two parties agree to purchase and sell a specific quantity of financial instruments at a specified price, with delivery and settlement at a specified date.

Asset Acquisitions

In March 2013, we entered into an interest rate swap to hedge the impact on cash flows of changes in the purchase price to be paid for MSRs acquired in the Ally MSR Transaction. This purchase was forecasted to occur in stages with the purchase price subject to adjustment based on changes in the 10-year swap rate between the date of the MSR purchase agreement and the date of each closing. We entered into an interest rate swap with a notional amount sufficient to yield changes in the fair value of the interest rate swap in response to changes in the swap rate that were essentially equal to and offsetting to changes in the purchase price of the MSRs. We designated the swap as a hedge for accounting purposes. We completed the transaction in April 2013 and terminated the swap agreement at the same time. See Note 9 — Mortgage Servicing for additional information regarding the Ally MSR Transaction.

The following summarizes our open derivative positions at December 31, 2013 and the gains (losses) on those derivatives for the year then ended. None of the derivatives was designated as a hedge for accounting purposes at December 31, 2013:

Purpose	Expiration Date	Notional Amount	Fair Value (1)	Gains / (Losses)	Consolidated Statement of Operations Caption
Hedge the effect of changes in interest rates on interest expense on borrowings					
Interest rate caps					
Hedge the effect of changes in 1ML on advance funding facilities	2016	$ 1,868,000	$ 442	$ 56	Other, net
Interest rate risk of mortgage loans held for sale and of IRLCs					
Forward MBS trades	2014	950,648	6,905	42,732	Gain on loans held for sale, net
IRLCs	2014	751,436	8,433	523	Gain on loans held for sale, net
Total derivatives			$ 15,780	$ 43,311	

(1) Derivatives are reported at fair value in Receivables, Other assets or in Other liabilities.

Included in AOCL at December 31, 2013 and December 31, 2012, respectively, were $10.8 million and $9.9 million of deferred unrealized losses, before taxes of $0.7 million and $3.6 million, respectively, on the interest rate swaps that we designated as cash flow hedges. Changes in AOCL during the years ended December 31 were as follows:

	2013	2012	2011
Beginning balance	$ 6,441	$ 7,896	$ 9,392
Additional net losses on cash flow hedges	12,363	8,315	615
Ineffectiveness of cash flow hedges reclassified to earnings	(657)	41	(1,393)
Losses on terminated hedging relationships amortized to earnings	(10,816)	(10,592)	(1,544)
Net increase (decrease) in accumulated losses on cash flow hedges	890	(2,236)	(2,322)
(Increase) decrease in deferred taxes on accumulated losses on cash flow hedges	2,825	786	843
Increase (decrease) in accumulated losses on cash flow hedges, net of taxes	3,715	(1,450)	(1,479)
Other	(5)	(5)	(17)
Ending balance	$ 10,151	$ 6,441	$ 7,896

Amortization of accumulated losses on cash flow hedges from AOCL to Other income (expense), net is projected to be $1.6 million during 2014.

Other income (expense), net, includes the following related to derivative financial instruments for the years ended December 31:

	2013	2012	2011
Gains (losses) on economic hedges	(2,861)	7,331	(4,488)
Ineffectiveness of cash flow hedges	(657)	41	(1,393)
Write-off of losses in AOCL for a discontinued hedge relationship (1)	(10,816)	(4,633)	(1,545)
Write-off of losses in AOCL for hedge of a financing facility assumed by HLSS (2)	—	(5,958)	—
	$ (14,334)	$ (3,219)	$ (7,426)

(1) Includes the write off in 2012 and 2013 of the remaining of unamortized losses when a borrowing under the related advance financing facility was repaid in full, and the facility was terminated.
(2) See Note 4 — Sales of Advances and MSRs.

Note 20 — Interest Income

The following table presents the components of interest income for the years ended December 31:

	2013	2012	2011
Loans held for sale	$ 18,563	$ 2,946	$ 2,291
Other	3,792	5,383	6,585
	$ 22,355	$ 8,329	$ 8,876

Interest income that we expect to be collected on Loans Held for Investment - Reverse Mortgages, or HECMs, is included with net fair value gains in Other revenues. See Note 2 — Securitizations and Variable Interest Entities for additional information.

Note 21 — Interest Expense

The following table presents the components of interest expense for the years ended December 31:

	2013	2012	2011
Match funded liabilities	$ 75,979	$ 122,292	$ 93,051
Financing liabilities (1) (2)	246,241	54,710	—
Other secured borrowings	81,851	41,510	32,985
Debt securities:			
3.25% Convertible Notes (3)	—	153	1,834
10.875% Capital Securities (4)	—	1,894	2,840
Other	8,771	2,896	2,060
	$ 412,842	$ 223,455	$ 132,770

(1) Includes interest expense of $245.8 million and $54.7 million in 2013 and 2012, respectively, related to financing liabilities recorded in connection with the HLSS Transactions as indicated in the table below:

	2013	2012
Servicing fees collected on behalf of HLSS	$ 633,377	$ 117,789
Less: Subservicing fee retained by Ocwen	317,723	50,162
Net servicing fees remitted to HLSS	315,654	67,627
Less: Reduction in financing liability	69,812	12,917
Interest expense on HLSS financing liability	$ 245,842	$ 54,710

(2) Interest expense that we expect to be paid on the HMBS-related borrowings is included with net fair value gains in Other revenues. See Note 2 — Securitizations and Variable Interest Entities for additional information.
(3) We redeemed the remaining 3.25% Convertible Notes outstanding on March 28, 2012.
(4) We redeemed the remaining 10.875% Capital Securities outstanding on August 31, 2012.

Note 22 — Income Taxes

For income tax purposes, the components of income before taxes were as follows for the years ended December 31:

	2013	2012	2011
Domestic	$ 76,957	$ 176,075	$ 118,708
Foreign	258,266	81,433	4,287
	$ 335,223	$ 257,508	$ 122,995

The components of income tax expense (benefit) were as follows for the years ended December 31:

	2013	2012	2011
Current:			
Federal	$ 58,507	$ 10,621	$ 13,894
State	14,691	(759)	(195)
Foreign	15,545	2,968	1,079
	88,743	12,830	14,778
Deferred:			
Federal	(53,711)	62,704	29,440
State	(4,325)	(431)	368
Foreign	(5,397)	1,482	86
Provision for valuation allowance on deferred tax assets	15,764	—	—
	(47,669)	63,755	29,894
Total	$ 41,074	$ 76,585	$ 44,672

Income tax expense differs from the amounts computed by applying the U.S. Federal corporate income tax rate of 35% as follows for the years ended December 31:

	2013	2012	2011
Expected income tax expense at statutory rate	$ 117,328	$ 90,127	$ 43,049
Differences between expected and actual income tax expense:			
State tax, after Federal tax benefit	5,316	(1,184)	254
Provision for liability for selected tax items	12,218	5,558	1,611
Permanent differences	(636)	15	61
Foreign tax differential	(107,621)	(17,816)	(716)
Provision for valuation allowance on deferred tax assets	15,764	—	—
Other	(1,295)	(115)	413
Actual income tax expense	$ 41,074	$ 76,585	$ 44,672

Net deferred tax assets were comprised of the following at December 31:

	2013	2012
Deferred tax assets:		
Net operating loss carryforward	$ 35,370	$ 16,068
Delinquent servicing fees	36,480	19,559
Accrued legal settlements	27,320	5,411
Reserve for servicing exposure	20,446	59,273
Partnership losses	11,085	11,036
Accrued incentive compensation	10,037	6,210
Accrued other liabilities	7,452	2,662
Bad debt and allowance for loan losses	6,397	6,551
Intangible asset amortization	4,728	2,070
Tax residuals and deferred income on tax residuals	3,963	4,175
Stock-based compensation expense	2,956	3,127
Foreign deferred assets	2,802	3,055
Accrued lease termination costs	1,085	1,887
Capital losses	843	665
Valuation allowance on real estate	767	386
Interest rate swaps	743	3,813
Net unrealized gains and losses on securities	—	2,702
Other	10,560	7,339
	183,034	155,989
Deferred tax liabilities:		
Mortgage servicing rights amortization	50,632	56,265
Other	80	2,831
	50,712	59,096
	132,322	96,893
Valuation allowance	(15,764)	—
Deferred tax assets, net	$ 116,558	$ 96,893

We conduct periodic evaluations of positive and negative evidence to determine whether it is more likely than not that the deferred tax asset can be realized in future periods. Among the factors considered in this evaluation are estimates of future taxable income, future reversals of temporary differences, tax character and the impact of tax planning strategies that may be implemented, if warranted. As a result of this evaluation, we concluded that a valuation allowance of $15.8 million was necessary at December 31, 2013 but that no valuation allowance was necessary at December 31, 2012.

We recognized total interest and penalties of $2.0 million, $(0.1) million and $1.3 million in 2013, 2012 and 2011, respectively. At December 31, 2013 and 2012, accruals for interest and penalties were $3.6 million and $1.6 million,

respectively. As of December 31, 2013 and 2012, we had a liability for selected tax items of $23.7 million and $21.1 million, respectively, all of which if recognized would affect the effective tax rate.

It is reasonably possible that there could be a change in the amount of our unrecognized tax benefits within the next 12 months due to activities of the Internal Revenue Service or other taxing authorities, including proposed assessments of additional tax, possible settlement of audit issues, or the expiration of applicable statutes of limitations. The range of the possible change in unrecognized tax benefits within the next 12 months cannot be reasonably estimated at December 31, 2013. However, we do not expect that change to have a material impact on our financial position or results of operations.

Our major jurisdiction tax years that remain subject to examination are our U.S. federal tax return for the years ended December 31, 2008 through the present and our India corporate tax returns for the years ended March 31, 2004 through the present. Our U.S. federal tax return for the years ended December 31, 2008, 2009 and 2010 are currently under examination. A reconciliation of the beginning and ending amount of the total liability for selected tax items which includes the accruals for interest and penalties is as follows for the years ended December 31:

	2013	2012
Balance at January 1	$ 22,702	$ 4,524
Additions based on tax positions related to current year	—	17,396
Additions for tax positions of prior years	4,944	875
Lapses in statutes of limitation	(373)	(93)
Balance at December 31	$ 27,273	$ 22,702

At December 31, 2013, we had U.S. NOL carryforwards of $100.4 million. These carryforwards will expire beginning 2019 through 2034. We believe that it is more likely than not that the benefit from certain federal NOL carryforwards will not be realized. In recognition of this risk, we have provided a valuation allowance of $44.4 million on the deferred tax assets relating to these federal NOL carryforwards. If our assumptions change and we determine we will be able to realize these NOLs, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets as of December 31, 2013 will be accounted for as a reduction of income tax expense. We have no capital loss carryforwards.

We consider the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the U.S. on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and our specific plans for reinvestment of those subsidiary earnings. Determination of the amount of unrecognized deferred tax liability is not practicable because of the complexities associated with the hypothetical calculation. Should we decide to repatriate the foreign earnings, we would need to adjust our income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside the U.S.

OMS is headquartered in Frederiksted, St. Croix, USVI and is located in a federally recognized economic development zone where qualified entities are eligible for certain benefits. We refer to these benefits as “EDC benefits” as they are granted by the USVI Economic Development Commission. We were approved as a Category IIA service business, and are therefore entitled to receive benefits that have a favorable impact on our effective tax rate. These benefits, among others, enable us to avail ourselves of a credit of 90% of income taxes on certain qualified income related to our servicing business. The exemption was granted as of October 1, 2012 and is available for a period of 30 years until expiration on September 30, 2042. The impact of these EDC benefits decreased foreign taxes by $103.1 million and $25.6 million for 2013 and 2012, respectively. The benefit of these EDC benefits on diluted EPS was $0.74 and $0.19 for 2013 and 2012, respectively.

Note 23 — Basic and Diluted Earnings per Share

Basic EPS excludes common stock equivalents and is calculated by dividing net income attributable to Ocwen common stockholders by the weighted average number of common shares outstanding during the year. We calculate diluted EPS by dividing net income attributable to Ocwen, as adjusted to add back preferred stock dividends and interest expense net of income tax on the 3.25% Convertible Notes, by the weighted average number of common shares outstanding including the potential dilutive common shares related to outstanding stock options, restricted stock awards, the Preferred Shares and the 3.25% Convertible Notes. The following is a reconciliation of the calculation of basic EPS to diluted EPS for the years ended December 31:

	2013	2012	2011
Basic EPS:			
Net income attributable to Ocwen common stockholders	$ 282,129	$ 180,778	$ 78,331
Weighted average shares of common stock	135,678,088	133,912,643	104,507,055
Basic EPS	$ 2.08	$ 1.35	$ 0.75
Diluted EPS:			
Net income attributable to Ocwen common stockholders	$ 282,129	$ 180,778	$ 78,331
Preferred stock dividends (1)	—	—	—
Interest expense on 3.25% Convertible Notes, net of income tax (2)	—	107	1,187
Adjusted net income attributable to Ocwen	$ 282,129	$ 180,885	$ 79,518
Weighted average shares of common stock	135,678,088	133,912,643	104,507,055
Effect of dilutive elements:			
Preferred Shares (1)	—	—	—
3.25% Convertible Notes (2)	—	1,008,891	4,637,224
Stock options	4,110,355	3,593,419	2,711,682
Common stock awards	12,063	6,326	—
Dilutive weighted average shares of common stock	139,800,506	138,521,279	111,855,961
Diluted EPS	$ 2.02	$ 1.31	$ 0.71
Stock options excluded from the computation of diluted EPS:			
Anti-dilutive(3)	—	143,125	27,031
Market-based(4)	547,500	1,535,000	468,750

(1) The effect of our Preferred Shares on diluted EPS is computed using the if-converted method. For purposes of computing diluted EPS, we assume the conversion of the Preferred Shares into shares of common stock unless the effect is anti-dilutive. Conversion of the Preferred Shares has not been assumed for 2013 and 2012 because the effect would have been antidilutive. There were no Preferred Shares outstanding during 2011.

(2) Prior to the redemption of the 3.25% Convertible Notes in March 2012, we also computed their effect on diluted EPS using the if-converted method. Interest expense and related amortization costs applicable to the 3.25% Convertible Notes, net of income tax, were added back to net income. We assumed the conversion of the 3.25% Convertible Notes into shares of common stock unless the effect was anti-dilutive. On March 28, 2012, we issued 4,635,159 shares of common stock upon conversion of $56.4 million of the 3.25% Convertible Notes.

(3) These stock options were anti-dilutive because their exercise price was greater than the average market price of our stock.

(4) Shares that are issuable upon the achievement of certain performance criteria related to Ocwen's stock price and an annualized rate of return to investors. See Note 24 — Employee Compensation and Benefit Plans for additional information regarding these market-condition options.

Note 24 — Employee Compensation and Benefit Plans

We maintain a defined contribution plan to provide post retirement benefits to our eligible employees. We also maintain additional compensation plans for certain employees. We designed these plans to facilitate a pay-for-performance policy, further align the interests of our officers and key employees with the interests of our shareholders and assist in attracting and retaining employees vital to our long-term success. These plans are summarized below.

Retirement Plan

We maintain a defined contribution 401(k) plan. We match 50% of each employee's contributions, limited to 2% of the employee's compensation. Our contributions to the 401(k) plan were $4.2 million, $0.4 million and $0.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Annual Incentive Plan

The Ocwen Financial Corporation Amended 1998 Annual Incentive Plan and the 2007 Equity Incentive Plan (the 2007 Equity Plan) are our primary incentive compensation plans for executives and other key employees. Under the terms of these plans, participants can earn cash and equity-based awards as determined by the Compensation Committee of the Board of Directors (the Committee). The awards are generally based on objective performance criteria established by the Committee. The Committee may at its discretion adjust performance measurements to reflect significant unforeseen events. We recognized $28.4 million, $7.2 million and $9.5 million of compensation expense during 2013, 2012 and 2011, respectively, related to annual incentive compensation awarded in cash.

The 2007 Equity Plan authorizes the grant of stock options, restricted stock or other equity-based awards to employees. At December 31, 2013, there were 8,851,599 shares of common stock remaining available for future issuance under the 2007 Equity Plan. Beginning in 2008, Ocwen has awarded stock options to certain members of senior management under the 2007 Equity Plan. These awards had the following characteristics in common:

Type of Award	Percent of Options Awarded	Vesting Period
Service Condition:		
Time-Based	25%	Ratably over four years (¼ on each of the four anniversaries of the grant date)
Market Condition:		
Performance-Based	50	Over three years beginning with ¼ vesting on the date that the stock price has at least doubled over the exercise price and the compounded annual gain over the exercise price is at least 20% and then ratably over three years (¼ on the next three anniversaries of the achievement of the market condition)
Extraordinary Performance-Based	25	Over three years beginning with ¼ vesting on the date that the stock price has at least tripled over the exercise price and the compounded annual gain over the exercise price is at least 25% and then ratably over three years (¼ on the next three anniversaries of the achievement of the market condition)
Total award	100%	

The contractual term of all options granted is ten years from the grant date, except where employment terminates by reason of retirement, in which case the time-based options will terminate no later than three years after such retirement or the end of the option term, whichever is earlier. The terms of the market-based options do not include a retirement provision.

Stock option activity for the years ended December 31:

	2013		2012		2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	8,938,179	$ 9.93	7,894,728	$ 5.48	8,084,953	$ 5.03
Granted (1)	50,000	51.70	2,160,000	23.92	545,000	13
Exercised (2)(3)	(790,568)	5.35	(1,116,549)	3.56	(735,225)	6.01
Forfeited	(15,000)	15.27	—	—	—	—
Outstanding at end of year(4)(5)	8,182,611	10.62	8,938,179	9.93	7,894,728	5.48
Exercisable at end of year (4)(5)(6)	5,733,864	6.53	5,569,432	5.04	4,947,228	4.91

(1) Stock options granted in 2012 include 2,000,000 options granted to Ocwen's Executive Chairman of the Board of Directors, William C. Erbey at an exercise price of $24.38 equal to the closing price of the stock on the day of the Committee's approval. See Note 26 — Related Party Transactions for additional information regarding Mr. Erbey's stock and stock option holdings.

(2) The total intrinsic value of stock options exercised, which is defined as the amount by which the market value of the stock on the date of exercise exceeds the exercise price, was $35.3 million, $23.9 million and $4.1 million for 2013, 2012 and 2011, respectively.

(3) In connection with the exercise of stock options during 2013, 2012 and 2011, employees delivered 138,553, 33,605 and 324,248 shares, respectively, of common stock to Ocwen as payment for the exercise price and the income tax withholdings on the compensation. As a result, a total of 652,015, 1,082,944 and 410,977 net shares of stock were issued in 2013, 2012 and 2011, respectively, related to the exercise of stock options.

(4) Excluding 547,500 market-based options that have not met their performance criteria, the net aggregate intrinsic value of stock options outstanding and stock options exercisable at December 31, 2013 was $351.0 million and $280.5 million, respectively. A total of 5,933,125 market-based options were outstanding at December 31, 2013, of which 3,960,002 were exercisable.

(5) At December 31, 2013, the weighted average remaining contractual term of options outstanding and options exercisable was 5.7 years and 4.7 years, respectively.

(6) The total fair value of the stock options that vested and became exercisable during 2013, 2012 and 2011, based on grant-date fair value, was $4.7 million, $2.2 million and $1.3 million, respectively.

Compensation expense related to options is measured based on the grant-date fair value of the options using an appropriate valuation model based on the vesting condition of the award. The fair value of the time-based options was determined using the Black-Scholes options pricing model, while a lattice (binomial) model was used to determine the fair value of the market-based options. Lattice (binomial) models incorporate ranges of assumptions for inputs.

The following assumptions were used to value the 2013 and 2012 stock option awards as of the grant dates:

	2013		2012		2011	
	Black-Scholes	**Binomial**	**Black-Scholes**	**Binomial**	**Black-Scholes**	**Binomial**
Risk-free interest rate	2.32%	0.24 - 3.56%	1.20 – 1.60%	0.70% – 3.06%	1.57%	0.35% – 2.74%
Expected stock price volatility (1)	44%	33 - 44%	40% – 42%	6.87% – 42%	41%	30% – 41%
Expected dividend yield	—	—	—	—	—	—
Expected option life (in years) (2)	6.50	4.50 - 5.75	6.50	4.50 – 6.50	6.50	4.25 – 5.75
Contractual life (in years)	—	10	—	10	—	10
Fair value	$24.32	$18.04 - 21.38	$6.49 – $10.48	$3.41 – $8.87	$5.51	$4.66 – $4.09

(1) We estimate volatility based on the historical volatility of Ocwen's common stock over the most recent period that corresponds with the estimated expected life of the option.

(2) For the options valued using the Black-Scholes model we determined the expected life based on historical experience with similar awards, giving consideration to the contractual term, exercise patterns and post vesting forfeitures. The expected term of the options valued using the lattice (binomial) model is derived from the output of the model. The lattice (binomial) model incorporates exercise assumptions based on analysis of historical data. For all options, the expected life represents the period of time that options granted were expected to be outstanding at the date of the award.

The following table sets forth equity-based compensation related to stock options and stock awards and the related excess tax benefit for the years ended December 31:

	2013	2012	2011
Equity-based compensation expense:			
Stock option awards	$ 5,388	$ 2,776	$ 926
Stock awards	260	158	—
Excess tax benefit related to share-based awards	21,244	11,031	2,142

As of December 31, 2013, unrecognized compensation costs related to non-vested stock options amounted to $15.7 million, which will be recognized over a weighted-average remaining requisite service period of 2.01 years years.

Note 25 — Business Segment Reporting

Our business segments reflect the internal reporting that we use to evaluate operating performance of services and to assess the allocation of our resources. A brief description of our current business segments is as follows:

Servicing. This segment is primarily comprised of our core residential servicing business. We provide residential and commercial mortgage loan servicing, special servicing and asset management services. We earn fees for providing these services to owners of the mortgage loans and foreclosed real estate. In most cases, we provide these services either because we purchased the MSRs from the owner of the mortgage, retained the MSRs on the sale of residential mortgage loans or because we entered into a subservicing or special servicing agreement with the entity that owns the MSR. Our residential servicing portfolio includes conventional, government insured and non-Agency loans. Non-Agency loans include subprime loans which represent residential loans that generally did not qualify under GSE guidelines or have subsequently become delinquent.

Lending. The Lending segment is focused on originating and purchasing conventional and government insured residential forward and reverse mortgage loans mainly through our correspondent lending arrangements. We also commenced a direct lending business to pursue refinancing opportunities from our existing portfolio, where permitted. The loans are typically sold shortly after origination into a liquid market on a servicing retained basis.

Corporate Items and Other. Corporate Items and Other includes items of revenue and expense that are not directly related to a business, business activities that are individually insignificant, interest income on short-term investments of cash, corporate debt and certain corporate expenses. Business activities that are not considered to be of continuing significance include subprime loans held for sale (at lower of cost or fair value), investments in unconsolidated entities and affordable housing investment activities. Corporate Items and Other also included the diversified fee-based businesses that we acquired as part of the Homeward and ResCap Acquisitions and subsequently sold to Altisource.

We allocate interest income and expense to each business segment for funds raised or for funding of investments made, including interest earned on cash balances and short-term investments and interest incurred on corporate debt. We also allocate expenses generated by corporate support services to each business segment.

Financial information for our segments is as follows:

	Servicing	Lending	Corporate Items and Other	Corporate Eliminations	Business Segments Consolidated
Results of Operations					
For the year ended December 31, 2013					
Revenue (1) (2)	$ 1,895,921	$ 120,899	$ 22,092	$ (639)	$ 2,038,273
Operating expenses (1) (3)	1,096,084	98,194	107,188	(172)	1,301,294
Income (loss) from operations	799,837	22,705	(85,096)	(467)	736,979
Other income (expense):					
Interest income	1,599	16,295	4,461	—	22,355
Interest expense	(398,733)	(13,508)	(601)	—	(412,842)
Other (1) (2)	(28,292)	10,132	6,424	467	(11,269)
Other income (expense), net	(425,426)	12,919	10,284	467	(401,756)
Income (loss) before income taxes	$ 374,411	$ 35,624	$ (74,812)	$ —	$ 335,223
For the year ended December 31, 2012					
Revenue (1) (2)	$ 840,630	$ 356	$ 5,122	$ (905)	$ 845,203
Operating expenses (1) (3)	344,315	409	19,667	(484)	363,907
Income (loss) from operations	496,315	(53)	(14,545)	(421)	481,296
Other income (expense):					
Interest income	9	309	8,011	—	8,329
Interest expense	(221,948)	(514)	(993)	—	(223,455)
Other (1) (2)	(13)	—	(9,070)	421	(8,662)
Other income (expense), net	(221,952)	(205)	(2,052)	421	(223,788)
Income (loss) before income taxes	$ 274,363	$ (258)	$ (16,597)	$ —	$ 257,508
For the year ended December 31, 2011					
Revenue (1) (2)	$ 494,834	$ —	$ 2,346	$ (1,289)	$ 495,891
Operating expenses (1) (3) (4)	231,201	—	8,971	(625)	239,547
Income (loss) from operations	263,633	—	(6,625)	(664)	256,344
Other income (expense):					
Interest income	110	—	8,766	—	8,876
Interest expense	(132,574)	—	(196)	—	(132,770)
Other (1) (2)	4,711	—	(14,830)	664	(9,455)
Other income (expense), net	(127,753)	—	(6,260)	664	(133,349)
Income (loss) before income taxes	$ 135,880	$ —	$ (12,885)	$ —	$ 122,995

	Servicing	Lending	Corporate Items and Other	Corporate Eliminations	Business Segments Consolidated
Total Assets					
December 31, 2013	$ 6,241,757	$ 1,195,812	$ 436,201	$ —	$ 7,873,770
December 31, 2012	$ 4,575,489	$ 476,434	$ 634,039	$ —	$ 5,685,962
December 31, 2011	$ 4,301,371	$ —	$ 426,653	$ —	$ 4,728,024

(1) Intersegment billings for services rendered to other segments are recorded as revenues, as contra-expense or as other income, depending on the type of service that is rendered.

(2) Servicing has a contractual right to receive interest income on float balances. However, Corporate controls investment decisions associated with the float balances. Accordingly, Servicing receives revenues generated by those investments

that are associated with float balances but are reported in Corporate Items and Other. Gains and losses associated with corporate investment decisions are recognized in Corporate Items and Other.

(3) Depreciation and amortization expense are as follows:

	Servicing	Lending	Corporate Items and Other	Business Segments Consolidated
For the year ended December 31, 2013:				
Depreciation expense	$ 13,525	$ 320	$ 10,400	$ 24,245
Amortization of MSRs	282,526	255	—	282,781
Amortization of debt discount	1,412	—	—	1,412
Amortization of debt issuance costs – SSTL	4,395	—	—	4,395
For the year ended December 31, 2012:				
Depreciation expense	$ 1,469	$ 8	$ 4,243	$ 5,720
Amortization of MSRs	72,897	—	—	72,897
Amortization of debt discount	3,259	—	—	3,259
Amortization of debt issuance costs – SSTL	3,718	—	—	3,718
For the year ended December 31, 2011:				
Depreciation expense	$ 2,410	$ —	$ 1,750	$ 4,160
Amortization of MSRs	42,996	—	—	42,996
Amortization of debt discount	8,853	—	—	8,853
Amortization of debt issuance costs – SSTL	9,764	—	—	9,764

(4) Operating expenses for 2011 include non-recurring transaction-related expenses associated with the Litton Acquisition of $50.3 million recorded in the Servicing segment.

Note 26 — Related Party Transactions

Relationship with Executive Chairman of the Board of Directors

Ocwen's Executive Chairman of the Board of Directors, William C. Erbey, also serves as Chairman of the Board of Altisource, HLSS, Altisource Residential Corporation (Residential) and Altisource Asset Management Corporation (AAMC). As a result, he has obligations to Ocwen as well as to Altisource, HLSS, Residential and AAMC. As of December 31, 2013, Mr. Erbey owned or controlled approximately 13% of the common stock of Ocwen, approximately 26% of the common stock of Altisource, approximately 1% of the common stock of HLSS, approximately 27% of the common stock of AAMC and approximately 5% of the common stock of Residential. At December 31, 2013, Mr. Erbey also held 4,620,498 options to purchase Ocwen common stock, of which 2,845,498 were exercisable, and he held 873,501 options to purchase Altisource common stock, 291,167 options to purchase Residential common stock and 87,350 options to purchase AAMC common stock, all of which were exercisable.

During 2012, Mr. Erbey relocated to St. Croix, USVI to serve as Chairman and CEO of OMS. On August 21, 2012, the Ocwen Board of Directors approved Ocwen's purchase of Mr. Erbey's residence in Atlanta, Georgia, for his cost-basis in the home of $6.5 million. The transaction is consistent with Ocwen's standard senior executive relocation policy and practice. We have classified our investment in this property as real estate held for sale, a component of Other assets. We account for the excess of cost over fair value (less costs to sell) as a valuation allowance and include changes in the valuation allowance in Loss on loans held for sale, net.

Relationship with Altisource

On August 10, 2009, Ocwen completed the distribution of its Ocwen Solutions (OS) line of business (the Separation) via the spin-off of Altisource, a separate publicly traded company. OS consisted primarily of Ocwen's former unsecured collections business, residential fee-based loan processing businesses and technology platforms. Since the spin-off, our relationship has been governed by a number of agreements that set forth the terms of our business with Altisource.

On August 10, 2012 and November 1, 2012, OMS and Ocwen each entered into a Support Services Agreement with Altisource setting forth certain services that we and Altisource will provide to each other, in such areas as human resources,

vendor management, corporate services, six sigma, quality assurance, quantitative analytics, treasury, accounting, tax matters, risk management, strategic planning and compliance. These Support Services Agreements run through September 2018 and
October 2017, respectively, with automatic one-year renewals thereafter.

On August 10, 2009 and October 1, 2012, Ocwen and OMS each entered into a Services Agreement, a Technology Products Services Agreement, an Intellectual Property Agreement and a Data Center and Disaster Recovery Services Agreement. Under the Services Agreements, Altisource provides various business process outsourcing services, such as valuation services and property preservation and inspection services, among other things. Altisource provides certain technology products and support services under the Technology Products Services Agreements and the Data Center and Disaster Recovery Services Agreements. These agreements expire August 31, 2025 In addition, under a Data Access and Services Agreement, we agreed to make available to Altisource certain data from Ocwen's servicing portfolio in exchange for a per asset fee.

In connection with our March 29 and April 12, 2013, sales of the Homeward and ResCap diversified fee-based businesses to Altisource, we agreed to expand the terms of our business with Altisource to apply to the services Altisource provides as they relate to the Homeward and ResCap businesses and further (i) to establish Altisource as the exclusive provider, except as prohibited by law, of such services as they relate to the Homeward and ResCap businesses and (ii) not to establish similar fee-based businesses (or establish relationships with other companies engaged in the line of similar fee-based businesses) that would directly or indirectly compete with diversified fee-based businesses as they relate to the Homeward and ResCap businesses. In addition, we agreed that Ocwen and all of its subsidiaries and affiliates will market and promote the utilization of Altisource's services to their various third-party relationships. Finally, we and Altisource agreed to use commercially reasonable best efforts to ensure that the loans associated with the ResCap business are boarded onto Altisource's mortgage servicing platform (REALServicing). The cash consideration paid by Altisource to Ocwen in connection with the sales of the Homeward and ResCap diversified fee-based businesses totaled $87.0 million and $128.8 million, respectively. See Note 3 — Business Acquisitions for additional information..Certain services provided by Altisource under these contracts are charged to the borrower and/or investor. Accordingly, such services, while derived from our loan servicing portfolio, are not reported as expenses by Ocwen. These services include residential property valuation, residential property preservation and inspection services, title services and real estate sales.

Our business is currently dependent on many of the services and products provided under these long-term contracts which include renewal provisions. We believe the rates charged under these agreements are market rates as they are materially consistent with one or more of the following: the fees charged by Altisource to other customers for comparable services and the rates Ocwen pays to or observes from other service providers.

In addition to the agreements discussed above, we entered into an agreement in 2010 to sublease from Altisource our principal executive office space in Atlanta, Georgia. We have also sold certain equipment to Altisource that we acquired in connection with business acquisitions we completed in recent years. These assets consisted primarily of computer hardware and software and furniture and fixtures and were sold for cash proceeds equal to the acquisition fair value, as adjusted. As a result, we recognized no gain or loss on these sales.

As disclosed in Note 3 — Business Acquisitions, on March 31, 2013, we acquired from Altisource its 49% equity interest in Correspondent One, a company that facilitates the purchase of conventional and government insured residential mortgages from approved mortgage originators and resells the mortgages to secondary market investors. As of December 31, 2012, Ocwen had invested $13.4 million in Correspondent One.

On December 27, 2012, we entered into a senior unsecured term loan facility agreement (the Unsecured Loan Agreement) with Altisource and borrowed $75.0 million. The proceeds of this loan were used to fund a portion of the Homeward Acquisition. Borrowings under the Unsecured Loan Agreement bore interest at a rate equal to the one-month Eurodollar Rate (1-Month LIBOR) plus 675 basis points with a Eurodollar Rate floor of 150 basis points. We recognized interest expense of $0.8 million and $0.1 million on this loan in 2013 and 2012, respectively. In February 2013, we repaid this loan in full.

Relationship with HLSS

Ocwen and HLSS Management entered into an agreement to provide to each other certain professional services including valuation analysis of potential MSR acquisitions, treasury management services and other similar services, legal, licensing and regulatory compliance support services, risk management services and other similar services.

As disclosed in Note 4 — Sales of Advances and MSRs, Ocwen has sold to HLSS certain Rights to MSRs and related servicing advances. We also entered into a subservicing agreement with HLSS on February 10, 2012, which was amended on October 1, 2012, under which OLS will subservice the MSRs after legal ownership of the MSRs has been transferred to HLSS. On February 4, 2014, we amended various sale and servicing supplements that we had entered into with HLSS. See Note 30 — Subsequent Events for additional information.

Relationship with Residential

On December 21, 2012, we entered into a 15-year servicing agreement with Altisource Residential, L.P., the operating partnership of Residential, pursuant to which Ocwen will service residential mortgage loans acquired by Residential and provide loan modification, assisted deed-in-lieu, assisted deed-for-lease and other loss mitigation programs.

On February 14, 2013, we sold a pool of non-performing residential mortgage loans to Altisource Residential, L.P. pursuant to a Master Mortgage Loan Sale Agreement. The aggregate purchase price for the pool of loans was $64.4 million and the gain recognized by Ocwen on the sale was not significant.

Relationship with AAMC

On December 31, 2013, we entered into a support services agreement with AAMC pursuant to which we will provide business development, analytical and consulting and administrative services to AAMC. The support services agreement may be terminated by either party with a month's prior notice.

On December 11, 2012, Mr. Erbey received 52,589 shares of AAMC restricted stock pursuant to the Altisource Asset Management Corporation 2012 Special Equity Incentive Plan and a Special Restricted Stock Award Agreement in his capacity as Chairman of the Board of AAMC and Altisource. On December 11, 2012, Ronald M. Faris, our President and Chief Executive Officer and a director of Ocwen, received 29,216 shares of AAMC restricted stock pursuant to the Altisource Asset Management Corporation 2012 Special Equity Incentive Plan and a Special Restricted Stock Award Agreement, in connection with the services he provides AAMC through his employment with Ocwen.

Relationship with Former Owner of Homeward

As consideration for the Homeward Acquisition, Ocwen paid an aggregate purchase price of $765.7 million, of which $603.7 million was paid in cash and $162.0 million was paid in 162,000 Preferred Shares issued to certain private equity funds managed by WL Ross & Co. LLC (the Funds), that pay a dividend of 3.75% per annum on a quarterly basis. Each Preferred Share, together with any accrued and unpaid dividends, may be converted at the option of the holder into shares of Ocwen common stock at a conversion price equal to $31.79. Mr. Ross is the Chairman and Chief Executive Officer of WL Ross & Co. LLC and Invesco Private Capital, Inc. and the managing member of El Vedado, LLC, each of which directly or indirectly controls or manages the Funds. Mr. Ross became a director of Ocwen in March 2013. On September 23, 2013, the Funds exercised their right to convert 100,000 of the Preferred Shares into 3,145,640 of common stock. On the same date, Ocwen repurchased the shares of common stock from the Funds for $157.9 million.

The following table summarizes revenues and expenses related to the various service agreements with Altisource and its subsidiaries and HLSS for the years ended December 31 and net amounts receivable or payable:

	2013	2012	2011
Revenues and Expenses:			
Altisource:			
Revenues	$ 22,739	$ 16,532	$ 12,242
Expenses	55,119	28,987	23,226
HLSS:			
Revenues	$ 631	$ 195	$ —
Expenses	2,018	2,432	—
AAMC			
Revenues	$ 1,238	$ —	$ —
Residential			
Revenues	$ 2,436	$ —	$ —

	December 31, 2013	December 31, 2012
Net Receivable (Payable)		
Altisource	$ (3,843)	$ (5,971)
HLSS	(59,505)	(25,524)
AAMC	943	—
Residential	50	—
	$ (62,355)	$ (31,495)

Note 27 — Regulatory Requirements

Our business is subject to extensive regulation by federal, state and local governmental authorities, including the Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission (FTC), the Securities and Exchange Commission (SEC) and various state agencies that license, audit and conduct examinations of our mortgage servicing, origination and collection activities. From time to time, we also receive requests from federal, state and local agencies for records, documents and information relating to our policies, procedures and practices regarding our mortgage servicing, origination and collection activities. In addition, the GSEs and their regulator, the Federal Housing Finance Authority (FHFA), Ginnie Mae, various investors, non-Agency securitization trustees and others also subject us to periodic reviews and audits.

As a result of the current regulatory environment, we have faced and expect to continue to face increased regulatory and public scrutiny as well as stricter and more comprehensive regulation of our business. We continue to work diligently to assess and understand the implications of the regulatory environment in which we operate and the regulatory changes that we are facing. We devote substantial resources to regulatory compliance, while, at the same time, striving to meet the needs and expectations of our customers and clients.

We must comply with a number of federal, state and local consumer protection laws including, among others, the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the Real Estate Settlement Procedures Act (RESPA), the Truth in Lending Act (TILA), the Fair Credit Reporting Act, the Servicemembers Civil Relief Act, the Homeowners Protection Act, the Federal Trade Commission Act and, more recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and state foreclosure laws. These statutes apply to loan origination, debt collection, use of credit reports, safeguarding of non−public personally identifiable information about our customers, foreclosure and claims handling, investment of and interest payments on escrow balances and escrow payment features, and mandate certain disclosures and notices to borrowers. These requirements can and do change as statutes and regulations are enacted, promulgated or amended. The recent trend among federal, state and local lawmakers and regulators has been toward increasing laws, regulations and investigative proceedings with regard to residential real estate lenders and servicers.

On July 21, 2010, the Dodd-Frank Act was signed into law by President Obama. The Dodd-Frank Act constitutes a sweeping reform of the regulation and supervision of financial institutions, as well as the regulation of derivatives, capital market activities and consumer financial services. Many provisions of the Dodd-Frank Act must be implemented through rule making by the appropriate federal regulatory agency and will take effect over several years. The ultimate impact of the Dodd-Frank Act and its effects on our business will, therefore, not be fully known for an extended period of time.

The Dodd-Frank Act is extensive and significant legislation that, among other things:

- creates an inter-agency body that is responsible for monitoring the activities of the financial system and recommending a framework for substantially increased regulation of large interconnected financial services firms;
- creates a liquidation framework for the resolution of certain bank holding companies and other large and interconnected nonbank financial companies;
- strengthens the regulatory oversight of securities and capital markets activities by the SEC; and
- creates the CFPB, a new federal entity responsible for regulating consumer financial services.

The CFPB directly affects the regulation of residential mortgage servicing in a number of ways. First, the CFPB has rule making authority with respect to many of the federal consumer protection laws applicable to mortgage servicers, including TILA and RESPA. Second, the CFPB has supervision, examination and enforcement authority over consumer financial products and services offered by certain non-depository institutions and large insured depository institutions. The CFPB’s jurisdiction includes those persons originating, brokering or servicing residential mortgage loans and those persons performing loan modification or foreclosure relief services in connection with such loans. Accordingly, we are subject to supervision, examination and enforcement by the CFPB.

On January 17, 2013, the CFPB issued a set of new rules under the Dodd-Frank Act that will require mortgage servicers to (i) warn borrowers before any interest rate adjustments on their mortgages and provide alternatives for borrowers to consider, (ii) provide monthly mortgage statements that explicitly breakdown principal, interest, fees, escrow and due dates, (iii) provide options for avoiding lender-placed (or “forced-placed”) insurance, (iv) provide early outreach to borrowers in danger of default regarding options to avoid foreclosure, (v) provide that payments be credited to borrower accounts the day they are received, (vi) require that borrower account records be kept current, (vii) provide borrowers with increased accessibility to servicing staff and records and (viii) investigate errors within 30 days and improve staff accessibility to consumers, among other things. The new rules took effect on January 10, 2014 and have caused us to modify servicing processes and procedures and to incur additional costs in connection therewith.

Title XIV of the Dodd-Frank Act contains the Mortgage Reform and Anti-Predatory Lending Act (Mortgage Act). The Mortgage Act imposes a number of additional requirements on servicers of residential mortgage loans, such as OLS, by amending certain existing provisions and adding new sections to TILA and RESPA. The penalties for noncompliance with

TILA and RESPA are also significantly increased by the Mortgage Act and could lead to an increase in lawsuits against mortgage servicers.

The Mortgage Act prevents servicers of residential mortgage loans from taking certain actions, including the following:

- force-placing insurance, unless there is a reasonable belief that the borrower has failed to comply with a contractual requirement to maintain insurance;
- charging a fee for responding to a valid qualified written request;
- failing to take timely action to respond to the borrower's request to correct errors related to payment, payoff amounts, or avoiding foreclosure;
- failing to respond within ten (10) business days of a request from the borrower to provide contact information about the owner or assignee of loan; and
- failing to return an escrow balance or provide a credit within twenty (20) business days of a residential mortgage loan being paid off by the borrower.

In addition to these restrictions, the Mortgage Act imposes certain new requirements and/or shortens the existing response time for servicers of residential mortgage loans. These new requirements include the following:

- acknowledging receipt of a qualified written request under RESPA within five (5) business days and providing a final response within thirty (30) business days;
- promptly crediting mortgage payments received from the borrower on the date of receipt except where payment does not conform to previously established requirements; and
- sending an accurate payoff statement within a reasonable period of time but in no case more than seven (7) business days after receipt of a written request from the borrower.

We expect to continue to incur substantial ongoing operational and system costs in order to comply with these new laws and regulations. Furthermore, there may be additional federal or state laws enacted that place additional obligations on servicers and originators of residential mortgage loans.

There are a number of foreign laws and regulations that are applicable to our operations in India, Uruguay and The Philippines, including acts that govern licensing, employment, safety, taxes, insurance and the laws and regulations that govern the creation, continuation and the winding up of companies as well as the relationships between shareholders, our corporate entities, the public and the government in these countries. Non-compliance with the laws and regulations of India, Uruguay or The Philippines could result in (i) restrictions on our operations in these counties, (ii) fines, penalties or sanctions or (iii) reputational damage.

Capital Requirements

Our Homeward, OLS and Liberty subsidiaries are licensed to originate and/or service forward and reverse mortgage loans in the jurisdictions in which they operate. The licensed entities are subject to minimum net worth requirements in connection with these licenses. These minimum net worth requirements are unique to each state and type of license. Failure to meet these minimum capital requirements can result in the initiation of certain mandatory actions by federal, state, and foreign agencies that could have a material effect on our results of operations and financial condition. The most restrictive of these requirements is based on the outstanding UPB of our owned and subserviced portfolio and was $862.8 million at December 31, 2013. Our licensed subsidiaries were in compliance with all of their capital requirements at December 31, 2013.

Homeward, OLS and Liberty are also parties to seller/servicer agreements with one or more of the GSEs, FHA, VA and Ginnie Mae. These seller/servicer agreements contain financial covenants that include capital requirements related to tangible net worth, as defined in each agreement, as well as extensive requirements regarding servicing, selling and other matters. To the extent that these requirements are not met, the counterparty may, at its option, utilize a variety of remedies ranging from sanctions or suspension to termination of the seller/servicer agreements, which would prohibit future originations or securitizations of forward or reverse mortgage loans or being an approved seller/servicer. We were in compliance with these net worth requirements at December 31, 2013,

Note 28 — Commitments and Contingencies

Litigation Contingencies

We are subject to various pending legal proceedings, including those subject to loss sharing and indemnification provisions of our various acquisitions. In our opinion, the resolution of those proceedings will not have a material effect on our financial condition, results of operations or cash flows.

Regulatory Contingencies

We are subject to a number of pending federal and state regulatory investigations, examinations, inquiries, requests for information and/or other actions.

In July 2010, OLS received two subpoenas from the Federal Housing Finance Agency as conservator for Freddie Mac and Fannie Mae in connection with ten private label mortgage securitization transactions where Freddie Mac and Fannie Mae have invested. The transactions include mortgage loans serviced but not originated by OLS or its affiliates.

On January 18, 2012, OLS received a subpoena from the NY DFS requesting documents regarding OLS' policies, procedures and practices regarding lender-placed or "force-placed" insurance which is required to be provided for borrowers who allow their hazard insurance policies to lapse. Separately, on December 5, 2012, we entered into a Consent Order with the NY DFS in which we agreed to the appointment of a Monitor to oversee our compliance with an Agreement on Servicing Practices. The Monitor began its work in 2013, and we continue to cooperate with the Monitor. We devote substantial resources to regulatory compliance, and we incur, and expect to continue to incur, significant ongoing costs with respect to compliance in connection with the Agreement on Servicing Practices and the work of the Monitor. In early February 2014, the NY DFS requested that Ocwen put an indefinite hold on an acquisition from Wells Fargo Bank, N.A. (Wells Fargo) of MSRs and related servicing advances relating to a portfolio of approximately 184,000 loans with a UPB of approximately $39.0 billion (see Note 30 — Subsequent Events below). The NY DFS expressed an interest in evaluating further our ability to handle more servicing. We have agreed to place the transaction on indefinite hold. We are cooperating with the NY DFS on this matter.

On February 9, 2012, HUD, attorneys general representing 49 states and the District of Columbia and other agencies announced a $25 billion settlement (the National Mortgage Settlement) with the five largest mortgage servicers – Bank of America Corporation, JP Morgan Chase & Co., Wells Fargo & Company, Citigroup Inc. and Ally Financial Inc. (formerly GMAC) – regarding servicing and foreclosure issues. In addition to assessing monetary penalties which are required to be used to provide financial relief to borrowers (including refinancing and principal write-downs), the National Mortgage Settlement requires that these servicers implement changes in how they service mortgage loans, handle foreclosures and provide information to bankruptcy courts. As part of the ResCap Acquisition, OLS is required to service the ResCap loans in accordance with the requirements of the National Mortgage Settlement, although OLS is not responsible for any payment, penalty or financial obligation, including but not limited to providing Ally's share of financial relief to borrowers under that settlement.

On December 19, 2013, we reached an agreement, which was subject to court approval, involving the CFPB and various state attorneys general and other state agencies that regulate the mortgage servicing industry (Regulators). On February 26, 2014, the United States District Court for the District of Columbia entered a consent judgment approving the agreement. The agreement has four key elements:

- A commitment by Ocwen to service loans in accordance with specified servicing guidelines and to be subject to oversight by an independent national monitor for three years. Ocwen is presently subject to substantially the same guidelines and oversight with respect to the portion of its servicing portfolio acquired from ResCap in early 2013.
- A payment of $127.3 million, which includes a fixed amount for administrative expenses, to a consumer relief fund to be disbursed by an independent administrator to eligible borrowers. Pursuant to indemnification and loss sharing provisions of applicable acquisition documents, approximately half of this consumer relief fund payment is to be funded by the former owners of certain servicing portfolios previously acquired by Ocwen and integrated into Ocwen's servicing platform. Ocwen established a reserve of $66.9 million with respect to its portion of the payment into the consumer relief fund. This reserve is expected to cover all of Ocwen's portion of the consumer relief fund payment.
- A commitment by Ocwen to continue its principal forgiveness modification programs to delinquent and underwater borrowers, including underwater borrowers at imminent risk of default, in an aggregate amount of at least $2 billion over three years. These and all of Ocwen's other loan modifications are designed to be sustainable for homeowners while providing a net present value for loan investors that is superior to that of foreclosure. Principal forgiveness as part of a loan modification is determined on a case-by-case basis in accordance with the applicable servicing agreement. Principal forgiveness does not involve an expense to Ocwen other than the operating expense incurred in arranging the modification, which is part of Ocwen's role as loan servicer.
- Ocwen and the former owners of certain of the acquired servicing portfolios will receive from the Regulators comprehensive releases, subject to certain exceptions, from liability with respect to residential mortgage servicing, modification and foreclosure practices.

One or more of the foregoing regulatory actions or our failure to comply with the commitments we have made with respect to such regulatory actions or other regulatory actions in the future against us of a similar or different nature could cause us to incur fines, penalties, settlement costs, damages, legal fees or other charges in material amounts or could impose additional requirements or restrictions on our activities. Any of these occurrences could increase our operating expenses and reduce our

revenues, hamper our ability to grow or otherwise materially and adversely affect our business, reputation, financial condition and results of operations.

In addition to these matters, Ocwen receives periodic inquires, both formal and informal in nature, from various federal and state agencies as part of those agencies' oversight of our mortgage servicing, origination and collection activities. Such ongoing inquiries, including those into servicer foreclosure processes, could result in additional actions by state or federal governmental bodies, regulators or the courts with respect to our mortgage servicing, origination and collection activities and could result in an extension of foreclosure timelines, which may be applicable generally to the servicing industry or to us in particular. In addition, a number of our match funded advance facilities contain provisions that limit the eligibility of advances to be financed based on the length of time that advances are outstanding, and two of our match funded advance facilities have provisions that limit new borrowings if average foreclosure timelines extend beyond a certain time period, either of which, if such provisions applied, could adversely affect liquidity by reducing our average effective advance rate. Increases in the amount of advances and the length of time to recover advances, fines or increases in operating expenses, and decreases in the advance rate and availability of financing for advances could result in increased borrowings, reduced cash and higher interest expense which could negatively impact our liquidity and profitability.

Loan Put-Back and Related Contingencies

Ocwen has been a party to loan sales and securitizations dating back to the 1990s. The majority of securities issued in these transactions has been retired and is not subject to put-back risk. There is one remaining securitization with an original UPB of approximately $200.0 million where Ocwen provided representations and warranties, and the loans were originated in the last decade. Ocwen performed due diligence on each of the loans included in this securitization. The outstanding UPB of this securitization was $36.0 million at December 31, 2013, and the outstanding balance of the notes was $35.9 million. Ocwen is not aware of any inquiries or claims regarding loan put-backs for any transaction where we made representations and warranties. We do not expect loan put-backs, if any, in these transactions to result in any material change to our financial position, operating results or liquidity.

Homeward's contracts with purchasers of originated loans contain provisions that require indemnification or repurchase of the related loans under certain circumstances. Additionally, in one of the servicing contracts that Homeward acquired in 2008 from Freddie Mac, Homeward assumed the origination representations and warranties even though it did not originate the loans. While the language in the purchase contracts varies, they contain provisions that require Homeward to indemnify purchasers of related loans or repurchase such loans if:

- representations and warranties concerning loan quality, contents of the loan file or loan underwriting circumstances are inaccurate;
- adequate mortgage insurance is not secured within a certain period after closing;
- a mortgage insurance provider denies coverage; or
- there is a failure to comply, at the individual loan level or otherwise, with regulatory requirements.

We believe that, as a result of the current market environment, many purchasers of residential mortgage loans are particularly aware of the conditions under which originators must indemnify or repurchase loans and under which such purchasers would benefit from enforcing any indemnification rights and repurchase remedies they may have.

As our lending business grows, we expect that our exposure to indemnification risks and repurchase requests is likely to increase. If home values were to decrease, our realized loan losses from loan repurchases and indemnifications may increase as well. As a result, our reserve for repurchases may increase beyond our current expectations. If we are required to indemnify or repurchase loans that we originate and sell, and where we have assumed this risk on loans that we service, as discussed above, in either case resulting in losses that exceed our related reserve, our business, financial condition and results of operations could be adversely affected.

In several recent court actions, mortgage loan sellers against whom repurchase claims have been asserted based on alleged breaches of representations and warranties are defending on various grounds including the expiration of statutes of limitation, lack of notice and opportunity to cure and vitiation of the obligation to repurchase as a result of foreclosure or charge off of the loan. Ocwen is not a party to any of the actions, but we are the servicer for certain securitizations involved in such actions. Ocwen has entered into tolling agreements with respect to its role as servicer for a very small number of securitizations and may enter into additional tolling agreements in the future. Should Ocwen be made a party to these or similar actions, we may need to defend allegations that we failed to service loans in accordance with applicable agreements and that such failures prejudiced the rights of repurchase claimants against loan sellers. We believe that any such allegations would be without merit and, if necessary, would vigorously defend against them. If, however, we were required to compensate claimants for losses related to seller breaches of representations and warranties in respect of loans we service, then our business, financial condition and results of operations could be adversely affected.

We have exposure to representation, warranty and indemnification obligations because of our lending, sales and securitization activities and our acquisitions to the extent we assume one or more of these obligations and in connection with our servicing practices. At December 31, 2013, we had provided or assumed representation and warranty obligations in connection with $89.1 billion of UPB**,** covering both forward and reverse mortgage loans. At December 31, 2013, we had outstanding representation and warranty repurchase demands of $158.8 million UPB (753 loans). We review each demand and monitor through resolution, primarily through rescission, loan repurchase or make-whole payment.

The following table presents the changes in our liability for indemnification obligations for the year ended December 31, 2013, including representation and warranty obligations and compensatory fees for foreclosures that may ultimately exceed investor timelines:

Balance at December 31, 2012	$	38,140
Provision for representation and warranty obligations		18,154
New production reserves		1,325
Obligations assumed in connection with MSR and servicing business acquisitions		190,658
Charge-offs and other (1)		(55,561)
Balance at December 31, 2013	$	192,716

(1) Includes principal and interest losses realized in connection with repurchased loans, make-whole, indemnification and fee payments and settlements net of recoveries, if any.

We believe that it is reasonably possible that losses beyond amounts currently recorded for potential representation and warranty obligations and related claims described above could occur, and such losses could have an adverse impact on our results of operations, financial condition or cash flows. However, based on currently available information, we are unable to estimate a range of reasonably possible losses above amounts that have been recorded at December 31, 2013.

Lease Commitments

We lease certain of our premises and equipment under non-cancelable operating leases with terms expiring through 2018 exclusive of renewal option periods. Our annual aggregate minimum rental commitments under these leases are summarized as follows:

2014	$	19,798
2015		20,087
2016		18,331
2017		11,249
2018		4,453
Thereafter		—
Total minimum lease payments	$	73,918

In connection with business acquisitions we completed in recent years, we assumed the obligation for the lease agreements associated with certain facilities. The rental commitments in the table above for operating leases include the remaining amounts due through the earlier of the lease expiration date or the early termination date.

We sublease from Altisource 2,094 square feet of space as our principal executive office in Atlanta, Georgia. Under the terms of the agreement, Ocwen is responsible for monthly base rent plus a proportionate amount of maintenance costs and other shared services. The sublease is in effect through October 2014.

We converted rental commitments for our facilities outside the U.S. to U.S. dollars using exchange rates in effect at December 31, 2013. Rent expense for 2013, 2012 and 2011 was $27.4 million, $14.7 million and $5.6 million, respectively.

Note 29 — Quarterly Results of Operations (Unaudited)

	Quarters Ended			
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Revenue	$ 555,955	$ 531,240	$ 544,812	$ 406,266
Operating expenses (1)	340,876	346,260	371,508	242,650
Income from operations	215,079	184,980	173,304	163,616
Other expense	(94,976)	(108,705)	(85,794)	(112,281)
Income before income taxes	120,103	76,275	87,510	51,335
Income tax expense	14,824	9,273	10,789	6,188
Net income	105,279	67,002	76,721	45,147
Preferred stock dividends	(581)	(1,446)	(1,519)	(1,485)
Deemed dividend related to beneficial conversion feature of preferred stock	(416)	(4,401)	(1,086)	(1,086)
Net income attributable to Ocwen common stockholders	$ 104,282	$ 61,155	$ 74,116	$ 42,576
Earnings per share attributable to Ocwen common stockholders				
Basic	$ 0.77	$ 0.45	$ 0.55	$ 0.31
Diluted	$ 0.74	$ 0.44	$ 0.53	$ 0.31

	Quarters Ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Revenue	$ 236,590	$ 232,700	$ 211,381	$ 164,532
Operating expenses	99,097	92,793	85,904	86,113
Income from operations	137,493	139,907	125,477	78,419
Other expense	(61,014)	(59,161)	(55,313)	(48,300)
Income before income taxes	76,479	80,746	70,164	30,119
Income tax expense	11,138	29,346	25,331	10,770
Net income	65,341	51,400	44,833	19,349
Preferred stock dividends	(85)	—	—	—
Deemed dividend related to beneficial conversion feature of preferred stock	(60)	—	—	—
Net income attributable to Ocwen common stockholders	$ 65,196	$ 51,400	$ 44,833	$ 19,349
Earnings per share attributable to Ocwen common stockholders				
Basic	$ 0.48	$ 0.38	$ 0.33	$ 0.15
Diluted	$ 0.47	$ 0.37	$ 0.32	$ 0.14

(1) Operating expenses for the second quarter of 2013 include a $52.8 million charge recorded in connection with an agreement with the CFPB, various state attorneys general and other agencies regarding certain foreclosure-related matters. See Note 28 — Commitments and Contingencies for additional information regarding this agreement.

Note 30 — Subsequent Events

On January 22, 2014, we announced that we had entered into an agreement to acquire MSRs and related servicing advances from Wells Fargo. The portfolio of approximately 184,000 loans with a UPB of approximately $39.0 billion consists primarily of non-Agency residential mortgage loans. We recorded a $10.0 million good faith deposit at December 31, 2013 in

connection with this transaction. An additional $15.0 million was deposited in escrow in January 2014. The transaction is subject to receipt of various approvals and consents and other customary closing requirements. In early February 2014, the NY DFS requested that Ocwen put an indefinite hold on the acquisition from Wells Fargo. The NY DFS expressed an interest in evaluating further our ability to handle more servicing. We have agreed to place the transaction on indefinite hold. We are cooperating with the NY DFS on this matter.

On February 4, 2014, we finalized amendments to various sale supplements and servicing supplements entered into in connection with a Master Servicing Rights Purchase Agreement (MSRPA) dated as of October 1, 2012, and Master Subservicing Agreement dated as of October 1, 2012, with HLSS. Each of these amendments is effective as of October 1, 2013. In connection with the amendments to the supplements, if a mortgage loan included in a sale of Rights to MSRs is refinanced by us, the excess servicing fees and rights to MSRs related to the new mortgage loan are transferred to HLSS effective with the prepayment of the refinanced mortgage loan, subject to certain thresholds. The preceding applies only after the aggregate UPB of refinanced mortgage loans refinanced by us exceeds 0.5% of the aggregate UPB of all rights to MSRs sold to HLSS under the sale supplements measured as the current UPB of rights to MSRs as of the beginning of each calendar year plus the weighted average UPB of rights to MSRs sold during the year. In addition, the interest rate applied to Excess Servicing Advances, as defined in the MSRPA, was changed to one-month LIBOR plus 275 basis points.

On February 26, 2014, we issued $123.6 million of Ocwen Asset Servicing Income Series (OASIS), Series 2014-1 Notes (Notes) secured by Ocwen-owned MSRs relating to Freddie Mac mortgages of approximately $11.8 billion UPB (such mortgages, the reference pool). Noteholders are entitled to receive a monthly payment amount equal to the sum of: a) the designated servicing fee amount (21 basis points of the UPB of the reference pool); b) any termination payment amounts; c) any excess refinance amounts; and d) the note redemption amounts, each as defined in the indenture supplement for the Notes. The Notes have a final stated maturity of February 2028. This transaction is recorded as a financing and mitigates our match-funding risk as a result of prepayments as the noteholders' payments vary over the life of the Notes based on the duration of the underlying Freddie Mac MSRs.

As disclosed in Note 28 — Commitments and Contingencies, on December 19, 2013, we reached an agreement, which was subject to court approval, involving the CFPB and various state attorneys general and other state agencies that regulate the mortgage servicing industry. On February 26, 2014, the United States District Court for the District of Columbia entered a consent judgment approving the agreement.

ARTICLES OF AMENDMENT
TO
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
OCWEN FINANCIAL CORPORATION

Ocwen Financial Corporation, a Florida corporation (the "Corporation"), acting pursuant to the provisions of Section 607.1006 of the Florida Statutes, does hereby adopt the following Articles of Amendment to its Amended and Restated Articles of Incorporation:

FIRST: The name of the Corporation is: Ocwen Financial Corporation.

SECOND: That at a regular meeting of the members of the Board of Directors of the Corporation held on March 8, 2006, resolutions were duly adopted proposing to amend Article III of the Amended and Restated Articles of Incorporation of the Corporation and declaring such amendment to be advisable.

THIRD: The amendment to the Amended and Restated Articles of Incorporation set forth below does not adversely affect the rights or preferences of the holders of outstanding shares of any class or series and does not materially result in the percentage of authorized shares that remain unissued after the combination exceeding the percentage of authorized shares that were unissued before the combination.

FOURTH: Each ten (10) shares of issued common stock par value $0.01 per share of the Corporation ("Common Stock") are to be combined into one (1) share of Common Stock, provided that no fractional shares are to be issued to any holder of fewer than ten (10) shares of Common Stock.

FIFTH: Article III of the Amended and Restated Articles of Incorporation shall be deleted in its entirety and replaced with the following:

"ARTICLE III
CAPITAL STOCK

The total number of shares of all classes of capital stock that this corporation shall have authority to issue shall be 220,000,000, of which 200,000,000 shares shall be shares of Common Stock, par value $.01 per share, and 20,000,000 shares shall be shares of Preferred Stock, par value $.01 per share. The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the Preferred Stock shall be as follows:

(A) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in these Articles of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

(1) the designation of and number of shares constituting such series;

(2) the dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other series of capital stock, and whether such dividends shall be cumulative or non-cumulative;

(3) whether the shares of such series shall be subject to redemption by this corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;

(4) the terms and amounts of any sinking fund, if any, provided for the purchase or redemption of the shares of such series;

(5) whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments and other terms and conditions of such conversion or exchange;

(6) the extent, if any, to which the holders of the shares of such series shall be entitled to vote as a class or otherwise with respect to the election of the directors or otherwise;

(7) the restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(8) the rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, this corporation.

(B) Except as otherwise required by law and except for such voting powers with respect to the election of directors or other matters as may be stated in the resolutions of the Board of Directors creating any series of Preferred Stock, the holder of any such series shall have no voting power whatsoever.

Without regard to any other provision of these Articles of Incorporation (all of which are hereby amended as and to the extent necessary to allow the matters and transactions contemplated and effected hereby), each ten (10) shares of Common Stock, either issued and outstanding or held by the Corporation as treasury stock, immediately prior to the time this amendment becomes effective shall be and are hereby automatically reclassified and changed (without any further act) into one fully-paid and non-assessable share of Common Stock, without increasing or decreasing the amount of stated capital or paid-in surplus of the Corporation, provided that no fractional shares be issued to any holder of fewer than ten (10) shares of Common Stock immediately prior to the time this amendment becomes effective, and that instead of issuing fractional shares to such holders, the Corporation shall pay in cash the fair value of such fractions of a share as of the time when this amendment becomes effective."

SIXTH: That at the annual meeting of shareholders held on May 4, 2006, said amendments were duly adopted by a sufficient number of shareholders in accordance with Section 1003 of the Florida Statutes.

SEVENTH: That these Articles of Amendment shall become effective at 4:59 p.m. eastern time on May 12, 2006, in accordance with the applicable provisions of the Florida Statutes.

IN WITNESS WHEREOF, Ocwen Financial Corporation has caused this certificate to be signed by its Corporate Secretary this 12th day of May, 2006.

By: /s/ Ronald M. Faris
Ronald M. Faris
President

ARTICLES OF AMENDMENT
TO
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
OCWEN FINANCIAL CORPORATION

Ocwen Financial Corporation, a Florida corporation (the "Corporation"), acting pursuant to the provisions of Section 607.1006 of the Florida Statutes, does hereby adopt the following Articles of Amendment to its Amended and Restated Articles of Incorporation:

FIRST: The name of the Corporation is: Ocwen Financial Corporation.

SECOND: That at a regular meeting of the members of the Board of Directors of the Corporation held on March 8, 2006, resolutions were duly adopted proposing to amend Article III of the Amended and Restated Articles of Incorporation of the Corporation and declaring such amendment to be advisable.

THIRD: The amendment to the Amended and Restated Articles of Incorporation set forth below does not adversely affect the rights or preferences of the holders of outstanding shares of any class or series and does not materially result in the percentage of authorized shares that remain unissued after the division exceeding the percentage of authorized shares that were unissued before the division.

FOURTH: Each one (1) share of issued common stock par value $0.01 per share of the Corporation ("Common Stock") is to be divided into ten (10) shares of Common Stock.

FIFTH: Article III of the Amended and Restated Articles of Incorporation shall be deleted in its entirety and replaced with the following:

"ARTICLE III
CAPITAL STOCK

The total number of shares of all classes of capital stock that this corporation shall have authority to issue shall be 220,000,000, of which 200,000,000 shares shall be shares of Common Stock, par value $.01 per share, and 20,000,000 shares shall be shares of Preferred Stock, par value $.01 per share. The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the Preferred Stock shall be as follows:

(A) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in these Articles of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

(1) the designation of and number of shares constituting such series;

(2) the dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other series of capital stock, and whether such dividends shall be cumulative or non-cumulative;

(3) whether the shares of such series shall be subject to redemption by this corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;

(4) the terms and amounts of any sinking fund, if any, provided for the purchase or redemption of the shares of such series;

(5) whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of capital stock of this corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments and other terms and conditions of such conversion or exchange;

(6) the extent, if any, to which the holders of the shares of such series shall be entitled to vote as a class or otherwise with respect to the election of the directors or otherwise;

(7) the restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(8) the rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, this corporation.

(B) Except as otherwise required by law and except for such voting powers with respect to the election of directors or other matters as may be stated in the resolutions of the Board of Directors creating any series of Preferred Stock, the holder of any such series shall have no voting power whatsoever.

Without regard to any other provision of these Articles of Incorporation (all of which are hereby amended as and to the extent necessary to allow the matters and transactions contemplated and effected hereby), each one (1) share of Common Stock, either issued and outstanding or held by the Corporation as treasury stock, immediately prior to the time this amendment becomes effective shall be and is hereby automatically reclassified and changed (without any further act) into ten (10) fully-paid and non-assessable shares of Common Stock, without increasing or decreasing the amount of stated capital or paid-in surplus of the Corporation, provided that any fractional shares of Common Stock outstanding immediately prior to the time this amendment becomes effective, shall be converted into the number of shares of Common Stock equal to such fraction multiplied by ten (10) when this amendment becomes effective."

SIXTH: That at the annual meeting of shareholders held on May 4, 2006, said amendments were duly adopted by a sufficient number of shareholders in accordance with Section 1003 of the Florida Statutes.

SEVENTH: That these Articles of Amendment shall become effective at 5:00 p.m. eastern time on May 12, 2006, in accordance with the applicable provisions of the Florida Statutes.

IN WITNESS WHEREOF, Ocwen Financial Corporation has caused this certificate to be signed by its Corporate Secretary this 12th day of May, 2006.

By: /s/ Ronald M. Faris
Ronald M. Faris
President

EXHIBIT 10.6

OCWEN MORTGAGE SERVICING, INC.
AMENDED AND RESTATED
2013 PREFERRED STOCK PLAN

(As Adopted Effective as of February 25, 2014)

1. *Purpose*. The purpose of the Ocwen Mortgage Servicing, Inc. Amended and Restated 2013 Preferred Stock Plan (the "Plan") is to induce certain employees to remain in the employ of Ocwen Mortgage Servicing, Inc. (the "Company") and its present and future subsidiary corporations ("Subsidiaries"), to encourage ownership of shares in the Company by such employees and to provide additional incentive for such employees to promote the success of the Company's business. This Plan amends and restates the Ocwen Mortgage Servicing, Inc. 2013 Preferred Stock Plan, which first became effective on March 1, 2013.

2. *Effective Date of the Plan*. The Plan, as amended and restated, is effective as of February 25, 2014 by action of the Board of Directors of the Company (the "Board").

3. *Stock Subject to Plan*. The authorized but unissued shares of the Preferred Stock of the Company, consisting of One Hundred Thousand (100,000) shares of Class A Preferred Stock, $0.01 par value per share ("Class A Preferred Stock"), One Hundred Thousand (100,000) shares of Class B Preferred Stock, $0.01 par value per share ("Class B Preferred Stock"), One Hundred Thousand (100,000) shares of Class C Preferred Stock, $0.01 par value per share ("Class C Preferred Stock"), Ten Thousand (10,000) shares of Class D Preferred Stock, $0.01 par value per share ("Class D Preferred Stock"), Ten Thousand (10,000) shares of Class E Preferred Stock, $0.01 par value per share ("Class E Preferred Stock"), Ten Thousand (10,000) shares of Class F Preferred Stock, $0.01 par value per share ("Class F Preferred Stock"), Ten Thousand (10,000) shares of Class G Preferred Stock, $0.01 par value per share ("Class G Preferred Stock"), Ten Thousand (10,000) shares of Class H Preferred Stock, $0.01 par value per share ("Class H Preferred Stock"), Ten Thousand (10,000) shares of Class I Preferred Stock, $0.01 par value per share ("Class I Preferred Stock"), Ten Thousand (10,000) shares of Class J Preferred Stock, $0.01 par value per share ("Class J Preferred Stock"), Ten Thousand (10,000) shares of Class K Preferred Stock, $0.01 par value per share ("Class K Preferred Stock"), Ten Thousand (10,000) shares of Class L Preferred Stock, $0.01 par value per share ("Class L Preferred Stock"), Ten Thousand (10,000) shares of Class M Preferred Stock, $0.01 par value per share ("Class M Preferred Stock"), Ten Thousand (10,000) shares of Class N Preferred Stock, $0.01 par value per share ("Class N Preferred Stock"), Ten Thousand (10,000) shares of Class O Preferred Stock, $0.01 par value per share ("Class O Preferred Stock"), Ten Thousand (10,000) shares of Class P Preferred Stock, $0.01 par value per share ("Class P Preferred Stock"), Ten Thousand (10,000) shares of Class Q Preferred Stock, $0.01 par value per share ("Class Q Preferred Stock"), Ten Thousand (10,000) shares of Class R Preferred Stock, $0.01 par value per share ("Class R Preferred Stock"), Ten Thousand (10,000) shares of Class S Preferred Stock, $0.01 par value per share ("Class S Preferred Stock"), Ten Thousand (10,000) shares of Class T Preferred Stock, $0.01 par value per share ("Class T Preferred Stock"), Ten Thousand (10,000) shares of Class U Preferred Stock, $0.01 par value per share ("Class U Preferred Stock"), Ten Thousand (10,000) shares of Class V Preferred Stock, $0.01 par value per share ("Class V Preferred Stock") and Ten Thousand (10,000) shares of Class W Preferred Stock, $0.01 par value per share ("Class W Preferred Stock" with Class A Preferred Stock, Class B Preferred Stock, Class C Preferred Stock and Class D Preferred Stock, Class E Preferred Stock, Class F Preferred Stock, Class G Preferred Stock, Class H Preferred Stock, Class I Preferred Stock, Class J Preferred Stock, Class K Preferred Stock, Class L Preferred Stock, Class M Preferred Stock, Class N Preferred Stock, Class O Preferred Stock, Class P Preferred Stock, Class Q Preferred Stock, Class R Preferred Stock, Class S Preferred Stock, Class T Preferred Stock, Class U Preferred Stock, and Class V Preferred Stock, collectively referred to herein as "Preferred Stock") are hereby reserved for issuance under the Plan. If any shares of the Preferred Stock issued under the Plan are reacquired by the Company as provided in Section 9 below, such shares shall again be available for the purposes of the Plan.

4. *Committee*. The Committee shall consist of the members of the Board. With respect to the issuance of Preferred Stock, other than to himself, the Chief Executive Officer shall advise the Committee in determining the persons to whom Preferred Stock shall be issued. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held. Any decision or determination of the Committee reduced to writing and signed by a majority of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.

5. *Administration*. Subject to the provisions of the Plan, the Committee shall have complete authority in its discretion to select the individuals (the "Participants") to whom shares of Preferred Stock shall be allocated, the number of shares of Preferred Stock to be included in each allocation and the time or times at which Preferred Stock shall be allocated (the date of any such action of the Committee being hereinafter called an "Allocation Date"). To the extent a member of the Committee may be granted shares of Preferred Stock under the Plan, such Committee member shall recuse himself or herself

from the vote of the Committee to issue such shares to the Committee member. The Committee shall also have authority to interpret the Plan and to prescribe, amend and rescind rules and regulations relating to it. Any determination by the Committee in carrying out, administering or construing the Plan shall be final and binding for all purposes and upon all interested persons and their heirs, successors and personal representatives.

6. *Eligibility*. An allocation of shares of Preferred Stock may only be made to persons who are employees of the Company or a Subsidiary.

7. *Factors Considered in Allocating Shares of Preferred Stock*. In making any determination as to Participants to whom allocations of shares of Preferred Stock shall be made and as to the number of shares of Preferred Stock to be allocated to any Participant, the Committee shall take into account the duties of the respective Participants, their past, present and potential contribution to the success of the Company and its Subsidiaries and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

8. *Purchase Price*. Each person who shall be allocated shares of Preferred Stock hereunder shall purchase the same from the Company at and for a purchase price of $1.00 a share. Failure by a Participant to purchase and pay for all of the shares of Preferred Stock allocated to him or her within thirty days after he or she shall have been given written notice of such allocation shall result in a cancellation of such allocation and he or she shall no longer have the right to purchase the same hereunder.

9. *Restrictions on Shares of Preferred Stock*.

A. Except as otherwise provided in this Section, the shares of Preferred Stock allocated to a Participant may not be sold, assigned, transferred or otherwise disposed of, and may not be pledged or hypothecated for any reason, other than sales of the shares of Preferred Stock back to the Company pursuant to the terms of Section 9B below. These stock restrictions shall remain in full force and effect for the entire life of the Plan.

B. In addition, the Company shall have the right to redeem at any time all or any shares of Preferred Stock purchased by a Participant and shall pay to him or her, in redemption of such shares, an amount equal to the price paid by the Participant for such redeemed shares of Preferred Stock. Notwithstanding the foregoing, the Company shall have no right to redeem any shares of Preferred Stock within six months of the date of issuance of such shares.

C. Upon issuance of the certificate or certificates for the shares of Preferred Stock in the name of a Participant, the Participant shall thereupon be a stockholder with respect to all the shares of Preferred Stock represented by such certificate or certificates and shall have the rights of a stockholder with respect to such shares of Preferred Stock, including the right to receive all dividends and other distributions paid with respect to such shares of Preferred Stock. Notwithstanding the foregoing, shares of Preferred Stock issued pursuant to the Plan may be certificated or uncertificated, as determined by the Committee.

D. Each Participant receiving shares of Preferred Stock shall (a) agree that such shares of Preferred Stock shall be subject to, and shall be held by the Company in accordance with, all of the applicable terms and provisions of the Plan, (b) represent and warrant to the Company that he or she is acquiring such shares of Preferred Stock for investment for his or her own account, and, in any event, that he or she will not sell or otherwise dispose of said shares other than sales back to the Company upon termination of his or her employment as set forth in Section 9B hereof. The foregoing agreement, representation and warranty shall be contained in an agreement in writing ("Preferred Stock Agreement") which shall be delivered by the Participant to the Company. The Committee shall adopt, from time to time, such rules with respect to the Plan as it deems appropriate and failure by a Participant to comply with such rules shall result in the termination of any allocated shares of Preferred Stock to such Participant.

10. *Adjustment of Number of Shares*.

A. In the event that a dividend shall be declared upon the Preferred Stock payable in shares of the Preferred Stock, the number of shares of the Preferred Stock then subject to any Preferred Stock Agreement and the number of shares of the Preferred Stock reserved for issuance in accordance with the provisions of the Plan but not yet issued shall be adjusted by adding to each such share the number of shares which would be distributable thereon if such shares had been outstanding on the date fixed for determining the stockholders entitled to receive such stock dividend. In the event that the outstanding shares of the Preferred Stock shall be changed into or exchanged for a different number or kind of shares of Preferred Stock or other securities of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, sale of assets, merger or consolidation in which the Company is the surviving corporation, then, there shall be substituted for each share of the Preferred Stock then subject to a Preferred Stock Agreement and for each share of the Preferred Stock reserved for issuance in accordance with the provisions of the Plan but not yet issued, the number and kind of shares of stock or other securities into which each outstanding share of the Preferred Stock shall be so changed or for which each such share shall be exchanged.

B. In the event that there shall be any change, other than as specified in this Section 10, in the number or kind of outstanding shares of the Preferred Stock, or of any stock or other securities into which the Preferred Stock shall have been

changed, or for which it shall have been exchanged, then, if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the number or kind of shares then subject to a Preferred Stock Agreement and the number or kind of shares reserved for issuance in accordance with the provisions of the Plan but not yet issued, such adjustment shall be made by the Committee and shall be effective and binding for all purposes of the Plan and of each Preferred Stock Agreement entered into in accordance with the provisions of the Plan.

C. No adjustment or substitution provided for in this Section 10 shall require the Company to deliver a fractional share under the Plan or any Preferred Stock Agreement.

11. *Withholding and Waivers*. Each Participant shall make such arrangements with the Company with respect to income tax withholding as the Company shall determine in its sole discretion are appropriate to ensure payment of federal, United States Virgin Islands, state or local income taxes due with respect to the issuance and/or ownership of shares of the Preferred Stock issued hereunder.

12. *Expenses of Administration*. All costs and expenses incurred in the operation and administration of the Plan shall be borne by the Company.

13. *No Employment Right*. Neither the existence of the Plan nor the grant of any shares of Preferred Stock hereunder shall require the Company or any Subsidiary to continue any Participant in the employ of the Company or such Subsidiary.

14. *Amendment of Plan*. The Board may, at any time and from time to time, by a resolution appropriately adopted, make such modifications of the Plan as it shall deem advisable. No amendment of the Plan may, without the consent of the Participants to whom any shares of Preferred Stock shall theretofore have been allocated, adversely affect the rights or obligations of such Participants with respect to such shares of Preferred Stock. The Committee, in its discretion, may cause the restrictions imposed in accordance with the provisions of Section 9 hereof with respect to any shares of Preferred Stock to terminate, in whole or in part, prior to the time when they would otherwise terminate.

15. *Expiration and Termination of the Plan*. The Plan shall terminate on March 1, 2023 or at such earlier time as the Board may determine; *provided, however*, that such termination shall not, without the consent of the Participants to whom any shares of Preferred Stock shall theretofore have been allocated, adversely affect the rights or obligations of such Participants with respect to such shares of Preferred Stock.

16. *Governing Law*. The Plan shall be governed by the laws of the United States Virgin Islands.

* * * * * * * *

EXHIBIT 10.31

THIRD AMENDMENT TO SERVICES AGREEMENT

This **Third Amendment to the Services Agreement** (the "Third Amendment") is dated as of July 24, 2013, and is made by and between **OCWEN FINANCIAL CORPORATION**, a corporation organized under the laws of the State of Florida ("OCWEN" or together with its Affiliates "OCWEN Group"), and **ALTISOURCE SOLUTIONS S.À R.L.**, a limited liability company organized under the laws of the Grand Duchy of Luxembourg ("ALTISOURCE" or together with its Affiliates "ALTISOURCE Group").

Recitals

WHEREAS, OCWEN and ALTISOURCE entered in that certain Services Agreement dated August 10, 2009 (as subsequently amended, the "Services Agreement") and that certain Services Letter dated August 10, 2009 (as subsequently amended, the "Services Letter");

WHEREAS, pursuant to the Services Agreement, the OCWEN Group receives, and ALTISOURCE provides or causes to be provided to the OCWEN Group, certain services described in Schedule A to the Services Letter; and

WHEREAS, now the parties desire to amend the Agreement to clarify certain cooperation and access rights, privacy and security provisions designed to protect non-public personal, consumer information, and add certain insurance requirements.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants made herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Amendment to Section 11, *Cooperation; Access; Steering Committee*, subparagraph (a) of the Services Agreement.** Subparagraph (a) of Section 11, *Cooperation; Access; Steering Committee*, is hereby deleted in its entirety and restated it as follows:

   (a) Each Party shall, and shall cause its Group ("Audited Party" for purposes of this Section) to, permit the other Party and its employees and representatives ("Auditing Party"), at the Auditing Party's own expense, access, on Business Days during hours that constitute regular business hours for the Audited Party and upon reasonable prior request, to the premises of the Audited Party and its Group and such data, books, records and personnel designated by the Audited Party and its Group as the Auditing Party may reasonably request for the purposes of determining compliance with this Agreement and with laws applicable to the Services. If Providing Party undergoes an independent, third party assessment, substantially similar to a Statement on Standards for Attestation Engagements (SSAEs) Number 16 reporting on controls at a service organization, as such may be amended from time to time and conducted by an independent external audit agency in accordance with the attestation standards established by the American Institute of Certified Public Accountants, then upon reasonable prior request by Customer Party, Providing Party will make such assessment available to Customer Party. Any such inspection shall not unreasonably interfere with the Party's normal business operations. Any documentation so provided pursuant to this Section 11 will be subject to the confidentiality obligations set forth in Section 12 of this Agreement.

2. **Amendment to Section 14(c), *Warranties; Limitation of Liability; Indemnity*.** Section 14(c), is hereby deleted in its entirety and restated as follows:

(c) In no event shall: (i) the amount of damages or losses for which the Providing Party and the Customer Party may be liable under this Agreement exceed the fees due to the Providing Party for the most recent six (6) month period under the applicable Service or SOW(s); provided that if Services have been performed for less than six (6) months, then the damages or losses will be limited to the value of the actual Services performed during such period; or (ii) the aggregate amount of all such damages or losses for which the Providing Party may be liable under this Agreement exceed one million dollars ($1,000,000); provided that no such cap shall apply to liability for damages or losses arising from or relating to breaches of Section 12 (Confidentiality), Section 15(d) (Protection of Consumer Information), infringement of Intellectual Property, or fraud or criminal acts. Except as provided in Section 14(b) hereof, none of the Providing Party or any of its Affiliates or any of its or their respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall be liable for any action taken or omitted to be taken by, or the negligence, gross negligence, or willful misconduct of, any third party.

3. **Amendment to Section 15, *Additional Agreements*.** Section 15, *Additional Agreements*, is hereby deleted in its entirety and restated as follows:

15. Additional Agreements.

(a) *Data Backup and Storage.* The Providing Party shall maintain data backup and document storage and retrieval systems adequate for the provision of the Services.

(b) *Business Continuity Plan*. The Providing Party shall maintain a business continuity plan adequate for the provision of the Services and shall provide a copy of such plan upon the Customer Party's request.

(c) *Compliance with Legal Authority.* The Providing Party shall provide the Services under this Agreement and any SOW in compliance with (i) all obligations and applicable laws, regulations, rules, and guidelines, as amended or changed from time to time, including, but not limited to, privacy and data protection laws pursuant to Section 15(d) below, labor and overtime laws, tax laws, the U.S. Foreign Corrupt Practices Act and environmental protection laws; and (ii) all requirements from any Governmental Authority to maintain necessary licenses and permits.

(d) *Protection of Consumer Information*.

(1) Providing Party shall comply with applicable privacy and data laws and regulations including, without limitation, the GLB Act and only use Consumer Information to perform its obligations under this Agreement and/or as otherwise permitted under the applicable laws and regulations and will not disclose the Consumer Information contrary to the provisions of this Agreement or any other applicable laws and regulations.

(2) Providing Party shall develop written company policies and procedures, as well as implement appropriate physical and other security measures and controls reasonably designed to: (i) ensure the security, integrity, and confidentiality of the Consumer Information; (ii) protect against any reasonably foreseeable threats or hazards to the security and integrity of

the Consumer Information; and (iii) protect against any unauthorized access to or use of the Consumer Information that could result in substantial harm or inconvenience to any consumer or customer.

(3) Providing Party shall, at a minimum, establish and maintain such data security program reasonably designed to meet the objectives of the Interagency Guidelines Establishing Standards for Safeguarding Customer Information as set forth in the Code of Federal Regulations at 12 C.F.R. Parts 30, 208, 211, 225, 263, 308, 364, 568 and 570.

(4) Within a reasonable time following Providing Party's discovery of Consumer Information Breach, Providing Party shall take appropriate actions to address the Consumer Information Breach, including using its best efforts stop such Consumer Information Breach and notifying Customer Party.

(5) For purposes of this Section 15(d):

a. "Consumer Information" means "non-public personal information" of "consumers" or "customers" - as those terms are defined by the GLB Act - which Providing Party may receive, maintain, process or otherwise access from time to time in providing services to Customer Party pursuant to the terms of this Agreement.

b. "GLB Act" means, collectively, the Gramm-Leach-Bliley Act (15 U.S.C. §6801, *et seq*.) and its implementing regulations.

c. "Consumer Information Breach" means any confirmed breach or compromise of the security, confidentiality or integrity of Consumer Information.

(e) *Third Party Vendor Management*. The Providing Party shall maintain and, upon written, reasonable request, submit to the Customer Party information regarding its vendor management program and any of its applicable vendor management reviews of the third party vendors designated and used by Providing Party in connection with the performance of any of the obligations under this Agreement. Providing Party shall perform periodic reviews designed to confirm that the performance of its designated third party vendors is in compliance with the terms of the Agreement. Providing Party shall be responsible for the provision of the Services set forth in this Agreement regardless of which third party vendor it designates and uses to conduct the Services. Customer Party may request the revocation of the designation and use of a third party vendor in connection with the performance of any of the obligations under this Agreement by providing Providing Party with written notice describing a reasonable business necessity for the revocation.

(f) *Insurance*. The Providing Party shall at all times while performing Services hereunder, carry with an insurance agency with a Best's Insurance Reports rating of "A-VIII" or better: (i) worker's compensation insurance in accordance with the laws of the governmental bodies having jurisdiction; (ii) general liability insurance in amounts not less than Three Million Dollars ($3,000,000.00) per occurrence for bodily injury, personal injury and property

damage liability combined; (iii) automobile insurance in amounts not less than One Million Dollars ($1,000,000.00) combined single limit for bodily injury and property damage for each occurrence, covering all hired and non-owned vehicles; (iv) Commercial Crime Insurance/Fidelity in the amount of Five Million Dollars ($5,000,000.00) per occurrence, including coverage for theft or loss of Customer Party and Customer Party property; and (v) professional liability insurance to cover errors and omissions in amounts not less than Five Million Dollars ($5,000,000.00) per occurrence. Providing Party shall provide a certificate of insurance indicating such coverage upon request by Customer Party. The insurance required under this Section may be in a policy or policies of insurance, primary and excess, including so-called umbrella or catastrophe form, which may also include comprehensive automobile insurance and employer's liability insurance. Customer Party may elect to accept lesser or alternative forms of insurance.

4. **Counterparts**. This Third Amendment may be signed in counterparts with the same effect as if both parties had signed one and the same document. This Third Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same agreement. Counterparts shall become effective when counterparts have been signed by each of the parties and delivered to the other parties; it being understood that all parties need not sign the same counterpart. This Third Amendment and its counterparts may be executed by providing an electronic signature under the terms of the Electronic Signatures Act, 15 U.S.C. § 7001 et seq., and may not be denied legal effect solely because it is in electronic form or permits the completion of the business transaction referenced herein electronically instead of in person.

5. **Agreement in Full Force and Effect as Amended**. The terms and conditions of this Third Amendment shall prevail over any conflicting terms and conditions in the Agreement. Capitalized terms that are used in this Third Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement. Except as specifically amended or waived hereby, all of the terms and conditions of the Agreement shall remain in full force and effect. All references to the Agreement in any other document or instrument shall be deemed to mean the Agreement as amended by this Third Amendment. The parties hereto agree to be bound by the terms and obligations of the Agreement, as amended by this Third Amendment, as though the terms and obligations of the Agreement were set forth herein.

{The remainder of this page intentionally left blank}

IN WITNESS WHEREOF, the Parties have caused this Third Amendment to be executed by their respective authorized representatives, effective as of the date first written above.

OCWEN
Ocwen Financial Corporation
By: /s/ Ronald M. Faris
Name: Ronald M. Faris
Title: President & CEO
Date: September 3, 2013

ALTISOURCE
Altisource Solutions S.à r.l.
By: /s/ William B. Shepro
Name: William B. Shepro
Title: Manager
Date: September 4, 2013

EXHIBIT 10.32

SECOND AMENDMENT TO SERVICES AGREEMENT

This **Second Amendment to the Services Agreement** (the "Second Amendment") is dated as of July 24, 2013, and is made by and between **OCWEN MORTGAGE SERVICING, INC.**, a corporation organized under the laws of the United States Virgin Islands ("OCWEN" or together with its Affiliates "OCWEN Group"), and **ALTISOURCE SOLUTIONS S.À R.L.**, a limited liability company organized under the laws of the Grand Duchy of Luxembourg ("ALTISOURCE" or together with its Affiliates "ALTISOURCE Group").

Recitals

WHEREAS, OCWEN and ALTISOURCE entered in that certain Services Agreement dated October 1, 2012 (as subsequently amended, the "Services Agreement") and that certain Services Letter dated October 1, 2012 (as subsequently amended, the "Services Letter");

WHEREAS, pursuant to the Services Agreement, the OCWEN Group receives, and ALTISOURCE provides or causes to be provided to the OCWEN Group, certain services described in Schedule A to the Services Letter; and

WHEREAS, now the parties desire to amend the Services Agreement to clarify certain cooperation and access rights, privacy and security provisions designed to protect non-public personal, consumer information, and add certain insurance requirements.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants made herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Amendment to Section 11, *Cooperation; Access; Steering Committee*, subparagraph (a) of the Services Agreement.** Subparagraph (a) of Section 11, *Cooperation; Access; Steering Committee,* is hereby deleted in its entirety and restated it as follows:

   (a) Each Party shall, and shall cause its Group ("Audited Party" for purposes of this Section) to, permit the other Party and its employees and representatives ("Auditing Party"), at the Auditing Party's own expense, access, on Business Days during hours that constitute regular business hours for the Audited Party and upon reasonable prior request, to the premises of the Audited Party and its Group and such data, books, records and personnel designated by the Audited Party and its Group as the Auditing Party may reasonably request for the purposes of determining compliance with this Agreement and with laws applicable to the Services. If Providing Party undergoes an independent, third party assessment, substantially similar to a Statement on Standards for Attestation Engagements (SSAEs) Number 16 reporting on controls at a service organization, as such may be amended from time to time and conducted by an independent external audit agency in accordance with the attestation standards established by the American Institute of Certified Public Accountants, then upon reasonable prior request by Customer Party, Providing Party will make such assessment available to Customer Party. Any such inspection shall not unreasonably interfere with the Party's normal business operations. Any documentation so provided pursuant to this Section 11 will be subject to the confidentiality obligations set forth in Section 12 of this Agreement.

2. **Amendment to Section 14(c), *Warranties; Limitation of Liability; Indemnity*.** Section 14(c), is hereby deleted in its entirety and restated as follows:

(c) In no event shall: (i) the amount of damages or losses for which the Providing Party and the Customer Party may be liable under this Agreement exceed the fees due to the Providing Party for the most recent six (6) month period under the applicable Service or SOW(s); provided that if Services have been performed for less than six (6) months, then the damages or losses will be limited to the value of the actual Services performed during such period; or (ii) the aggregate amount of all such damages or losses for which the Providing Party may be liable under this Agreement exceed one million dollars ($1,000,000); provided that no such cap shall apply to liability for damages or losses arising from or relating to breaches of Section 12 (Confidentiality), Section 15(d) (Protection of Consumer Information), infringement of Intellectual Property, or fraud or criminal acts. Except as provided in Section 14(b) hereof, none of the Providing Party or any of its Affiliates or any of its or their respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall be liable for any action taken or omitted to be taken by, or the negligence, gross negligence, or willful misconduct of, any third party.

3. **Amendment to Section 15, *Additional Agreements*.** Section 15, *Additional Agreements*, is hereby deleted in its entirety and restated as follows:

15. Additional Agreements.

(a) *Data Backup and Storage.* The Providing Party shall maintain data backup and document storage and retrieval systems adequate for the provision of the Services.

(b) *Business Continuity Plan*. The Providing Party shall maintain a business continuity plan adequate for the provision of the Services and shall provide a copy of such plan upon the Customer Party's request.

(c) *Compliance with Legal Authority.* The Providing Party shall provide the Services under this Agreement and any SOW in compliance with (i) all obligations and applicable laws, regulations, rules, and guidelines, as amended or changed from time to time, including, but not limited to, privacy and data protection laws pursuant to Section 15(d) below, labor and overtime laws, tax laws, the U.S. Foreign Corrupt Practices Act and environmental protection laws; and (ii) all requirements from any Governmental Authority to maintain necessary licenses and permits.

(d) *Protection of Consumer Information*.

(1) Providing Party shall comply with applicable privacy and data laws and regulations including, without limitation, the GLB Act and only use Consumer Information to perform its obligations under this Agreement and/or as otherwise permitted under the applicable laws and regulations and will not disclose the Consumer Information contrary to the provisions of this Agreement or any other applicable laws and regulations.

(2) Providing Party shall develop written company policies and procedures, as well as implement appropriate physical and other security measures and controls reasonably designed to: (i) ensure the security, integrity, and confidentiality of the Consumer Information; (ii) protect against any reasonably foreseeable threats or hazards to the security and integrity of the Consumer

Information; and (iii) protect against any unauthorized access to or use of the Consumer Information that could result in substantial harm or inconvenience to any consumer or customer.

(3) Providing Party shall, at a minimum, establish and maintain such data security program reasonably designed to meet the objectives of the Interagency Guidelines Establishing Standards for Safeguarding Customer Information as set forth in the Code of Federal Regulations at 12 C.F.R. Parts 30, 208, 211, 225, 263, 308, 364, 568 and 570.

(4) Within a reasonable time following Providing Party's discovery of Consumer Information Breach, Providing Party shall take appropriate actions to address the Consumer Information Breach, including using its best efforts stop such Consumer Information Breach and notifying Customer Party.

(5) For purposes of this Section 15(d):

a. "Consumer Information" means "non-public personal information" of "consumers" or "customers" - as those terms are defined by the GLB Act - which Providing Party may receive, maintain, process or otherwise access from time to time in providing services to Customer Party pursuant to the terms of this Agreement.

b. "GLB Act" means, collectively, the Gramm-Leach-Bliley Act (15 U.S.C. §6801, *et seq*.) and its implementing regulations.

c. "Consumer Information Breach" means any confirmed breach or compromise of the security, confidentiality or integrity of Consumer Information.

(e) *Third Party Vendor Management*. The Providing Party shall maintain and, upon written, reasonable request, submit to the Customer Party information regarding its vendor management program and any of its applicable vendor management reviews of the third party vendors designated and used by Providing Party in connection with the performance of any of the obligations under this Agreement. Providing Party shall perform periodic reviews designed to confirm that the performance of its designated third party vendors is in compliance with the terms of the Agreement. Providing Party shall be responsible for the provision of the Services set forth in this Agreement regardless of which third party vendor it designates and uses to conduct the Services. Customer Party may request the revocation of the designation and use of a third party vendor in connection with the performance of any of the obligations under this Agreement by providing Providing Party with written notice describing a reasonable business necessity for the revocation.

(f) *Insurance*. The Providing Party shall at all times while performing Services hereunder, carry with an insurance agency with a Best's Insurance Reports rating of "A-VIII" or better: (i) worker's compensation insurance in accordance with the laws of the governmental bodies having jurisdiction; (ii) general liability insurance in amounts not less than Three Million Dollars ($3,000,000.00) per occurrence for bodily injury, personal injury and property damage liability combined; (iii) automobile insurance in amounts not less than One Million Dollars ($1,000,000.00) combined single limit for bodily injury and property damage for each occurrence, covering all hired and non-owned vehicles; (iv) Commercial Crime Insurance/Fidelity in the

amount of Five Million Dollars ($5,000,000.00) per occurrence, including coverage for theft or loss of Customer Party and Customer Party property; and (v) professional liability insurance to cover errors and omissions in amounts not less than Five Million Dollars ($5,000,000.00) per occurrence. Providing Party shall provide a certificate of insurance indicating such coverage upon request by Customer Party. The insurance required under this Section may be in a policy or policies of insurance, primary and excess, including so-called umbrella or catastrophe form, which may also include comprehensive automobile insurance and employer's liability insurance. Customer Party may elect to accept lesser or alternative forms of insurance.

4. **Counterparts**. This Second Amendment may be signed in counterparts with the same effect as if both parties had signed one and the same document. This Second Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same agreement. Counterparts shall become effective when counterparts have been signed by each of the parties and delivered to the other parties; it being understood that all parties need not sign the same counterpart. This Second Amendment and its counterparts may be executed by providing an electronic signature under the terms of the Electronic Signatures Act, 15 U.S.C. § 7001 et seq., and may not be denied legal effect solely because it is in electronic form or permits the completion of the business transaction referenced herein electronically instead of in person.

5. **Agreement in Full Force and Effect as Amended**. The terms and conditions of this Second Amendment shall prevail over any conflicting terms and conditions in the Agreement. Capitalized terms that are used in this Second Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement. Except as specifically amended or waived hereby, all of the terms and conditions of the Agreement shall remain in full force and effect. All references to the Agreement in any other document or instrument shall be deemed to mean the Agreement as amended by this Second Amendment. The parties hereto agree to be bound by the terms and obligations of the Agreement, as amended by this Second Amendment, as though the terms and obligations of the Agreement were set forth herein.

{The remainder of this page intentionally left blank}

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be executed by their respective authorized representatives, effective as of the date first written above.

OCWEN
Ocwen Mortgage Servicing, Inc.
By: /s/ Nikhil Malik
Name: Nikhil Malik
Title: CFO
Date: September 3, 2013

OCWEN
Ocwen Mortgage Servicing, Inc.
By: /s/ William B. Shepro
Name: William B. Shepro
Title: Manager
Date: September 4, 2013

EXHIBIT 10.33

FIRST AMENDED AND RESTATED SUPPORT SERVICES AGREEMENT

This FIRST AMENDED AND RESTATED SUPPORT SERVICES AGREEMENT (this "Amended and Restated Agreement"), dated as of September 12, 2013 (the "Effective Date"), is entered by and between **OCWEN MORTGAGE SERVICING, INC.**, a corporation organized under the laws of the United States Virgin Islands (together with its parent and subsidiaries "OCWEN") and **ALTISOURCE SOLUTIONS S.À R.L.**, a limited liability company organized under the laws of the Grand Duchy of Luxembourg (together with its parent and subsidiaries "ALTISOURCE"). Each of ALTISOURCE and OCWEN may be referred to individually as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, on August 10, 2012 OCWEN and ALTISOURCE entered into that certain Support Services Agreement (the "Agreement"), whereby OCWEN engaged ALTISOURCE to provide various Services and/or Additional Services (as both are defined therein) to OCWEN and ALTISOURCE engaged OCWEN to provide various Services and/or Additional Services to ALTISOURCE, all pursuant to the terms and conditions set forth therein;; and

WHEREAS, on October 1, 2012 OCWEN and ALTISOURCE entered into that certain First Amendment to Support Services Agreement (the "First Amendment"), whereby Schedule I (Ocwen-Provided Services) and Schedule II (Altisource-Provided Services) to the Agreement were amended and restated entirely;

WHEREAS, the Parties now desire to amend and restate the Agreement in its entirety; and

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties agree to amend and restate the Agreement, as amended by the First Amendment, as follows:

1. Definitions.

For the purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding, or investigation by or before any Governmental Authority or any federal, state, local, foreign, or international arbitration or mediation tribunal.

"Agreement" means this Support Services Agreement, including the Schedules hereto and any SOWs entered into pursuant to Section 2(b).

"ALTISOURCE-Provided Services" means the services set forth on Schedule II and the SOWs related thereto.

"Fully Allocated Cost" means, with respect to provision of a Service or an Additional Service, the all-in cost of the Providing Party's provision of such Service or Additional Service, including a share of direct charges of the function providing such Service or Additional Service, and including allocable amounts to reflect compensation and benefits, technology expenses, occupancy and equipment expense, and third-party payments incurred in connection with the provision of such Service or Additional Service, but shall not include any taxes payable as a result of performance of such Service or Additional Service.

"Governmental Authority" shall mean any federal, state, local, foreign, or international court, government, department, commission, board, bureau, agency, official, or other legislative, judicial, regulatory, administrative, or governmental authority.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic, or other tangible or intangible forms; stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, algorithms, computer programs or other software; marketing plans; customer names; communications by or to attorneys (including attorney-client privileged communications); memos and other materials prepared by attorneys or under their direction (including attorney work product); and other technical, financial, employee, or business information or data.

"Intellectual Property" means all domestic and foreign patents, copyrights, trade names, domain names, trademarks, service marks, registrations, and applications for any of the foregoing; databases; mask works; Information; inventions (whether or not patentable or patented); processes;, know-how; procedures; computer applications; programs and other software, including operating software, network software, firmware, middleware, design software, design tools, systems documentation, manuals, and instructions; other proprietary information; and licenses from third parties granting the right to use any of the foregoing.

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity, or any Governmental Authority.

"OCWEN-Provided Services" means the services set forth on Schedule I and the SOWs related thereto.

"Providing Party" means a party in its capacity of providing a Service or Additional Service hereunder.

"Receiving Party" means a party in its capacity of receiving a Service or Additional Service hereunder.

"Services," or each individually a "Service," means, as the context requires, the OCWEN-Provided Services and the ALTISOURCE-Provided Services, collectively, or either of the OCWEN-Provided Services or the ALTISOURCE-Provided Services individually.

"SOWs," or each individually an "SOW," means a statement of work entered into between the parties on an as-needed basis to describe a particular service that is not covered specifically in a schedule hereto, but has been agreed to be provided pursuant to the terms of this Agreement except as otherwise set forth in such SOW.

"Term" means, collectively, the Initial Term and any Renewal Term hereof.

2. Provision of Services.

(a) *Generally*. Subject to the terms and conditions of this Agreement, (i) OCWEN shall provide, or cause to be provided, to ALTISOURCE, solely for the benefit of ALTISOURCE in the ordinary course of business, the OCWEN-Provided Services, and (ii) ALTISOURCE shall provide, or cause to be provided, to OCWEN, solely for the benefit of OCWEN in the ordinary course of business, the

ALTISOURCE-Provided Services, in each case commencing on the Effective Date and continuing for the Term hereof (the "Service Period"), unless such period is earlier terminated in accordance with Section 5.

(b) *Additional Services*. In addition to the services provided as set forth on Schedule I and Schedule II, from time to time during the term of this Agreement the parties shall have the right to enter into SOWs to set forth the terms of any related or additional services to be performed hereunder ("Additional Services," or each individually, an "Additional Service"). Any SOW shall be agreed to by each party, shall be in writing and shall contain: (i) the identity of each of the Providing Party and the Receiving Party; (ii) a description of the Additional Services to be performed thereunder; (iii) the applicable performance standard for the provision of such Additional Services, if different from the Performance Standard; (iv) the amount, schedule, and method of compensation for provision of such Additional Services, which shall reflect the Fully Allocated Cost of such Additional Services; and may contain: (i) the Receiving Party's standard operating procedures for receipt of services similar to such Additional Services, including operations, compliance requirements and related training schedules; (ii) information technology support requirements of the Receiving Party with respect to such Additional Services; and (iii) training and support commitments with respect to such Additional Services. For the avoidance of doubt, the terms and conditions of this Agreement shall apply to any SOW.

(c) The Services and the Additional Services shall be performed on business days during hours that constitute regular business hours for each of OCWEN and ALTISOURCE, unless otherwise agreed. No Receiving Party shall resell, subcontract, license, sublicense, or otherwise transfer any of the Services and/or Additional Services to any Person whatsoever or permit use of any of the Services and/or Additional Services by any Person other than by the Receiving Party directly in connection with the conduct of the Receiving Party's respective business in the ordinary course of business.

(d) Notwithstanding anything to the contrary in this Section 2 (but subject to the second succeeding sentence), and unless agreed separately by the Parties, the Providing Party shall have the exclusive right to select, employ, pay, supervise, administer, direct, and discharge any of its employees who will perform the Services and/or Additional Services. The Providing Party shall be responsible for paying such employees' compensation and providing to such employees any benefits. With respect to each Service and/or Additional Service, the Providing Party shall use commercially reasonable efforts to have qualified individuals participate in the provision of such Service and/or Additional Service; provided, however, that (i) the Providing Party shall not be obligated to have any individual participate in the provision of any Service and/or Additional Service if the Providing Party determines that such participation would adversely affect the Providing Party; and (ii) the Providing Party shall not be required to continue to employ any particular individual during the applicable Service Period.

(e) The Providing Party may engage third-party contractors, at a reasonable cost, to perform any of the Services and/or Additional Services, to provide professional services related to any of the Services and/or Additional Services, or to provide any secretarial, administrative, telephone, e-mail, or other services necessary or ancillary to the Services (all of which may be contracted for separately by the Providing Party on behalf of the Receiving Party). The Providing Party shall use reasonable commercial efforts to give notice to the Receiving Party, reasonably in advance of the commencement of such Services and/or Additional Services to be so provided by such contractors, of the identity of such contractors, each Service and/or Additional Service to be provided by such contractors, and a good faith estimate of the cost (or formula for determining the cost) of the Services and/or Additional Services to be so provided by such contractors. The Receiving Party may, in its sole discretion, decline to accept any such Services or Additional Services to be provided by any such contractors by giving prompt written notice to the Providing Party; provided that, if the Receiving Party so declines any Service or Additional Service from any such contractors,

then thereafter, notwithstanding anything in this Agreement to the contrary, the Providing Party shall be excused from any obligation to provide such Service or Additional Service.

3. Standards of Performance.

(a) The Providing Party shall use commercially reasonable efforts to provide, or cause to be provided, to the Receiving Party, each Service and/or Additional Service in a manner generally consistent with the manner and level of care with which such Service and/or Additional Service is performed by the Providing Party on its own behalf (the "Performance Standard"), unless otherwise specified in this Agreement. Notwithstanding the foregoing, no Providing Party shall have any obligation hereunder to provide to any Receiving Party (i) any improvements, upgrades, updates, substitutions, modifications, or enhancements to any of the Services and/or Additional Services unless otherwise specified in Schedule I or Schedule II , as applicable, or (ii) any Service and/or Additional Services to the extent that the need for such Service and/or Additional Services arises, directly or indirectly, from the acquisition by the Receiving Party, outside the ordinary course of business, of any assets of, or any equity interest in, any Person. The Receiving Party acknowledges and agrees that the Providing Party may be providing services similar to the Services and/or Additional Services provided hereunder and/or services that involve the same resources as those used to provide the Services and/or Additional Services to itself as well as other third parties, and, accordingly, the Providing Party reserves the right to modify any of the Services and/or Additional Services or the manner in which any of the Services and/or Additional Services are provided in the ordinary course of business; provided, however, that no such modification shall materially diminish the Services and/or Additional Services or have a materially adverse effect on the business of the Receiving Party.

(b) The Providing Party will use commercially reasonable efforts not to establish priorities, as between the Providing Party, on the one hand, and the Receiving Party, on

the other hand, as to the provision of any Service and/or Additional Services, and will use commercially reasonable efforts to provide the Services and/or Additional Services within a time frame so as not to materially disrupt the business of the Receiving Party. Notwithstanding the foregoing, the Receiving Party acknowledges and agrees that the Providing Party shall have the right to establish reasonable priorities as between the Providing Party, on the one hand, and the Receiving Party, on the other hand, as to the provision of any Services and/or Additional Services if the Providing Party determines that such priorities are necessary to avoid any adverse effect to the Providing Party. If any such priorities are established, the Providing Party shall advise the Receiving Party as soon as possible of any Services and/or Additional Services that will be delayed as a result of such prioritization, and will use commercially reasonable efforts to minimize the duration and impact of such delays.

4. Fees, Invoicing and Payment.

(a) As compensation for particular Services or Additional Services, the Receiving Party agrees to pay to the Providing Party the Fully Allocated Cost of providing the Services and/or Additional Services in accordance with this Agreement or such other compensation amount or methodology as specified in the related SOW.

(b) The Providing Party shall submit statements of account to the Receiving Party on a monthly basis with respect to all amounts payable by the Receiving Party to the Providing Party hereunder (the "Invoiced Amount"), setting out the Services and/or Additional Services provided, and the amount billed to the Receiving Party as a result of providing such Services and/or Additional Services (together with, in arrears, any Commingled Invoice Statement (as defined below) and any other invoices for Services and/or Additional Services provided by third parties, in each case setting out the Services and/or Additional Services

provided by the applicable third parties). The Receiving Party shall pay the Invoiced Amount to the Providing Party by wire transfer of immediately available funds to an account or accounts specified by the Providing Party, or in such other manner as specified by the Providing Party in writing, or otherwise reasonably agreed to by the Parties, within thirty (30) days of the date of delivery to the Receiving Party of the applicable statement of account; provided, that in the event of any dispute as to an Invoiced Amount, the Receiving Party shall pay the undisputed portion, if any, of such Invoiced Amount in accordance with the foregoing, and shall pay the remaining amount, if any, promptly upon resolution of such dispute.

(c) The Providing Party may cause any third party to which amounts are payable by or for the account of the Receiving Party in connection with Services and/or Additional Services to issue a separate invoice to the Receiving Party for such amounts. The Receiving Party shall pay or cause to be paid any such separate third party invoice in accordance with the payment terms thereof. Any third party invoices that aggregate Services and/or Additional Services for the benefit of the Receiving Party, on the one hand, with services not for the benefit of Receiving Party, on the other hand (each, a "Commingled Invoice") shall be separated by the Providing Party. The Providing Party shall prepare a statement indicating that portion of the invoiced amount of such Commingled Invoice that is attributable to Services and/or Additional Services rendered for the benefit of Receiving Party (the "Commingled Invoice Statement"). The Providing Party shall deliver such Commingled Invoice Statement and a copy of the Commingled Invoice to

the Receiving Party. The Receiving Party shall, within thirty (30) days after the date of delivery to the Receiving Party of such Commingled Invoice Statement, pay, or cause to be paid, the amount set forth on such Commingled Invoice Statement to the third party, and shall deliver evidence of such payment to the Providing Party. The Providing Party shall not be required to use its own funds for payments to any third party providing any of the Services and/or Additional Services, or to satisfy any payment obligation of the Receiving Party to any third party provider; provided, however, that in the event the Providing Party does use its own funds for any such payments to any third party, the Receiving Party shall reimburse the Providing Party for such payments as invoiced by the Providing Party within thirty (30) days following the date of delivery of such invoice from the Providing Party.

(d) The Providing Party may, in its discretion and without any liability, suspend any performance under this Agreement upon failure of the Receiving Party to make timely any payments required under this Agreement beyond the applicable cure date specified in Section 5(b)(8) of this Agreement.

(e) In the event the Receiving Party does not make any payment required under the provisions of this Agreement to the Providing Party when due in accordance with the terms hereof, the Providing Party may, at its option, charge the Receiving Party interest on the unpaid amount at the rate of 2% per annum above the prime rate charged by JPMorgan Chase Bank, N.A. (or its successor). In addition, the Receiving Party shall reimburse the Providing Party for all costs of collection of overdue amounts, including any reimbursement required under Section 4(c) and any reasonable attorneys' fees.

(f) The Receiving Party acknowledges and agrees that it shall be responsible for any interest or other amounts with respect to any portion of any Commingled Invoice that the Receiving Party is required to pay pursuant to any Commingled Invoice Statement.

5. Term; Termination.

(a) *Initial Term*. The initial term of this Agreement shall commence on the Effective Date and shall continue in full force and effect subject to Section 5(c) hereof until the date that is five (5) years from the Effective Date (the "Initial Term"), or the earlier date upon which this Agreement has been otherwise terminated in accordance with Section 5(c) hereof.

(b) *Renewal Term*. This Agreement will automatically renew for successive terms of one (1) year (each, a "Renewal Term") unless either Party decides that it does not wish to renew this Agreement or any particular Service or Additional Services set forth on an SOW hereunder before the expiration of the Initial Term or any Renewal Term, as applicable, by notifying the other Party in writing at least six (6) months before the completion of the Initial Term or Renewal Term, as applicable.

(c) *Termination*. During the term of this Agreement, this Agreement (or, with respect to items (1), (3), (4), (5), (7), and (8) below, the particular SOW only) may be terminated:

(1) by a Receiving Party, if the Receiving Party is prohibited by law from receiving such Services and/or Additional Services from the Providing Party;

(2) by a Receiving Party, in the event of a material breach of any covenant, representation, or warranty contained herein, or otherwise directly relating to or affecting the Services and/or Additional Services to be provided hereunder, of the Providing Party that cannot be or has not been cured by the 30th day from the Receiving Party's giving written notice of such breach to the Providing Party, and to the extent that the Providing Party is not working diligently to cure such breach;

(3) by a Receiving Party, if the Providing Party fails to comply with all applicable regulations to which the Providing Party is subject directly relating to or affecting the Services and/or Additional Services to be performed hereunder, which failure cannot be or has not been cured by the 30th day from the Receiving Party's giving written notice of such failure to the Providing Party and to the extent that Providing Party is not working diligently to cure such breach;

(4) by a Receiving Party, if the Providing Party providing Services and/or Additional Services hereunder is cited by a Governmental Authority for materially violating any law governing the performance of a Service and/or Additional Service, which violation cannot be or has not been cured by the 30th day from the Receiving Party's giving written notice of such citation to the Providing Party and to the extent that the Providing Party is not working diligently to cure such breach;

(5) by a Receiving Party, if the Providing Party fails to meet any Performance Standard for a period of three consecutive months, which failure cannot be or has not been cured by the 30th day from the Receiving Party's giving written notice of such failure to the Providing Party and to the extent that the Providing Party is not working diligently to cure such breach;

(6) by either party, if the other party: (A) becomes insolvent; (B) files a petition in bankruptcy or insolvency, is adjudicated bankrupt or insolvent or files any petition or answer seeking reorganization, readjustment, or arrangement of its business under any law relating to bankruptcy or insolvency, or if a receiver, trustee or liquidator is appointed for any of the property of the other party and within sixty (60) days thereof such party fails to secure a dismissal thereof; or (C) makes any assignment for the benefit of creditors;

(7) by a Receiving Party, in the event of any material infringement of such Receiving Party's Intellectual Property by the Providing Party, which infringement cannot be or has not been cured by the 30th day from the Receiving Party's giving of written notice of such event to the Providing Party;

(8) by a Providing Party, if the Receiving Party fails to make any payment for any portion of Services, the payment of which is not being disputed in good faith by the Receiving Party, which payment remains unmade by the 30th day from the Providing Party's giving of written notice of such failure to the Receiving Party; and

(9) by a Receiving Party, upon sixty (60) days prior notice to the Providing Party, if the Receiving Party has determined to perform the respective Service and/or Additional Services on its own behalf.

(d) Upon the early termination of any Service and/or Additional Service pursuant to Section 5(b)(9), or upon the expiration of the applicable Service Period, following the effective time of the termination, the Providing Party shall no longer be obligated to provide such Service; provided, that the Receiving Party shall be obligated to reimburse the Providing Party for any reasonable out-of-pocket expenses or costs attributable to such termination.

(e) No termination, cancellation, or expiration of this Agreement shall prejudice the right of either Party hereto to recover any payment due at the time of termination, cancellation, or expiration (or any payment accruing as a result thereof), nor shall it prejudice any cause of action or claim of either Party hereto accrued or to accrue by reason of any breach or default by the other Party hereto.

(f) Notwithstanding any provision herein to the contrary, Sections 4, 8, 9, and 10 through 17 of this Agreement shall survive the termination of this Agreement.

6. Intellectual Property. The Receiving Party grants to the Providing Party a limited, non-exclusive, fully paid-up, nontransferable, and revocable license, without the right to sublicense, for the term of this Agreement to use all intellectual property owned by or, to the extent permitted by the applicable license, licensed to the Receiving Party solely to the extent necessary for the Providing Party to perform its obligations hereunder.

7. Cooperation; Access.

(a) The Receiving Party shall permit the Providing Party and its employees and representatives access, on business days during hours that constitute regular business hours for the Receiving Party and upon reasonable prior request, to the premises of the Receiving Party, and such data, books, records, and personnel designated by the Receiving Party as involved in receiving or overseeing the Services and/or Additional Services as the Providing Party may reasonably request for the purposes of providing the Services and/or Additional Services. The Providing Party shall provide the Receiving Party, upon reasonable prior written notice, such documentation relating to the provision of the Services and/or Additional Services as the Receiving Party may reasonably request for the purposes of confirming any Invoiced Amount or other amount payable pursuant to any Commingled Invoice Statement or otherwise pursuant to this Agreement. Any documentation so provided to the Providing Party pursuant to this Section will be subject to the confidentiality obligations set forth in Section 8 of this Agreement.

(b) Each Party hereto shall designate a relationship manager (each, a "Relationship Executive") to report and discuss issues with respect to the provision of the Services and/or Additional Services and successor relationship executives in the event that a designated Relationship Executive is not available to perform such role hereunder. The initial Relationship Executive designated by OCWEN shall be ***Timothy M. Hayes or a designee*** and the initial Relationship Executive designated by ALTISOURCE shall be William B. Shepro. Either Party may replace its Relationship Executive at any time by providing written notice thereof to the other Party hereto.

8. Confidentiality.

(a) Subject to Section 8(c) below, each of OCWEN and ALTISOURCE, agrees to hold, and to cause its directors, officers, employees, agents, accountants, counsel and other advisors, and representatives to hold, in strict confidence, with at least the same degree of care that applies to confidential and proprietary Information of the Parties pursuant to policies in effect as of the Effective Date, all Information concerning the other Party that is either in its possession (including Information in its possession prior to the Effective Date) or furnished by the other Party or its directors, officers, employees, agents, accountants, counsel and other advisors, and representatives at any time pursuant to this Agreement, or otherwise, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder; except, in each case, to the extent that such Information has been: (i) in the public domain through no fault of such Party or any of their respective directors, officers, employees, agents, accountants, counsel and other advisors, and representatives; (ii) later lawfully acquired from other sources by such Party, which sources are not known by such Party to be themselves bound by a confidentiality obligation; or (iii) independently generated without reference to any proprietary or confidential Information of the other Party.

(b) Each Party agrees not to release or disclose, or permit to be released or disclosed, any such Information (excluding Information described in clauses (i), (ii), and (iii) of Section 8(a) above, to any other Person, except its directors, officers, employees, agents, accountants, counsel and other advisors, and representatives who need to know such information (who shall be advised of their obligations hereunder with respect to such information), except in compliance with Section 8(c). Without limiting the foregoing, when any Information is no longer needed for the purposes contemplated by this Agreement, each Party will promptly, after request of the other Party, either return the Information to the other Party in a tangible form (including all copies thereof and all notes, extracts, or summaries based thereon), or certify to the other Party that any Information not returned in a tangible form (including any such Information that exists in an electronic form) has been destroyed (and such copies thereof and such notes, extracts, or summaries based thereon).

(c) *Protective Arrangements*. In the event that either Party determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of the other Party that is subject to the confidentiality provisions hereof, such Party shall, to the extent permitted by law, notify the other Party as soon as is practicable prior to disclosing or providing such Information and shall cooperate, at the expense of the requesting Party, in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide Information to the extent required by such law (as so advised by counsel) or by lawful process or such Governmental Authority.

9. Dispute Resolution.

(a) *Disputes*. Subject to Section 17(g), the procedures for discussion, negotiation and mediation set forth in this Section 9 shall apply to all disputes, controversies, or claims (whether arising in contract, tort, or otherwise) that may arise out of or relate to, or arise under or in connection with, this Agreement.

(b) *Escalation; Mediation.*

(i) It is the intent of the Parties to use reasonable efforts to resolve expeditiously any dispute, controversy, or claim between or among them with respect to the matters covered hereby that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, a Party involved in a dispute, controversy, or claim may deliver a notice (an "Escalation

Notice") demanding an in-person meeting involving representatives of the Parties at a senior level of management (or if the Parties agree, of the appropriate strategic business unit or division within such entity). A copy of any such Escalation Notice shall be given to the General Counsel, or like officer or official, of the party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location, or procedures for such discussions or negotiations between the Parties may be established by the Parties from time to time; provided, however, that the Parties shall use reasonable efforts to meet within thirty (30) days of the Escalation Notice.

(ii) If the Parties are not able to resolve the dispute, controversy, or claim through the escalation process referred to above, then the matter shall be referred to mediation. The Parties shall retain a mediator to aid the Parties in their discussions and negotiations by informally providing advice to the Parties. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the Parties or be admissible in any other proceeding. The mediator may be chosen from a list of mediators previously selected by the Parties or by other agreement of the Parties. Costs of the mediation shall be borne equally by the Parties involved in the matter, except that each Party shall be responsible for its own expenses. Mediation shall be a prerequisite to the commencement of any Action by either Party against the other Party.

(iii) In the event that any resolution of any dispute, controversy or claim pursuant to the procedures set forth in Section 9(b)(i) or (ii) in any way affects an agreement or arrangement between either of the Parties and a third party insurance carrier, the consent of such third party insurance carrier to such resolution, to the extent such consent is required, shall be obtained before such resolution can take effect.

(c) *Court Actions.*

(i) In the event that either Party, after complying with the provisions set forth in Section 9(b), desires to commence an Action, such Party may submit the dispute, controversy, or claim (or such series of related disputes, controversies, or claims) to any court of competent jurisdiction.

(ii) Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 9 with respect to all matters not subject to such dispute, controversy or claim.

10. Warranties; Limitation of Liability; Indemnity.

(a) Other than the statements expressly made by the Providing Party in this Agreement, the Providing Party makes no representation or warranty, express or implied, with respect to the Services and/or Additional Services and, except as provided in Subsection (b) of this Section 11, the Receiving Party hereby waives, releases, and renounces all other representations, warranties, obligations, and liabilities of the Providing Party, and any other rights, claims, and remedies of the Receiving Party against the Providing Party, express or implied, arising by law or otherwise, with respect to any nonconformance, error, omission, or defect in any of the Services and/or Additional Services, including (i) any implied warranty of merchantability or fitness for a particular purpose, (ii) any implied warranty of non-infringement or arising from course of performance, course of dealing, or usage of trade, and (iii) any obligation, liability, right, claim, or remedy in tort, whether or not arising from the negligence of the Providing Party.

(b) Neither the Providing Party nor any of its respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall be liable for any action taken or omitted by the Providing Party or such Person under or in connection with this Agreement, except that the Providing Party shall be liable for direct damages or losses incurred by the Receiving Party arising out of the gross negligence or willful misconduct of the Providing Party or any of its respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives in the performance or nonperformance of the Services and/or Additional Services.

(c) In no event shall the aggregate amount of all such damages or losses for which the Providing Party may be liable under this Agreement exceed the aggregate total sum received by the Providing Party for the Services and/or Additional Services; provided, that no such cap shall apply to liability for damages or losses arising from or relating to breaches of Section 8 (relating to confidentiality), infringement of Intellectual Property, or fraud or criminal acts. Except as provided in Subsection (b) of this Section 10, neither the Providing Party nor any of its respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall be liable for any action taken or omitted by, or the negligence, gross negligence, or willful misconduct of, any third party.

(d) Notwithstanding anything to the contrary herein, neither the Providing Party nor any of its respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall be liable for damages or losses incurred by the Receiving Party for any action taken or omitted by the Providing Party or such other Person under or in connection with this Agreement to the extent such action or omission arises from actions taken or omitted by, or the negligence, gross negligence, or willful misconduct of, the Receiving Party.

(e) No Party hereto or any of its respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall in any event have any obligation or liability to the other Party hereto or any such other Person whether arising in contract (including warranty), tort (including active, passive, or imputed negligence), or otherwise for consequential, incidental, indirect, special, or punitive damages, whether foreseeable or not, arising out of the performance of the Services and/or Additional Services or this Agreement, including any loss of revenue or profits, even if a Party hereto has been notified about the possibility of such damages; provided, however, that the provisions of this Subsection (e) shall not limit the indemnification obligations hereunder of either Party hereto with respect to any liability that the other Party hereto may have to any third party not affiliated with the Providing Party or the Receiving Party for any incidental, consequential, indirect, special, or punitive damages.

(f) The Receiving Party shall indemnify and hold the Providing Party and any of its respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives harmless from and against any and all damages, claims, or losses that the Providing Party or any such other Person may at any time suffer or incur, or become subject to, as a result of, or in connection with, this Agreement or the Services and/or Additional Services provided hereunder; except those damages, claims, or losses incurred by the Providing Party or such other Person arising out of the gross negligence or willful misconduct by the Providing Party or such other Person.

(g) Neither Party hereto may bring an action against the other under this Agreement (whether for breach of contract, negligence, or otherwise) more than six (6) months after that Party becomes aware of the cause of action, claim, or event giving rise to the cause of action or claim or one year after the termination of this Agreement, whichever is shorter.

11. Taxes. Each Party hereto shall be responsible for the cost of any sales, use, privilege, and other transfer or similar taxes imposed upon that Party as a result of the Services and/or Additional

Services contemplated hereby. Any amounts payable under this Agreement are exclusive of any goods and services taxes, value added taxes, sales taxes, or similar taxes ("Sales Taxes") now or hereinafter imposed on the performance or delivery of Services and/or Additional Services, and an amount equal to such taxes so chargeable shall, subject to receipt of a valid receipt or invoice as required below in this Section 11, be paid by the Receiving Party to the Providing Party in addition to the amounts otherwise payable under this Agreement. In each case where an amount in respect of Sales Tax is payable by the Receiving Party in respect of a Service and/or Additional Service provided by the Providing Party, the Providing Party shall furnish in a timely manner a valid Sales Tax receipt or invoice to the Receiving Party in the form and manner required by applicable law to allow the Receiving Party to recover such tax to the extent allowable under such law. Additionally, if the Providing Party is required to pay 'gross-up' on withholding taxes with respect to provision of the Services and/or Additional Services, such taxes shall be billed separately as provided above and shall be owing and payable by the Receiving Party. Any applicable property taxes resulting from provision of the Services and/or Additional Services shall be payable by the Party owing or leasing the asset subject to such tax.

12. Public Announcements. No Party to this Agreement shall make, or cause to be made, any press release or public announcement or otherwise communicate with any news media in respect of this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Party hereto unless otherwise required by law, in which case the Party making the press release, public announcement, or communication shall give the other Party reasonable opportunity to review and comment on such and the Parties shall cooperate as to the timing and contents of any such press release, public announcement, or communication.

13. Assignment. This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and permitted assigns. No Party hereto may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Party hereto; provided, however, that either Party may assign this Agreement without the consent of the other Party to any third party that acquires, by any means, including by merger or consolidation, all or substantially all the stock or consolidated assets of such Party. Any purported assignment in violation of this Section 13 shall be void and shall constitute a material breach of this Agreement.

14. Relationship of the Parties. The Parties hereto are independent contractors and none of the Parties hereto is an employee, partner, or joint venturer of the other. Under no circumstances shall any of the employees of a Party hereto be deemed to be employees of the other Party hereto for any purpose. Except as expressly provided in Section 4(c), none of the Parties hereto shall have the right to bind the others to any agreement with a third party or to represent itself as a partner or joint venturer of the other by reason of this Agreement.

15. Force Majeure. Neither Party hereto shall be in default of this Agreement by reason of its delay in the performance of, or failure to perform, any of its obligations hereunder if such delay or failure is caused by strikes, acts of God, acts of the public enemy, acts of terrorism, riots, or other events that arise from circumstances beyond the reasonable control of that Party. During the pendency of such intervening event, each of the Parties hereto shall take all reasonable steps to fulfill its obligations hereunder by other means and, in any event, shall upon termination of such intervening event, promptly resume its obligations under this Agreement.

16. Waiver of Jury Trial. EACH PARTY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS

AGREEMENT, AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

17. Miscellaneous.

(a) *Counterparts; Entire Agreement; Corporate Power*.

(1) This Agreement may be executed in one or more counterparts, including by facsimile or by e-mail delivery of a ".pdf" format data file, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party hereto or thereto and delivered to the other Party hereto or thereto.

(2) This Agreement, any SOWs, and the exhibits, schedules, and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments, and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

(3) Each Party hereto represents, as follows:

(i) It has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver, and perform this Agreement; and

(ii) This Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement enforceable in accordance with the terms hereof.

(b) *Third Party Beneficiaries*. Except for the indemnification rights under this Agreement of any OCWEN indemnitee or ALTISOURCE indemnitee in their respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto or thereto and are not intended to confer upon any Person, except the Parties hereto or thereto any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third Person with any remedy, claim, liability, reimbursement, cause of action, or other right in excess of those existing without reference to this Agreement.

(c) *Notices*. All notices and other communications hereunder shall be in writing and shall be deemed given: (a) upon receipt if delivered personally or if mailed by registered or certified mail, return receipt requested and postage prepaid; or (b) at noon on the business day after dispatch if sent by a nationally recognized overnight courier; and (c) when (a) or (b) has occurred and a copy is sent and received by e-mail to: ContractManagement@ocwen.com or ContractManagement@altisource.com, as applicable. All notices shall be delivered to the following address and e-mail address (or at such other address a Party may specify by like notice):

If to OCWEN, to:

Ocwen Mortgage Servicing, Inc.
402 Strand Street
Frederiksted, Virgin Islands 00840-3531
Attention: Corporate Secretary
With a cc to: ContractManagement@ocwen.com

If to ALTISOURCE to:

Altisource Solutions S.à r.l.
291, route d'Arlon
L-1150 Luxembourg
Luxembourg
Attention: Corporate Secretary
With a cc to: ContractManagement@altisource.com

Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner materially adverse to either Party. Upon any such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the Parties.

(d) *Headings*. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) *Waivers of Default*. Waiver by any Party hereto of any default of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

(f) *Specific Performance*. Notwithstanding the procedures set forth in Section 9, in the event of any actual or threatened default or breach of any of the terms, conditions, and provisions of this Agreement, the Party or Parties who are to be hereby or thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other Party or Parties shall not oppose the granting of such relief. The Parties to this Agreement agree that the remedies at law for any breach or threatened breach hereof or thereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

(g) *Amendments*. No provisions of this Agreement shall be deemed waived, amended, supplemented, or modified by any Party hereto or thereto, unless such waiver, amendment, supplement, or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement, or modification.

(h) *Interpretation*. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof," "herein, and "herewith," and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement (including all of the schedules, exhibits, and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule, and Appendix references are to the articles, sections, exhibits, schedules, and appendices of or to this Agreement, unless otherwise specified. Any reference herein to this Agreement, unless otherwise stated, shall be construed to refer to this Agreement as amended, supplemented, or otherwise modified from time to time. The word "including," and words of similar import, when used in this Agreement shall mean "including, without limitation," unless the context

otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. There shall be no presumption of interpreting this Agreement or any provision hereof against the draftsperson of this Agreement or any such provision.

In witness whereof, the Parties have caused this Support Services Agreement to be executed by their respective authorized representatives, effective as of the date first written above.

OCWEN
Ocwen Mortgage Servicing, Inc.
By: /s/ Timothy M. Hayes
Name: Timothy M. Hayes
Title: Executive Vice President & General Counsel
Date: September 18, 2013

ALTISOURCE
Altisource Solutions S.à r.l.
By: /s/ William B. Shepro
Name: William B. Shepro
Title: Manager
Date: September 16, 2013

SCHEDULE I

OCWEN-PROVIDED SERVICES

Services Provided	Service Period	Service Fee
FINANCE AND ACCOUNTING Services Provided: Corporate Accounting Accounts Payables Accounts Receivables Corporate Secretary Support Financial Reporting Payroll Services Tax Treasury	the Term	Fully Allocated Cost
HUMAN RESOURCES Services Provided: Benefits Administration Employee and Contractor On-boarding Employee Engagement HR Administration HR Strategy and Consulting HRIS Administration and Reporting Performance Management Platforms Personnel Files Recruiting Salary Administration Training and Compliance Support	the Term	Fully Allocated Cost
RISK MANAGEMENT Services Provided: Service Organization Control Reporting (including SSAE 16, as may be amended from time to time) Business Continuity and Disaster Recovery Planning Risk Management Support Information Security	the Term	Fully Allocated Cost
OTHER OPERATIONS SUPPORT Services Provided: Capital Markets Modeling Quantitative Analytics General Business Consulting Business Development	the Term	Fully Allocated Cost

SCHEDULE II

ALTISOURCE-PROVIDED SERVICES

Services Provided	Service Period	Service Fee
CONSUMER PSYCHOLOGY Services Provided: Scripting Support Staffing Models Training Development User and Task Analysis	the Term	Fully Allocated Cost
CORPORATE SERVICES Services Provided: Facilities Management Mailroom Support Physical Security Travel Services	the Term	Fully Allocated Cost
FINANCE AND ACCOUNTING Services Provided: Accounting Services and Reporting Accounts Payables Accounts Receivables Corporate Secretary Support Financial Reporting Payroll Services Tax Treasury	the Term	Fully Allocated Cost
HUMAN RESOURCES Services Provided: Benefits Administration Employee and Contractor On-boarding Employee Engagement HR Administration HR Strategy and Consulting HRIS Administration and Reporting Performance Management Platforms Personnel Files Recruiting Salary Administration Training and Compliance Support	the Term	Fully Allocated Cost
RISK MANAGEMENT Services Provided: Quality Assurance Support Service Organization Control Reporting (including SSAE 16, as may be amended from time to time) Business Continuity and Disaster Recovery Planning Information Security Support Six Sigma	the Term	Fully Allocated Cost

Services Provided	Service Period	Service Fee
PROCUREMENT SERVICES Services Provided: Contract Negotiation Vendor Compliance Vendor Management Services Insurance Risk Management	24	Fully Allocated Cost of providing services.
OTHER OPERATIONS SUPPORT Services Provided: Capital Markets Modeling Quantitative Analytics General Business Consulting Business Development	the Term	Fully Allocated Cost

EXHIBIT 10.35

MASTER SERVICING RIGHTS PURCHASE AGREEMENT

dated as of October 1, 2012

between

OCWEN LOAN SERVICING, LLC, as Seller,

and

HLSS HOLDINGS, LLC, as Purchaser

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

MASTER SERVICING RIGHTS PURCHASE AGREEMENT

THIS MASTER SERVICING RIGHTS PURCHASE AGREEMENT, dated as of October 1, 2012 (this "Agreement") is by and between Ocwen Loan Servicing, LLC, a Delaware limited liability company ("Seller") and HLSS Holdings, LLC, a Delaware limited liability company ("Purchaser").

RECITALS:

WHEREAS, Seller and Purchaser executed that certain Master Servicing Rights Purchase Agreement, dated as of February 10, 2012 (the "Original MSRPA");

WHEREAS, Seller and Purchaser wish to terminate the Original MSRPA and execute this Agreement in connection with a change in control of the Seller; and

WHEREAS, Seller wishes to continue to sell, assign and transfer certain Servicing Rights (as defined herein) and other related assets to Purchaser from time to time, and Purchaser wishes to purchase such Servicing Rights and other related assets and assume certain specified liabilities relating to such Servicing Rights, all upon the terms and conditions set forth herein and in the related Sale Supplement (as defined herein).

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Seller and Purchaser agree as follows:

ARTICLE 1

DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. For purposes of this Agreement, the following capitalized terms shall have the respective meanings set forth or referenced below:

"Accountant" shall have the meaning set forth in Section 2.5.

"Action" shall mean any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"Affiliate" shall mean, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling, "controlled by" and "under common control with"), as applied to any Person, means ownership of 25% or more of the outstanding voting securities of such Person.

"Agreement" shall mean this Master Servicing Rights Purchase Agreement, including the exhibits hereto, and, with respect to any Sale, the related Sale Supplement, as each of the foregoing may be amended, modified or supplemented from time to time in accordance with its terms.

"Ancillary Income" shall mean, with respect to any Servicing Agreement, any and all income, revenue, fees, expenses, charges or other monies that Seller is entitled to receive, collect or retain as servicer pursuant to such Servicing Agreement (other than Servicing Fees, Prepayment Interest Excess and earnings received on amounts on deposit in any Custodial Account or Escrow Account), fees payable to the servicer under HAMP or other governmental programs, late fees, fees and charges for dishonored checks (insufficient funds fees), pay-off fees, assumption fees, commissions and administrative fees on insurance and similar fees and charges collected from or assessed against Mortgagors to the extent payable to Seller under the terms of the related Mortgage Loan Documents and such Servicing Agreement.

"Applicable Law" shall mean: (i) all applicable laws, statutes, regulations or ordinances in force and as amended from time to time; (ii) the common law as applicable from time to time; (iii) all applicable binding court orders, judgments or decrees; and (iv) all applicable directives, policies, rules or orders; each of (i) through (iv) of any Governmental Authority.

"Applicable Requirements" shall mean and include, as of the time of reference, with respect to any Mortgage Loans, all of the following: (a) all contractual obligations of Seller in the Mortgage Loan Documents, in the applicable Servicing Agreements and the applicable Underlying Documents to which Seller is a party or by which Seller is bound or for which it is responsible and (b) all Applicable Laws binding upon Seller in each jurisdiction which is applicable to the context or situation to which the Applicable Requirements apply.

"Assignment and Assumption Agreement" shall mean, with respect to a Sale Supplement, any assignment and assumption agreement entered into by Seller and Purchaser in connection with the related Transferred Assets.

"Business Day" shall mean any day other than (i) a Saturday or Sunday, or (ii) a day on which banking or savings and loan institutions in the State of Florida, the State of Illinois, the State of Georgia or the State of New York are closed.

"Closing" shall have the meaning set forth in Section 2.2.

"Closing Date" shall mean, with respect to a Sale, the date specified in the related Sale Supplement as the related "Closing Date".

"Closing Statement" shall, with respect to a Sale, have the meaning specified in the related Sale Supplement.

"Closing Statement Delivery Date" shall, with respect to a Sale, have the meaning specified in the related Sale Supplement.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Custodial Account" shall mean (a) each collection, custodial or similar account maintained or previously maintained by Seller pursuant to the Servicing Agreements for the benefits of the applicable trustee and/or the applicable certificateholders and (b) any amounts deposited or maintained therein.

"Custodial Agreement" shall mean the agreement or agreements, including the Servicing Agreements, if applicable, governing the retention of the Custodial Files in accordance with Applicable Requirements.

"Custodial File" shall mean, with respect to a Mortgage Loan, all of the documents that must be maintained on file with a Custodian under Applicable Requirements.

"Custodian" shall mean an entity acting as a mortgage loan document custodian under any Custodial Agreement or any successor in interest to the Custodian.

"Cut-off Date": shall mean, with respect to a Sale Supplement, the "Cut-off Date" as defined in such Sale Supplement.

"Database" shall mean all information relating to the Mortgage Loans provided by Seller to Purchaser and contained in Seller's electronic servicing software system and used by Seller in servicing the Mortgage Loans.

"Enforceability Exceptions" shall mean limitations on enforcement and other remedies imposed by or arising under or in connection with applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Applicable Laws affecting creditors' rights generally from time to time in effect or general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing with respect to those jurisdictions that recognize such concepts).

"Escrow Accounts" shall mean, with respect to any Servicing Agreement, the accounts and all funds held or previously held therein by Seller in escrow for the benefit of the related Mortgagors with respect to the Mortgage Loans serviced pursuant to such Servicing Agreement (other than the Custodial Accounts), including, without limitation, all buy-down funds, tax and insurance funds and other escrow and impound amounts (including interest accrued thereon held for the benefit of the Mortgagors).

"Estimated Purchase Price" shall mean, with respect to a Sale and the Transferred Assets relating thereto, the estimated Purchase Price payable at the related Closing calculated in accordance with the related Sale Supplement.

"Excluded Liabilities" shall, in connection with a Sale, have the meaning set forth in the related Sale Supplement.

"Foreclosure" shall mean the process culminating in the acquisition of title to a Mortgaged Property in a foreclosure sale or by a deed in lieu of foreclosure or pursuant to any other comparable procedure allowed under Applicable Requirements.

"GAAP" shall mean generally accepted accounting principles in the United States which, unless otherwise indicated or required by accounting practice, are applied on a consistent basis.

"Governmental Authority" shall mean any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government having authority in the United States, whether federal, state or local.

"HAMP" shall mean the Home Affordable Modification Program implemented by the U.S. Department of the Treasury pursuant to Sections 101 and 109 of the Emergency Economic Stabilization Act of 2008, as amended from time to time.

"Insurer" shall mean (i) a Person who insures or guarantees all or any portion of the risk of loss on any Mortgage Loan, including without limitation any provider of private mortgage insurance, with respect to any Mortgage Loan or (ii) a Person who insures or guarantees all or any portion of the risk of loss on the securities issued pursuant to a Servicing Agreement or on net interest margin securities representing interests in such securities.

"Liens" shall mean, with respect to an asset, any lien, pledge, security interest, mortgage, deed of trust, encumbrance, easement, servitude, encroachment, charge or similar right of any Person other than the owner of the asset of any kind or nature whatsoever against the asset.

"Loan File" shall mean all documents, instruments, agreements and records relating to the Mortgage Loans in Seller's possession or control reasonably necessary to service the Mortgage Loans in accordance with Applicable Requirements, and electronic images of the related Custodial File.

"Master Servicer" shall mean with respect to each Servicing Agreement, the entity identified as the "Master Servicer" therein, or any successor thereto.

"Material Adverse Effect" shall mean any effect, event, circumstance, development or change, individually or in the aggregate, which has or is reasonably likely to have, a material adverse effect on (i) the Transferred Assets or the interests of Purchaser with respect thereto, (ii) the ability of Seller to consummate the transactions contemplated by this Agreement, any Sale Supplement or the Subservicing Agreement or to perform its obligations hereunder or under any Sale Supplement or the Subservicing Agreement, (iii) the validity or enforceability of this Agreement, any Sale Supplement or the Subservicing Agreement or (iv) Purchaser's (or its Affiliates') costs, regulatory capital, taxes or accounting treatment with respect to the Transferred Assets.

"MERS" shall mean Mortgage Electronic Registration System, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.

"MERS Loan" shall mean any Mortgage Loan registered on the MERS System.

"MERS System" shall mean the mortgage electronic registry system administered by MERS.

"Mortgage" shall mean with respect to a Mortgage Loan, a mortgage, deed of trust or other security instrument creating a lien upon real property and any other property described therein which secures a Mortgage Note, together with any assignment, reinstatement, extension, endorsement or modification thereof.

"Mortgage Escrow Payments" shall mean the portion, if any, of the Mortgage Loan Payment in connection with a Mortgage Loan that, pursuant to the related Mortgage Loan Documents, must be made by a Mortgagor for deposit in a related Escrow Account for the payment of real estate taxes and assessments, insurance premiums, ground rents and similar items.

"Mortgage Loan" shall mean, with respect to any Servicing Agreement, any residential mortgage loan or home equity line of credit which is serviced by Seller pursuant to such Servicing Agreement and is identified on a Mortgage Loan Schedule for the Sale Supplement related to such Servicing Agreement.

"Mortgage Loan Documents" shall mean with respect to each Mortgage Loan, the documents in the related Custodial File and Loan File.

"Mortgage Loan Payment" shall mean, with respect to a Mortgage Loan, the amount of each scheduled installment on such Mortgage Loan, whether for principal, interest, escrow or other purpose, required or permitted to be paid by the Mortgagor in accordance with the terms of the Mortgage Loan Documents.

"Mortgage Loan Schedule" shall mean the schedule of Mortgage Loans and REO Properties subject to the applicable Servicing Agreements as of the related Cut-off Date, which schedule shall be delivered in electronic format by Seller to Purchaser and shall include the data fields agreed upon by Seller and Purchaser to the extent applicable with respect to each Mortgage Loan or REO Property.

"Mortgage Note" shall mean, with respect to a Mortgage Loan, a promissory note or notes, or other evidence of indebtedness, with respect to such Mortgage Loan secured by a Mortgage or Mortgages, together with any assignment, reinstatement, extension, endorsement or modification thereof.

"Mortgage Pool" shall mean with respect to a Servicing Agreement, all Mortgage Loans subject to such Servicing Agreement.

"Mortgaged Property" shall mean the improved residential real property that secures a Mortgage Note and that is subject to a Mortgage.

"Mortgagor" shall mean the obligor(s) on a Mortgage Note.

"Non-Qualified Servicer Advance" shall mean an advance made by Seller under a Servicing Agreement to a third party that is not payable (without regard to the credit quality of the source of payment) either from (x) the applicable Trust or proceeds of the Mortgage Loans collected pursuant to the applicable Servicing Agreement, or (y) from the applicable Mortgagor on a Mortgage Loan pursuant to the terms of the Mortgage Loan Documents and Applicable Law in effect as of the date on which the related Servicer Advance is transferred to Purchaser pursuant to the related Sale Supplement (other than through the pursuit of deficiency judgments) because, in either case, (a) such advance does not qualify as a Servicer Advance or (b) reasonable documentation as to the type and amount of such advance is not available.

"Officer" shall mean the Chief Executive Officer, Chief Operating Officer, President or a Vice President or Member of the applicable party.

"Original MSRPA" shall have the meaning specified in the recitals hereto.

"Outstanding Servicing Fees" shall mean the amount of accrued and unpaid Servicing Fees and any Ancillary Income due and payable under the Servicing Agreements as of the related Closing Date.

"Person" shall mean any individual, association, corporation, limited liability company, partnership, limited liability partnership, trust or any other entity or organization, including any Governmental Authority.

"Post-Closing Statement" shall have the meaning set forth in Section 2.5.

"Prepayment Interest Excess" means with respect to each Mortgage Loan that was the subject of a principal prepayment, the amount of interest, if any, that is payable with respect to such principal prepayment to the extent such amount is payable to the Purchaser as additional servicing compensation pursuant to the related Servicing Agreement.

"PSA" shall mean: (i) each Servicing Agreement that is a pooling and servicing agreement or (ii) with respect to each Servicing Agreement that is not a pooling and servicing agreement, the related servicing agreement or trust agreement relating to each Securitization Transaction pursuant to which the Mortgage Loans subject to such Servicing Agreement were securitized and mortgage-backed securities were issued.

"Purchase Price" shall mean, with respect to any Sale, the purchase price for the related Transferred Assets calculated in accordance with the related Sale Supplement.

"Purchaser" shall mean HLSS Holdings, LLC, a Delaware limited liability company, and its successors-in-interest.

"Rating Agency" shall mean with respect to each PSA, the nationally recognized statistical rating organizations that rated the securities issued pursuant to such PSA on the date of issuance.

"Reconciliation Excess Amount" shall have the meaning set forth in Section 5.10.

"Reconciliation Shortfall Amount" shall have the meaning set forth in Section 5.10.

"Recourse" shall mean, with respect to any Mortgage Loan, any obligation or liability (actual or contingent) of Seller (a) to reimburse the applicable Trust for losses incurred in connection with the Foreclosure or other disposition of, or other realization or attempt to realize upon the collateral securing, such Mortgage Loan (including, without limitation, losses relating to loss mitigation or obtaining deeds in lieu of Foreclosure), which losses are not reimbursable from the applicable Mortgagor or pursuant to the Mortgage Loan Documents (other than through the pursuit of a deficiency judgment), the Servicing Agreements or the Underlying Documents; (b) to repurchase such Mortgage Loan in the event that the Mortgagor of such Mortgage Loan is in bankruptcy, in Foreclosure or in litigation; or (c) to repurchase such Mortgage Loan in the event of a delinquency or other payment default thereunder by the Mortgagor.

"Regulatory Approvals" shall mean all approvals from any Governmental Authority that are required to be obtained by Seller or Purchaser, as applicable, in order to consummate the transactions contemplated by this Agreement, including the expiration of all waiting periods thereunder (including any extensions thereof).

"Related Agreement" shall mean, with respect to any Sale, the related Sale Supplement, any related Assignment and Assumption Agreement and any other agreements, documents and instruments entered into in connection with such Sale.

"REO Property" shall mean any Mortgaged Property with respect to which the Trustee has taken ownership as a result of Foreclosure or acceptance of a deed in lieu of Foreclosure pursuant to the related Servicing Agreement.

"Sale" shall mean a sale of Transferred Assets pursuant to a Sale Supplement entered into pursuant to this Agreement.

"Sale Supplement" shall have the meaning set forth in Section 2.1.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securitization Transaction" shall mean with respect to each Servicing Agreement, the securitization transactions identified on Schedule I to the related Sale Supplement pursuant to which the Mortgage Loans subject to such Servicing Agreement were securitized pursuant to the related PSA.

"Self-Regulatory Organization" shall mean the London Stock Exchange, the FTSE Group, the Financial Industry Regulatory Authority, the American Stock Exchange, the National Futures Association, the Chicago Board of Trade, the New York Stock Exchange, any national securities exchange (as defined in the Securities Exchange Act of 1934, as amended), any other securities exchange, futures exchange, contract market, any other exchange or corporation or similar self-regulatory body or organization.

"Seller" shall mean Ocwen Loan Servicing, LLC, a Delaware limited liability company, and its successors-in-interest.

"Seller's Objection" shall have the meaning set forth in Section 2.5.

"Servicer Advance" shall mean any (i) "Servicing Advance", "Corporate Advance" and/or "Escrow Advance", each as defined in the applicable Servicing Agreement, or, to the extent not so defined therein, customary and reasonable out-of-pocket expenses incurred by Seller in connection with a default, delinquency, property management or protection, Foreclosure or other event relating to a Mortgage Loan or advances of delinquent taxes, assessments and insurance premiums payable by a Mortgagor or otherwise made with respect to a Mortgage Loan and, in each case, made in accordance with Applicable Requirements and for which Seller owns a right of reimbursement under the applicable Servicing Agreement as of the date such right is transferred to Purchaser pursuant to this Agreement as supplemented by the related Sale Supplement and (ii) all "Advances", "P&I Advances", "Monthly Advances" (each as defined in the applicable Servicing Agreement) or other advances in respect of principal or interest for which Seller owns a right of reimbursement under the applicable Servicing Agreement as of the date such right is transferred to Purchaser pursuant to this Agreement as supplemented by the related Sale Supplement.

"Servicing Agreement" shall mean each of the Servicing Agreements described on Schedule I attached to the related Sale Supplement and each related Underlying Document governing the rights, duties and obligations of Seller as servicer under such Servicing Agreements.

"Servicing Fees" shall mean all compensation payable to Seller under the Servicing Agreements, including each "Servicing Fee" payable based on a percentage of the outstanding principal balance of the Mortgage Loans, but excluding all Ancillary Income, Prepayment Interest Excess and earnings received on amounts on deposit in any Custodial Account or Escrow Account.

"Servicing Rights" shall mean all right, title and interest of Seller and all rights and obligations of Seller under the Servicing Agreements and Underlying Documents including, without limitation, the right (i) to receive all Servicing Fees, Ancillary Income, Prepayment Interest Excess or other compensation (including any Outstanding Servicing Fees) payable to Seller pursuant to the related Servicing Agreements, (ii) to any and all accounts established for the servicing of the Mortgage Loans or pursuant to the applicable Servicing Agreements, including, to the extent provided therein, any right or power to direct the disposition, disbursement, distribution or investment of amounts deposited therein, (iii) in and to the related Escrow Accounts and Custodial Accounts, (iv) to the related Loan Files, in each case, subject to the terms, restrictions and conditions applicable thereto pursuant to the applicable Servicing Agreement and Underlying Documents, (v) to be reimbursed for any Servicer Advances under the Servicing Agreements, (vi) to exercise any optional termination or clean-up call provisions, if any, as set forth in the related Servicing Agreements or PSAs, and (vii) to indemnification or other remedy, if any, from any subservicer of the Mortgage Loans or under the terms of the related Servicing Agreements, PSAs or Underlying Agreements relating to the period as of or after the date Purchaser acquires such Servicing Rights. The term Servicing Rights shall not include any obligations in connection with any representations and warranties with respect to the Mortgage Loans or other Transferred Assets made by Seller or any of its Affiliates or any obligation to remedy breaches of any representations or warranties with respect to Seller or any of its Affiliates, the Mortgage Loans or other Transferred Assets or to indemnify any party in connection therewith or the obligations of any Master Servicer under a PSA.

"Servicing Transfer Date" shall mean, with respect to a Servicing Agreement, the date specified in the related Sale Supplement as the "Servicing Transfer Date" for such Servicing Agreement, or in any case, such other date or dates mutually agreed upon by Purchaser and Seller.

"Servicing Transfer Instructions" means with respect to each Transferred Asset, the servicing transfer instructions, if any, mutually agreed to by Purchaser and Seller and set forth in the related Sale Supplement.

"Subservicing Agreement" means that certain Master Subservicing Agreement dated as of the date hereof between HLSS Holdings, LLC, as servicer, and Ocwen Loan Servicing, LLC, as subservicer.

"Termination Date" shall have the meaning set forth in Section 7.1.

"Third Party Consents" shall mean any consent, authorization, approval, statement, waiver, order, license, certificate or permit or act of or from, or notice to any Rating Agency or any party to or referenced in any Servicing Agreement or any amendment to any Servicing Agreement that is required under such Servicing Agreement in order to duly transfer the servicing of the Mortgage Loans and the Servicing Rights and other Transferred Assets related to such Servicing Agreement to Purchaser and consummate the transactions contemplated by this Agreement and the related Sale Supplement, in each case in form and substance reasonably satisfactory to Seller and Purchaser.

"Transferred Assets" shall, with respect to each Sale, have the meaning set forth in the related Sale Supplement.

"Transferred Liabilities" shall, with respect to each Sale, have the meaning set forth in the related Sale Supplement.

"Trust" shall mean, with respect to each Securitization Transaction, the trust or other legal entity that is the owner of the Mortgage Loans included in such Securitization Transaction.

"Trustee" shall mean with respect to each Servicing Agreement, the entity identified as the "trustee" or "indenture trustee" therein, or any successor trustee or successor indenture trustee, as applicable, thereto.

"Underlying Documents" means each operative document or agreement described on Schedule II attached to the related Sale Supplement executed in connection with each Securitization Transaction which is binding upon Seller, as servicer, if any.

1.2 Termination of Original MSRPA. By each party's execution of this Agreement, the Original MSRPA shall be terminated pursuant to Section 7.1(a) thereof with a termination date of October 1, 2012; provided, however, (i) Section 7.2 shall have no force or effect as a result of such termination, and (ii) each of the previously executed Sale Supplements under the Original MSRPA shall be Sale Supplements for the purposes of this Agreement, with the same force and effect as though this Agreement had been executed and in effect at the time such Sale Supplements had been executed.

ARTICLE 2

SALES AND CLOSINGS

2.1 Sale Supplements. Seller and Purchaser may from time to time enter into one or more sale supplements substantially in such form and substance as the parties may mutually agree to (each a "Sale Supplement"), pursuant to which Seller and Purchaser will agree to the sale and purchase of certain Servicing Rights and other related assets on the terms set forth in this Agreement, as modified or supplemented by such Sale Supplement. The parties agree that, to the extent the terms of any Sale Supplement are inconsistent with any term of this Agreement, the terms of such Sale Supplement shall control with respect to the related Sale.

2.2 Closing Date. Assuming the conditions to the closing of a Sale have occurred, the purchase of Transferred Assets and assumption of Transferred Liabilities pursuant to a Sale Supplement shall occur at a closing (each, a "Closing") to be held on the related Closing Date, at 9 a.m., Eastern Standard Time, or at such other time, place, and manner as the parties shall mutually agree.

2.3 Closing Statement. No later than the Closing Statement Delivery Date with respect to a Sale, Seller shall prepare and deliver to Purchaser the Closing Statement for such Sale.

2.4 Closing.

(a) All actions taken and documents delivered at a Closing shall be deemed to have been taken and executed simultaneously, and no action shall be deemed taken nor any document delivered until all have been taken and delivered.

(b) At or prior to a Closing, subject to all the terms and conditions of this Agreement and the related Sale Supplement, Seller shall deliver to Purchaser the following with respect such Sale and the related Transferred Assets:

(1) executed counterparts of each Related Agreement to which Seller is a party;

(2) secretary's certificates, evidence of corporate existence and good standing, evidence of corporate approvals and other similar documents;

(3) an opinion of counsel to Seller, dated as of the related Closing Date, in form and substance reasonably acceptable to Purchaser, with respect to certain corporate matters of Seller and other related matters;

(4) any required Regulatory Approvals with respect to Seller;

(5) all Third Party Consents with respect to the Transferred Assets;

(6) a certificate of an Officer of Seller, dated as of the related Closing Date, certifying as to the satisfaction of the conditions set forth in Sections 6.1 and 6.2 in form and substance reasonably acceptable to Purchaser;

(7) a certificate of an Officer of Seller, dated as of the related Closing Date, relating to outstanding Servicer Advances in form and substance reasonably acceptable to Purchaser;

(8) customary documentation reasonably acceptable to Purchaser evidencing the release of any Lien on the related Servicing Rights and other Transferred Assets, which documentation may include but not be limited to any lien releases and UCC-3 termination statements with respect thereto;

(9) a limited power of attorney from Seller to allow Purchaser, in the name of Seller, to effect transfers of the related Transferred Assets and to service the Mortgage Loans pursuant to the related Servicing Agreements, as amended, which shall be in form and substance reasonably satisfactory to Seller and Purchaser;

(10) a receipt for payment of the Estimated Purchase Price paid at Closing; and

(11) such other certificates and documents as Purchaser determines to be reasonably necessary in connection with the consummation of the transactions contemplated by the Sale Supplement and which do not alter the parties' respective obligations, liabilities or costs with respect thereto.

(c) Purchaser shall deliver to Seller the following documents relating to such Sale:

(1) executed counterparts of each Related Agreement to which Purchaser is a party;

(2) secretary's certificates, evidence of corporate existence and good standing, evidence of corporate approvals and other similar documents;

(3) an opinion of counsel to Purchaser, dated as of the related Closing Date, reasonably acceptable to Seller, with respect to certain corporate matters of Purchaser;

(4) any required Regulatory Approvals with respect to Purchaser;

(5) a certificate of an Officer of Purchaser or its sole member, Home Loan Servicing Solutions, Ltd., dated as of the related Closing Date, certifying as to the satisfaction of the conditions set forth in Sections 6.1 and 6.3 in form and substance reasonably acceptable to Seller;

(6) the Estimated Purchase Price by wire transfer in immediately available funds to those accounts identified by Seller to Purchaser; and

(7) such certificates and other documents as Seller determines to be reasonably necessary in connection with the consummation of the transactions contemplated by the Sale Supplement and which do not alter the parties' respective obligations, liabilities or costs with respect thereto.

2.5 Post Closing Reconciliation of Purchase Price. No later than sixty (60) days following a Closing Date, Purchaser shall prepare and deliver to Seller a statement (the "Post-Closing Statement") reconfirming the calculation of the Purchase Price for the related Sale as of such Closing Date. Seller shall, within thirty (30) days after its receipt of the Post-Closing Statement, inform Purchaser in writing (the "Seller's Objection"), setting forth in reasonable detail the basis of any dispute Seller may have with respect to any information contained in the Post-Closing Statement. If no Seller's Objection is received by Purchaser on or before the last day of such 30-day period, then the Post-Closing Statement shall be final and binding on the parties hereto. Purchaser shall have 30 days from its receipt of the Seller's Objection to review and respond to the Seller's Objection. If Seller timely submits the Seller's Objection to Purchaser, Seller and Purchaser first shall seek in good faith to resolve any disagreement over the disputed items set forth in the Seller's Objection. If any disagreement cannot be resolved by Purchaser and Seller within 30 days after Purchaser's receipt of the Sellers' Objection, then either Purchaser or Seller, by written notice to the other, may elect to have any such disagreement tendered to and resolved by a mutually agreeable internationally recognized independent certified public accounting firm (the "Accountant"), which shall determine whether the final Purchase Price set forth in the Post-Closing Statement requires adjustment. The determination by the Accountant shall be final and binding on the parties hereto for all purposes of this Agreement. Each of Seller and Purchaser shall bear all fees and costs incurred by it in connection with this determination and 50% of all fees and expenses relating to the foregoing work of the Accountant. The Accountant shall have full access to all information used by the Purchaser in preparing the Post Closing Statement and by Seller in preparing the Seller's Objection, including the work papers of their respective accountants (to the extent permitted by such accountants), and all other information reasonably requested by the Accountant from Seller and Purchaser. The Accountant shall be instructed to submit its determination to the parties hereto in writing as soon as practicable after submission of the matter to it but no later than thirty (30) days after such submission. Once the parties hereto agree upon or otherwise arrive at, or once the Accountant has made a final determination on, the final Purchase Price, to the extent the final Purchase Price is less than the Estimated Purchase Price, Seller shall refund such difference to Purchaser within ten (10) Business Days following such determination, and to the extent the final Purchase Price is greater than the Estimated Purchase Price, Purchaser shall pay such difference to Seller within ten (10) Business Days following such determination.

ARTICLE 3

GENERAL REPRESENTATIONS AND WARRANTIES OF SELLER

Seller, as a condition to the consummation of the transactions contemplated hereby, hereby makes the following representations and warranties to Purchaser as of the date hereof, as of the date of each Sale Supplement, as of each Closing Date and as of each Servicing Transfer Date:

3.1 Due Organization. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its property and to carry on its business as presently conducted and to enter into, deliver and perform this Agreement, each Sale Supplement and all documents executed pursuant hereto and thereto by Seller and to carry out its obligations hereunder and thereunder.

3.2 Due Authorization; Binding Effect. The execution, delivery and performance of this Agreement, each Sale Supplement and all documents executed pursuant hereto and thereto by Seller has been duly and validly authorized by all necessary limited liability company or other action. This Agreement has been, and upon their execution each Sale Supplement and all documents executed pursuant hereto and thereto by Seller shall be, duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Purchaser) this Agreement constitutes, and upon their execution, each Sale Supplement and all documents executed pursuant hereto and thereto by Seller shall constitute, the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, subject to the Enforceability Exceptions.

3.3 No Conflicts. The execution, delivery and performance by Seller of this Agreement, each Sale Supplement and all documents executed pursuant hereto and thereto by Seller do not and will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or result in the creation or imposition of any Lien upon any of the assets of Seller under, any provision of (a) the organizational documents of Seller, (b) any mortgage, indenture or other agreement to which Seller is a party or by which Seller or any of its properties or assets is subject (except as would not reasonably be expected to adversely affect the ability of Seller to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Sale Supplements) or (c) any provision of any Applicable Law applicable to Seller or its properties or assets.

3.4 Consents. No consent of, or registration, declaration or filing with, any Governmental Authority or any other Person is required to be obtained, effected or given by or with respect to Seller in connection with the execution, delivery and performance of this Agreement or any Sale Supplement or the consummation of the transactions contemplated hereby or thereby, except for consents, registrations, declarations and filings that have been obtained or will be obtained prior to the related Closing Date.

3.5 Litigation. There are no actions, litigation, suits or proceedings pending or, to Seller's knowledge, threatened against Seller before or by any court, administrative agency, arbitrator or government body (i) with respect to this Agreement or any Sale Supplement or (ii) with respect to any other matter which if determined adversely to the Seller would reasonably be expected to materially and adversely affect Seller's ability to perform its obligations under this Agreement or any Sale Supplement; and Seller is not in default with respect to any order of any court, administrative agency, arbitrator or governmental body so as to materially and adversely affect Seller's ability to perform its obligations under this Agreement or any Sale Supplement.

3.6 Licenses. Seller has all licenses necessary to carry on its business as now being conducted and as is contemplated by this Agreement and each Sale Supplement to be conducted and is duly authorized and qualified to transact, in each applicable state, any and all business contemplated by this Agreement and each Sale Supplement (except where there is an appropriate statutory exemption applicable to Seller or the failure so to qualify would not have a Material Adverse Effect).

3.7 Bulk Sales. The sale and transfer of the Transferred Assets by Seller are not subject to the bulk transfer or similar statutory provisions of applicable state or federal law.

3.8 Broker's Fees. There are no fees or commissions or any expenses of any broker, finder or investment banker or anyone else acting in the capacity of a broker, finder or investment banker for Seller in connection with the transactions contemplated hereby.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser, as a condition to the consummation of the transactions contemplated hereby, hereby makes the following representations and warranties to Seller as of the date hereof, as of the date of each Sale Supplement, as of each Closing Date and as of each Servicing Transfer Date:

4.1 Due Organization. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its property and to carry on its business as presently conducted and to enter into, deliver and perform this Agreement, each Sale Supplement and all documents executed pursuant hereto and thereto by Purchaser and to carry out its obligations hereunder and thereunder.

4.2 Due Authorization; Binding Effect. The execution, delivery and performance of this Agreement, each Sale Supplement and all documents executed pursuant hereto and thereto by Purchaser has been duly and validly authorized by all necessary limited liability company or other action. This Agreement has been, and upon their execution each Sale Supplement and all documents executed pursuant hereto and thereto by Purchaser shall be, duly executed and delivered by Purchaser, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes, and upon their execution, each Sale Supplement and all documents executed pursuant hereto and thereto by Purchaser shall constitute, the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to the Enforceability Exceptions.

4.3 No Conflicts. The execution, delivery and performance by Purchaser of this Agreement, each Sale Supplement and all documents executed pursuant hereto and thereto by Purchaser do not and will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or result in the creation or imposition of any Lien upon any of the assets of Purchaser under, any provision of (a) the organizational documents of Purchaser, (b) any mortgage, indenture or other agreement to which Purchaser is a party or by which Purchaser or any of its properties or assets is subject (except as

would not reasonably be expected to adversely affect the ability of Purchaser to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Sale Supplements) or (c) any provision of any Applicable Law applicable to Purchaser or its properties or assets.

4.4 Consents. No consent of, or registration, declaration or filing with, any Governmental Authority or any other Person is required to be obtained, effected or given by or with respect to Purchaser in connection with the execution, delivery and performance of this Agreement or any Sale Supplement or the consummation of the transactions contemplated hereby or thereby, except for consents, registrations, declarations and filings that have been obtained or will be obtained prior to the related Servicing Transfer Date.

4.5 Litigation. There are no actions, litigation, suits or proceedings pending or, to Seller's knowledge, threatened against Purchaser before or by any court, administrative agency, arbitrator or government body (i) with respect to this Agreement or any Sale Supplement or (ii) with respect to any other matter which if determined adversely to the Purchaser would reasonably be expected to materially and adversely affect Purchaser's ability to perform its obligations under this Agreement or any Sale Supplement; and Purchaser is not in default with respect to any order of any court, administrative agency, arbitrator or governmental body so as to materially and adversely affect Purchaser's ability to perform its obligations under this Agreement or any Sale Supplement.

4.6 Licenses. Purchaser has all licenses necessary to carry on its business as now being conducted and as is contemplated by this Agreement and each Sale Supplement (taking into account that Purchaser is engaging a subservicer to service the Mortgage Loans) to be conducted and is duly authorized and qualified to transact, in each applicable state, any and all business contemplated by this Agreement and each Sale Supplement (except where there is an appropriate statutory exemption applicable to Purchaser or the failure so to qualify would not have a Material Adverse Effect on the ability of Purchaser to perform its obligations hereunder).

4.7 Broker's Fees. There are no fees or commissions or any expenses of any broker, finder or investment banker or anyone else acting in the capacity of a broker, finder or investment banker for Purchaser in connection with the transactions contemplated hereby.

ARTICLE 5

OBLIGATIONS OF PARTIES PRIOR TO AND AFTER A CLOSING DATE

5.1 Conduct of Business. Except as otherwise set forth in the related Sale Supplement, Seller will, from the date of execution of a Sale Supplement to the related Servicing Transfer Date, continue to service the Mortgage Loans relating to Servicing Agreements subject to such Sale Supplement in accordance with Applicable Requirements and in the ordinary course of business consistent with past practices.

5.2 Regulatory Approvals. As soon as possible following the execution of a Sale Supplement, Seller shall have prepared and have filed applications and notices relating to any required Regulatory Approvals with respect to the related Sale. Seller agrees to process such notices and applications as promptly as reasonably practicable and to provide Purchaser promptly with a copy of such applications as filed and all material notices, orders, opinions, correspondence, and other documents with respect thereto, and to use commercially reasonable efforts to obtain all Regulatory Approvals. Seller shall provide Purchaser such cooperation and information reasonably requested by Purchaser in connection with Purchaser's compliance with the requirements of the applicable Governmental Authorities. The parties shall use commercially reasonable efforts to cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry relating to Regulatory Approvals, and to resolve any concerns of any Governmental Authority and obtain all Regulatory Approvals so as to permit the prompt completion of the transactions contemplated by a Sale Supplement.

5.3 Third Party Consents. Except as expressly stated to the contrary in a Sale Supplement, Seller shall use commercially reasonable efforts, at no cost to Purchaser (except as otherwise provided in the applicable Sale Supplement), to obtain the applicable Third Party Consents with respect to each Sale prior to the applicable Closing Date. Seller and Purchaser shall cooperate in good faith to obtain and provide such information reasonably requested by the other party in connection with obtaining such Third Party Consents. In accordance with Applicable Requirements, Seller, at its sole expense, shall submit to Insurers and third parties all materials, and pay such fees and costs as are required by Applicable Requirements, in order to obtain the Third Party Consents required to be obtained by Seller in a timely manner with respect to the transfer of the Transferred Assets from Seller to Purchaser. Seller shall promptly notify Purchaser if any Insurer or third party advises Seller that it does not consent to all or any portion of the Transferred Assets with respect to a Sale being transferred to Purchaser.

5.4 Fees and Expenses. Subject to Section 5.3, unless expressly stated to the contrary in a Sale Supplement, each party will assume and pay for the expenses such party incurs with respect to a Sale, including, any fee payable by such party to any agent, broker or finder acting on its behalf in the Sale and costs, charges and expenses relating to its own attorneys' and accountants'; provided that Seller shall (i) be responsible for the shipping and delivery costs related to the transfer of the Transferred Assets, including the Loan Files, any outstanding obligations to prepare and record Assignments of Mortgage, and any fees and costs to reflect the transfer of servicing of any MERS Loans to Purchaser or its designee on the MERS System and (ii) pay the costs, fees and expenses of obtaining all required Regulatory Approvals (other than any Regulatory Approvals required to be obtained by Purchaser) and Third Party Consents required to be obtained (including the fees of any Trustee or Custodians), and any termination, transfer and/or other similar fees and expenses payable to any subservicer or subcontractor in order to transfer the servicing of the Mortgage Loans to Purchaser or its designee.

5.5 Public Announcements. Neither of the parties shall make, or cause to be made, any press release or public announcement in respect of this Agreement or any Sale Supplement or the transactions contemplated hereby or thereby or otherwise communicate with any news media in respect thereof without the prior written consent of the other parties (unless otherwise required by Applicable Law or the rules and regulations of any applicable Self-Regulatory Organization), and the parties hereto shall cooperate as to the form, timing and contents of any such press release, public announcement or communication.

5.6 Records relating to Servicer Advances. Seller shall provide to Purchaser, within sixty (60) days of each Closing Date (or such shorter period as agreed by Seller and Purchaser), an itemized list for all applicable unreimbursed Servicer Advances, including at a minimum (A) loan level Servicer Advance balances, (B) information reflecting the date or period such Servicer Advances were made and (C) loan level information related to the type (i.e., delinquency, tax, insurance, attorney fees, property inspection, etc.) and disbursement history of each Servicer Advance (which may be in electronic format). Seller shall, consistent with industry standards, maintain copies of invoices or other customary evidence with respect to each Servicer Advance made by Seller and shall, to the extent readily available to Seller without due cost or expense, provide copies of such invoices or other customary evidence to the extent requested by Purchaser, a Mortgagor or a third party to support the reimbursement of such Servicer Advance. In the event Seller cannot provide, or cause to be provided to Purchaser any such invoice or other customary evidence, and Purchaser is unable to be reimbursed for such Servicer Advance solely as a result of such failure, Seller shall reimburse Purchaser for the amount of such unreimbursed Servicer Advances within five (5) Business Days of Purchaser's written request, to the extent Purchaser paid Seller for such amounts.

5.7 Efforts to Consummate; Further Assurances. The parties hereto agree to use all reasonable efforts to satisfy or cause to be satisfied as soon as practicable their respective obligations hereunder and the conditions precedent to Closing. Seller shall, at any time and from time to time, promptly, upon the reasonable request of Purchaser, execute, acknowledge, deliver or perform (and shall cause any subservicer to execute, acknowledge deliver or perform), all such further acts, deeds, assignments, transfers, conveyances, and assurances as may be reasonably required (a) for the better vesting and conferring to Purchaser of title in and to the Servicing Rights and other Transferred Assets, (b) to effect the transactions contemplated by this Agreement or (c) to enable Purchaser or its designee to service the Mortgage Loans. Purchaser shall, any time and from time to time, promptly, upon the reasonable request of Seller, execute, acknowledge, deliver or perform, all such further acts and assurances as may be reasonably required to effect the transactions contemplated by a Sale Supplement, including, without limitation, the assumption by Purchaser of the Transferred Liabilities. At Purchaser's request, Seller shall use commercially reasonable efforts to obtain any documents or instruments missing from any Loan File or Custodial File, and to cure any defects or deficiencies in the documents or instruments contained in any Loan Files or Custodial Files; provided that such document or instrument is missing, defective or deficient as a result of an act or omission of Seller or a subservicer engaged by Seller, and Seller shall otherwise have no duty or obligation to obtain or cure any documents or instruments.

5.8 Servicing Rights Transition. Seller and Purchaser shall comply in all material respects with the terms of the applicable Servicing Transfer Instructions with respect to the transfer of servicing of the related Mortgage Loans.

5.9 MERS. Seller shall prepare and record any assignments of mortgage required to be recorded by Seller prior to the related Servicing Transfer Date under the related Servicing Agreements. With respect to MERS Loans, Seller shall take any actions required to reflect the transfer of servicing from Seller to Purchaser or its designee and Purchaser's or its designee's status as servicing rights owner as of the related Closing Date.

5.10 Custodial Account and Escrow Account Reconciliation. In accordance with normal and customary industry practices in connection with the transfer of Servicing Rights and related Custodial Accounts and Escrow Accounts, Seller and Purchaser agree to reconcile and balance in good faith the applicable Custodial Accounts and Escrow Accounts within sixty (60) Business Days of the transfer of such Servicing Rights to Purchaser under the related Sale Supplement. The aggregate amount of shortfall included in the reconciling items referred to above (the "Reconciliation Shortfall Amount"), if any, shall be funded by Seller within ten (10) Business Days of such reconciliation. The aggregate amount of the excess included in the reconciling items referred to above (the "Reconciliation Excess Amount"), if any, shall be refunded by Purchaser within ten (10) Business Days of such reconciliation.

5.11 Interest on Related Escrow Accounts. Seller shall cause to be paid any interest on amounts in the related Escrow Accounts accrued to but not including the related Servicing Transfer Date to the extent interest with respect to such accounts is required to be paid under Applicable Requirements for the benefit of Mortgagors under the Mortgage Loans or any other appropriate party. Seller shall cause the deposit of any such interest earned on amounts in the related Escrow Accounts.

5.12 Payment of Certain Servicer Advances. Purchaser shall pay all invoices related to unreimbursed Servicer Advances incurred prior to the related Servicing Transfer Date for which the related invoice is received by Purchaser subsequent to the related Servicing Transfer Date, whether such invoice was submitted by the related service provider or by Seller, provided such invoice is received within ninety (90) days following the related Servicing Transfer Date and is reasonably determined by Purchaser to be reimbursable as a Servicer Advance under the related Servicing Agreement. In the event that Purchaser fails to pay any such invoice and Seller subsequently pays such amounts due, Purchaser covenants to reimburse Seller for any such amounts within thirty (30) days of receipt of an itemized invoice for such amounts. Seller shall reimburse Purchaser for any amounts paid by Purchaser relating to invoices received by Purchaser for services rendered prior to the related Servicing Transfer Date if reimbursement to the Purchaser under the related Servicing Agreement is denied as a result of inadequate or missing documentation or the late submission of the invoice to Purchaser

5.13 IRS Reporting. With respect to events that occurred prior to the related Servicing Transfer Date during the calendar year in which such Servicing Transfer Date occurs, Seller shall prepare and send to Mortgagors and prepare and file with the Internal Revenue Service all reports, forms, notices and filings required by the Code, Treasury regulations and other federal law, regulations or administrative procedures in connection with the Servicing Rights and the Mortgage Loans (including forms 1098, 1099 or 1099A). With respect to events that occurred on or after the related Servicing Transfer Date during the calendar year in which the related Servicing Transfer Date occurs, Purchaser (or its subservicer) shall prepare and send (or cause to be prepared and sent) to Mortgagors and prepare and file with the Internal Revenue Service, all reports, forms, notices and filings required by the Code, Treasury regulations and other federal law, regulations or administrative procedures in connection with the Servicing Rights and the Mortgage Loans.

5.14 Servicer Compliance Reports and Certifications. Seller shall comply fully with all requirements of the Servicing Agreements relating to the provision of servicer compliance statements, servicer assessments and accountant attestations and backup servicer certifications relating to applicable Sarbanes-Oxley filings covering the period up to the related Servicing Transfer Date, including for the period in the calendar year in which the related Servicing Transfer Date occurs, prior to such Servicing Transfer Date. Seller shall provide Purchaser copies of all such documents required under the Servicing Agreements for these periods at the same time delivered to the other parties as required under the Servicing Agreements.

5.15 Solicitation of Customers. Except as permitted under the Subservicing Agreement, from and after the date of execution of a Sale Supplement, Seller shall not directly or indirectly solicit, and Seller shall exercise commercially reasonable efforts to prevent any of its Affiliates from directly or indirectly soliciting, by means of direct mail, telephone or personal solicitation, the Mortgagors of any of the Mortgage Loans relating to the Servicing Agreements subject to such Sale Supplement for purposes of prepayment or refinance or modification of such Mortgage Loans; it being understood and agreed that all rights and benefits relating to the direct solicitation of such Mortgagors with respect to any matter relating to the Mortgage Loans and all attendant right, title and interest in and to the list of such Mortgagors and data relating to their Mortgage Loans (including insurance renewal dates) shall be transferred to Purchaser on the related Closing Date. It is understood and agreed that the foregoing is not intended to prohibit general advertising or solicitations directed to the public generally.

ARTICLE 6

CONDITIONS TO CLOSING

6.1 Conditions to Obligations of the Parties. The obligation of each of Purchaser and Seller to complete the transactions contemplated by a Sale Supplement is conditioned upon fulfillment or, where legally permitted, waiver, on or before the related Closing Date, of each of the following conditions:

(a) There shall not be pending before any court or Governmental Authority of competent jurisdiction any action or proceeding by any third party that seeks to prohibit the consummation of the transactions contemplated by such Sale Supplement and that has a substantial probability of so prohibiting or adversely affecting the transactions contemplated by such Sale Supplement.

(b) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced, issued or entered into any order that is in effect and which prohibits or makes illegal the consummation of the transactions contemplated by such Sale Supplement.

(c) Each of Seller and Purchaser shall have obtained any Regulatory Approvals required to be obtained by such party to consummate the transactions contemplated by such Sale Supplement.

(d) The satisfaction of any additional condition set forth in such Sale Supplement.

6.2 Conditions to Obligations of Seller. The obligation of Seller to complete the transactions contemplated by a Sale Supplement is conditioned upon fulfillment or, where legally permitted, waiver, on or before the related Closing Date, of each of the following conditions:

(a) The representations and warranties made by Purchaser in such Sale Supplement and this Agreement shall be true and correct in all material respects (unless such representation or warranty was qualified as to materiality, in which case such representation and warranty shall be true and correct) as of the related Closing Date as though such representations and warranties were made at and as of such time (except that representations and warranties that speak as of a specified date shall be true and correct as of such date).

(b) Purchaser shall have performed and complied in all material respects with all obligations, covenants and agreements required by such Sale Supplement and this Agreement to be performed or complied with by it prior to or on the related Closing Date.

(c) Purchaser shall have delivered to Seller those items required by Section 2.4(c) with respect to the related Sale.

(d) The satisfaction of any additional condition set forth in such Sale Supplement.

6.3 Conditions to Obligations of Purchaser. The obligation of Purchaser to complete the transactions contemplated by a Sale Supplement is conditioned upon fulfillment or, where legally permitted, waiver, on or before the related Closing Date, of each of the following conditions:

(a) The representations and warranties made by Seller in such Sale Supplement and this Agreement shall be true and correct in all material respects (unless such representation or warranty was qualified as to materiality, in which case such representation and warranty shall be true and correct) as of the related Closing Date as though such representations and warranties were made at and as of such time (except that representations and warranties that speak as of a specified date shall be true and correct as of such date).

(b) Seller shall have performed and complied in all material respects with all obligations, covenants and agreements required by such Sale Supplement and this Agreement to be performed or complied with by it prior to or on the related Closing Date.

(c) Seller shall have delivered to Purchaser those items required by Section 2.4(b) with respect to the related Sale.

(d) No event has occurred that, in the reasonable determination of Purchaser, has or could reasonable be expected to give rise to a Material Adverse Effect.

(e) The satisfaction of any additional condition set forth in such Sale Supplement.

ARTICLE 7

TERMINATION

7.1 Termination. Any Sale agreed to pursuant to a Sale Supplement may be terminated at any time after the execution of such Sale Supplement and prior to the related Closing Date (the date of any such termination, the "Termination Date"):

(a) by the mutual written consent of Seller and Purchaser;

(b) by either Purchaser or Seller upon written notice to the other party hereto, if any Governmental Authority with jurisdiction over such matters shall have issued an order permanently restraining, enjoining or otherwise prohibiting such Sale, and such governmental order shall have become final and unappealable; provided, however, that the right to terminate pursuant to this Section 7.1(b) shall not be available to any party hereto unless such party shall have used its commercially reasonable efforts to oppose any such order or to have such order vacated or made inapplicable to the transactions;

(c) by Purchaser, upon written notice to Seller, if Seller shall have breached in any material respect any of its representations or warranties or failed to perform any of its covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.1 or 6.3 and (B) is incapable of being cured by Seller by the related scheduled Closing Date or, if capable of being cured by Seller by the related scheduled Closing Date, Seller does not commence to cure such breach or failure within ten (10) Business Days after its receipt of written notice thereof from Purchaser and diligently pursue such cure thereafter;

(d) by Seller, upon written notice to Purchaser, if Purchaser shall have breached in any material respect any of its representations or warranties or failed to perform any of its covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.1 or 6.2 and (B) is incapable of being cured by Purchaser by the related scheduled Closing Date or, if capable of being cured by Purchaser by the related scheduled Closing Date, Purchaser does not commence to cure such breach or failure within ten (10) Business Days after its receipt of written notice thereof from Seller and diligently pursue such cure thereafter; or

(e) by either Purchaser or Seller if the Closing of such Sale has not occurred by a date specified in the Sale Supplement; provided, however, that the right to terminate pursuant to this Section 7.1(e) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date.

7.2 Effect of Termination. In the event of termination of a Sale pursuant to and in accordance with Section 7.1, the related Sale Supplement shall forthwith become void and of no further force or effect whatsoever and there shall be no liability on the part of any party, or their respective officers, directors, subsidiaries or partners, as applicable, to this Agreement in connection with such Sale Supplement; provided, however, that nothing contained in this

Agreement shall relieve any party to this Agreement from any liability resulting from or arising out of any breach of any agreement or covenant hereunder or under such Sale Supplement; provided, further, that notwithstanding the foregoing, the covenants and other obligations with respect to such Sale under this Agreement and such Sale Supplement shall terminate upon the termination of this Agreement, except that the agreements set forth in Sections 5.5 and 8.12 hereof and Article 8 of each Sale Supplement shall survive termination indefinitely.

ARTICLE 8

MISCELLANEOUS PROVISIONS

8.1 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given: (a) when received, if given in person, by courier or by a national overnight delivery service, return receipt requested, (b) five Business Days after deposit in the United States Mail if delivered by registered or certified mail, return receipt requested, or (c) on the date of transmission, if sent by facsimile transmission or email transmission (receipt confirmed) on a Business Day during the normal business hours of the intended recipient, and, if not so sent on such a day and at such a time, at 10:00 a.m. on the following Business Day, provided that a copy is mailed by registered or certified mail, return receipt requested, in each case to the appropriate addresses, facsimile number or email address set forth below:

(i) If to Seller, addressed as follows:

Ocwen Loan Servicing, LLC
1661 Worthington Road, Suite 100
West Palm Beach, FL 33409
Attention: Secretary
Telecopy Number: (561) 682-8177
Confirmation Number: (561) 682-8887

(ii) If to Purchaser, addressed as follows:

HLSS Holdings, LLC 2002
Sumit Blvd., Sixth Floor
Atlanta, GA 30319
Attention: General Counsel
Telecopy Number: (770) 644-7420
Confirmation Number: (561) 682-7130

or to such other individual or address as a party hereto may designate for itself by notice given as provided in this Section.

8.2 Interpretation. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The use of the

terms “including” or “include” shall in all cases herein mean “including, without limitation” or “include, without limitation,” respectively. Reference to any Person shall include such Person’s successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement. Reference to a Person in a particular capacity shall exclude such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument shall mean such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Underscored references to Articles, Sections, paragraphs, clauses, Exhibits or Schedules shall refer to those portions of this Agreement unless otherwise specified. The use of the terms “hereunder,” “hereof,” “hereto” and words of similar import shall refer to this Agreement as a whole and not to any particular Article, Section, paragraph or clause of, or Exhibit or Schedule to, this Agreement. References to “dollars” or “$” shall mean United States dollars. References to the average unpaid principal balance of Mortgage Loans during a calendar month shall mean the average aggregate unpaid principal balance of such Mortgage Loans during such calendar month. Reference to any statute or statutory provision shall include any consolidation, reenactment, amendment, modification or replacement of the same and any subordinate legislation in force under the same from time to time. Accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

8.3 Exhibits and Schedules. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

8.4 Entire Agreement. This Agreement and the Related Agreements set forth the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby and thereby and supersede any and all prior agreements, arrangements and understandings, both written and oral, between the parties relating to the subject matter hereof and thereof.

8.5 Amendment; Waiver. No amendment or modification of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. The failure of a party hereto at any time or times to require performance of any provision hereof or claim damages with respect thereto shall in no manner affect its right at a later time to enforce the same. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

8.6 Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.**

8.7 Submission to Jurisdiction. **EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III) CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND (IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.**

8.8 Waiver of Jury Trial. **EACH PARTY HERETO IRREVOCABLY AND ABSOLUTELY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH, ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.**

8.9 No Strict Construction. The parties agree that the language used in this Agreement and the Related Agreements is the language chosen by the parties to express their mutual intent and that no rule of strict construction is to be applied against either party. The parties and their respective counsel have reviewed and negotiated the terms of this Agreement and the Related Agreements.

8.10 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction, and there shall be deemed substituted for such term or provision at issue a valid, legal and enforceable term or provision as similar as possible to the term or provision at issue. If any term or provision of this Agreement is so broad as to be unenforceable, the term or provision shall be interpreted to be only so broad as is enforceable.

8.11 Assignment; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned or otherwise transferred by operation of law or otherwise without the express written consent of Seller and Purchaser and any such assignment or attempted assignment without such consent shall be void; provided that Purchaser may pledge its rights to any Person providing financing to Purchaser or its Affiliates. Purchaser shall give Seller prior written notice written notice of any such pledge. This Agreement is solely for the benefit of the parties hereto, and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

8.12 Survival. The parties' respective representations and warranties contained in this Agreement shall survive in all cases, including, but not limited to, any termination of the Servicing Agreements. The covenants and agreements contained in this Agreement which by their terms contemplates performance after the related Closing Date shall survive the related Closing Date in accordance with such terms.

8.13 Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, a party shall be entitled, in addition to any other remedy to which such party is entitled at law or in equity, to an injunction or injunctions to prevent breaches of this Agreement with respect to such Sale and to enforce specifically the terms and provisions of this Agreement with respect to such Sale, without the necessity of providing actual damages or posting any bond. Notwithstanding the foregoing, upon a valid termination in accordance with Section 7.1, Seller shall not be entitled to any injunction or injunctions or to enforce specifically any term or provision of this Agreement.

8.14 Intention of the Parties. Except to the extent otherwise set forth in a Sale Supplement, the parties intend that the sale and transfer herein contemplated constitute a sale of the Transferred Assets for legal, accounting and tax purposes, conveying good title thereto, free and clear of any Liens to Purchaser and that such property not be part of Seller's estate or property of Seller in the event of any insolvency by Seller or otherwise. In the event that such conveyance is deemed to be, or to be made as security for, a loan the parties intend that Seller shall be deemed to have granted and does hereby grant to Purchaser a valid security interest in all of Seller's right, title and interest in and to the Transferred Assets and that this Agreement shall constitute a security agreement under applicable law. Seller agrees that from time to time it shall promptly execute and deliver all additional instruments and documents and take all additional action that Purchaser may reasonably request in order to perfect the interests of Purchaser in, to and under, or to protect, the Transferred Assets or to enable Purchaser to exercise or enforce any of its rights or remedies hereunder. To the fullest extent permitted by applicable law, Seller hereby authorizes Purchaser to file financing statements and amendments thereto in connection with the transactions contemplated by this Agreement.

8.15 Reproduction of Documents. This Agreement and all documents relating thereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

8.16 Counterparts. This Agreement may be executed and delivered (including by facsimile or email transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Master Servicing Rights Purchase Agreement to be executed and delivered as of the date first above written.

HLSS HOLDINGS, LLC

By: /s/ James E. Lauter
Name: James E. Lauter
Title: SVP & Chief Financial Officer

OCWEN LOAN SERVICING, LLC

By: /s/ Kenneth Najour
Name: Kenneth Najour
Title: Treasurer

EXHIBIT 10.37

MASTER SUBSERVICING AGREEMENT,

dated as of October 1, 2012

between

HLSS HOLDINGS, LLC, as Servicer

and

OCWEN LOAN SERVICING, LLC, as Subservicer

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)
Page

EXHIBITS

Exhibit A Compliance with Gramm-Leach-Bliley and Privacy Laws

MASTER SUBSERVICING AGREEMENT

This MASTER SUBSERVICING AGREEMENT, dated as of October 1, 2012, is by and between HLSS HOLDINGS, LLC, a Delaware limited liability company ("Servicer"), and OCWEN LOAN SERVICING, LLC, a Delaware limited liability company ("Ocwen").

RECITALS:

WHEREAS, Servicer and Ocwen executed that certain Master Subservicing Agreement, dated as of February 10, 2012 (the "Original Master Subservicing Agreement");

WHEREAS, Servicer and Ocwen wish to terminate the Original Master Subservicing Agreement and execute this Agreement in connection with a change in control of Ocwen;

WHEREAS, Servicer may from time to time be obligated to service certain residential mortgage loans subject to the terms of one or more pooling and servicing agreements or other servicing agreements; and

WHEREAS, Servicer desires Ocwen to continue from time to time to act as subservicer with respect to some or all of such pooling and servicing agreements or other servicing agreements and Ocwen desires to act as subservicer with respect to some or all of such pooling and servicing agreements or other servicing agreements, upon the terms and conditions set forth in this Agreement and in the related Subservicing Supplement.

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Servicer and Ocwen agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. For purposes of this Agreement, the following capitalized terms shall have the respective meanings set forth or referenced below:

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling, "controlled by" and "under common control with"), as applied to any Person, means ownership of 25% or more of the outstanding voting securities of such Person.

"Agreement" means this Master Subservicing Agreement, including all exhibits, schedules and other attachments hereto, as the same may be amended, modified or supplemented from time to time in accordance with its terms.

"Ancillary Income" means, with respect to any Subject Servicing Agreement, any and all income, revenue, fees, expenses, charges or other monies that Servicer is entitled to receive, collect or retain as servicer pursuant to such Subject Servicing Agreement (other than Servicing Fees, Prepayment Interest Excess and earnings received on amounts on deposit in any Custodial Account or Escrow Account), including fees payable to servicer under HAMP or other governmental programs, late fees, fees and charges for dishonored checks (insufficient funds fees), pay-off fees, assumption fees, commissions and administrative fees on insurance and similar fees and charges collected from or assessed against the related Mortgagors, to the extent payable to Servicer under the terms of the related Mortgage Loan Documents and such Subject Servicing Agreement.

"Applicable Law" means (i) all applicable laws, statutes, regulations or ordinances in force and as amended from time to time; (ii) the common law as applicable from time to time; (iii) all applicable binding court orders, judgments or decrees; and

(iv) all applicable directives, policies, rules or orders; each of (i) through (iv) of any Governmental Authority.

"Base Subservicing Fee" has the meaning, with respect to each Subject Servicing Agreement, set forth in the related Subservicing Supplement.

"Book Value" means, with respect to Servicer's mortgage servicing rights related to any Subject Servicing Agreement, as of a specified date, an amount equal to the amortized book value of such mortgage servicing rights on Servicer's financial statements as of such date.

"Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking and savings and loan institutions in the State of Florida, the State of Illinois, the State of Georgia or the State of New York are closed.

"Clearing Account" means one or more of those certain accounts established by Ocwen for the receipt of collections from mortgagors which are held in trust and off balance sheet.

"Confidential Information" has the meaning specified in Section 7.1(a).

"Corporate Advance" means any "Corporate Advance" or "Servicing Advance" (as defined in the applicable Subject Servicing Agreement, as applicable, or any other similar term therein) or, to the extent not so defined therein, customary and reasonable out-of-pocket expenses incurred in connection with a default, delinquency or other event relating to a Mortgage Loan and, in each case, made in accordance with the applicable Subject Servicing Agreement and for which Servicer has a right of reimbursement under the applicable Subject Servicing Agreement.

"Custodial Account" means, with respect to any Subject Servicing Agreement, any custodial account required to be maintained by Servicer pursuant to such Subject Servicing Agreement.

"Disclosing Party" has the meaning specified in Section 7.1(a).

"Enforceability Exceptions" means limitations on enforcement and other remedies imposed by or arising under or in connection with applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Applicable Laws affecting creditors' rights generally from time to time in effect or general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing with respect to those jurisdictions that recognize such concepts).

"Escrow Account" means, with respect to any Subject Servicing Agreement, any escrow account required to be maintained by Servicer pursuant to such Subject Servicing Agreement.

"Escrow Advance" means any "Escrow Advances" (as defined in the applicable Subject Servicing Agreement or any other similar term therein) or, to the extent not so defined therein, advances in respect of real estate taxes and assessments or of hazard, flood or primary mortgage insurance premiums, required to be paid (but not otherwise paid) by or on behalf of the related Mortgagor under the terms of the related Mortgage Loan for which Servicer has a right of reimbursement under the applicable Subject Servicing Agreement.

"Fannie Mae" means the Federal National Mortgage Association, or any successor thereto.

"FHA" means the Federal Housing Administration, or any successor thereto.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, or any successor thereto.

"GLB Act" has the meaning specified in Section 7.1(b).

"Governmental Authority" means any national, federal, state, provincial, local or foreign government or subdivision thereof or any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any national, federal, state, provincial, local or foreign government.

"HAMP" means the Home Affordable Modification Program implemented by the U.S. Department of the Treasury, as the same may be modified from time to time.

"Indemnified Person" shall mean a Servicer Indemnified Party or an Ocwen Indemnified Party, as the case may be.

"Indemnifying Person" shall mean Ocwen pursuant to Section 8.3(a) or Servicer pursuant to Section 8.3(b), as the case may be.

"Judgments" means any judgments, injunctions, orders, decrees, writs, rulings or awards of any Governmental Authority of competent jurisdiction.

"Legal Requirement" has the meaning specified in Section 7.1(d).

"Lien" means, for any property or asset of a Person, any lien, security interest, mortgage, pledge or encumbrance in, of or on such property or asset in favor of any other Person.

"Loss" or "Losses," in respect of any matter, event or circumstance, means any and all liabilities, claims, obligations, damages, awards, Judgments, losses, settlement payments, reasonable costs and reasonable expenses (including reasonable attorney's and paralegal fees), fines or penalties.

"Material Adverse Effect" means any effect, event, circumstance, development or change, individually or in the aggregate, which has or is reasonably likely to have, a material adverse effect on (i) the ability of Ocwen to perform its obligations under this Agreement, any Subservicing Supplement or any Subject Servicing Agreement or (ii) the validity or enforceability of this Agreement or any Subservicing Supplement.

"Monthly Servicing Oversight Report" means a report with respect to all of the Subject Servicing Agreements and related Mortgage Loans in such form as may be agreed to by Servicer and Ocwen from time to time.

"Monthly Remittance Report" means, with respect to each Subject Servicing Agreement, a report in such form as may be agreed to by Servicer and Ocwen from time to time.

"Monthly Reporting Date" has the meaning, with respect to each Subject Servicing Agreement, specified in the related Subservicing Supplement.

"Mortgage" means, with respect to any Mortgage Loan, any mortgage, deed of trust or other instrument securing any relate Mortgage Note, which created a lien on the related Mortgaged Property.

"Mortgage Loan" means any mortgage loan or home equity line of credit which is serviced by Servicer pursuant to the terms of a Subject Servicing Agreement, and for which Ocwen has been engaged as a subservicer pursuant to the terms of this Agreement and a Subservicing Supplement, each as identified on the related Mortgage Loan Schedule.

"Mortgage Loan Documents" means, with respect to any Mortgage Loan, the related Mortgage Note, Mortgage and other agreements entered into in connection with such Mortgage Loan.

"Mortgage Loan Schedule" means the schedule of Mortgage Loans which Ocwen shall subservice pursuant to a Subservicing Supplement and this Agreement, which shall be delivered in electronic format by Servicer to Ocwen pursuant to the terms of this Agreement.

"Mortgage Note" means, with respect to any Mortgage Loan, any note or other evidence of the indebtedness of the related Mortgagor secured by a Mortgage.

"Mortgaged Property" means, with respect to each Mortgage Loan, any real property (or leasehold estate, if applicable) securing repayment of the related Mortgage Note.

"Mortgagor" means, with respect to any Mortgage Loan, any obligor on such Mortgage Loan.

"Ocwen" has the meaning set forth in the Preamble.

"Ocwen Indemnified Party" has the meaning specified in Section 8.3(b).

"Ocwen Project Manager" has the meaning set forth in Section 5.17.

"Original Master Subservicing Agreement" shall have the meaning specified in the recitals hereto.

"Performance Fee" has the meaning, with respect to each Subject Servicing Agreement, set forth in the related Subservicing Supplement.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"P&I Advance" means any "P&I Advances," "Monthly Advances" (each as defined in the applicable Subject Servicing Agreement or any other similar term therein) or, if not defined therein, advances in respect of principal or interest for which Servicer has a right of reimbursement under the applicable Subject Servicing Agreement.

"Prepayment Interest Excess" means with respect to each Mortgage Loan that was the subject of a principal prepayment, the amount of interest, if any, that is payable with respect to such principal prepayment to the extent such amount is payable to the Servicer as additional servicing compensation pursuant to the related Subject Servicing Agreement.

"Privacy Laws" has the meaning specified in Section 7.1(b).

"Proceeding" means an action, suit or legal, administrative, arbitral or alternative dispute resolution proceeding.

"Receiving Party" has the meaning specified in Section 7.1(a).

"Regulation AB" means Subpart 229.1100 - Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506-1,631 (Jan. 7, 2005)) or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time.

"Representatives" means, with respect to any Person, such Person's directors, officers, managers, employees and agents.

"Scheduled Termination Date" has the meaning, with respect to each Subject Servicing Agreement, set forth in the related Subservicing Supplement.

"Securitization Transaction" means, with respect to each Subject Servicing Agreement, the securitization transaction identified in the related Subservicing Supplement pursuant to which the Mortgage Loans subject to such Subject Servicing Agreement were securitized.

"Security Event" has the meaning specified in Section 7.1(e).

"Servicer" has the meaning set forth in the Preamble.

"Servicer Indemnified Party" has the meaning specified in Section 8.3(a).

"Servicer Retained Obligation" means, with respect to any Subject Servicing Agreement, any obligation of the Servicer under such Subject Servicing Agreement that is designated in the related Subservicing Supplement as a "Servicer Retained Obligation" together with any servicing obligation that Servicer has notified Ocwen in writing (which notice has not been withdrawn by Servicer in writing) is a "Servicer Retained Obligation".

"Servicing Advance" means any Corporate Advance, Escrow Advance or P&I Advance.

"Servicing Advance Account" means, with respect to any Servicing Advance Facility, an account into which reimbursements of Servicing Advances funded pursuant to such Servicing Advance Facility are required to be deposited.

"Servicing Advance Facility" means, with respect to each Subject Servicing Agreement, any financing arrangement entered into by Servicer to finance Servicing Advances made pursuant to such Subject Servicing Agreement.

"Servicing Fees" means all compensation payable to Servicer under the Subject Servicing Agreements, including each "Servicing Fee" payable based on a percentage of the outstanding principal balance of the Mortgage Loans, but excluding all Ancillary Income, Prepayment Interest Excess and earnings received on amounts on deposit in any Custodial Account or Escrow Account.

"Subservicing Supplement" has the meaning set forth in Section 2.1.

"Servicing Transfer Date" means, with respect to each Subject Servicing Agreement, the "Servicing Transfer Date" set forth in the related Subservicing Supplement.

"Servicing Transfer Procedures" means, with respect to any Subject Servicing Agreement, the servicing transfer procedures set forth in the related Subservicing Supplement.

"Subcontractor" means, except for any Vendor, any vendor, subcontractor or other Person that is not responsible for the overall servicing (as "servicing" is commonly understood by participants in the mortgage-backed securities market) of mortgage loans but performs one or more discrete functions identified in Item 1122(d) of Regulation AB with respect to Mortgage Loans under the direction or authority of Ocwen.

"Subject Servicing Agreement" means each pooling and servicing agreement or other servicing agreement identified as a "Subject Servicing Agreement" in a Subservicing Supplement and with respect to which this Agreement has not been terminated pursuant to Article 9.

"Subservicing Termination Date" has the meaning set forth in Section 9.4.

"Termination Event" means the occurrence of any one or more of the following events (whatever the reason for the occurrence of such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Ocwen fails to remit any payment required to be made under the terms of this Agreement or any Subservicing Supplement (to the extent not resulting solely from Servicer failing to make a payment or Servicing Advance required by Servicer under this Agreement or such Subservicing Supplement), which continues unremedied for a period of one (1) Business Day after the date on which written notice of such failure shall have been given to Ocwen by Servicer;

(b) Ocwen fails to deliver any required information or report that is complete in all material respects pursuant to this Agreement or any Subservicing Supplement in the manner and time frame set forth therein, which failure continues unremedied for a period of two (2) Business Days after the date on which written notice of such failure shall have been given to Ocwen by Servicer;

(c) Ocwen fails to observe or perform in any material respect any other covenant or agreement of Ocwen set forth in this Agreement or any Subservicing Supplement, which failure continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, shall have been given to Ocwen by Servicer; provided however, in the event that any such default is incurable by its own terms, a Termination Event shall be deemed to occur immediately hereunder without regard to the thirty-day cure period set forth above;

(d) A material breach by Ocwen of any representation and warranty made by it in this Agreement or any Subservicing Supplement, which breach continues unremedied for a period of thirty (30) days after the date on which written notice of such breach shall have been given to Ocwen by the Servicer; provided, however, in the event that any such breach is incurable by its own terms, a Termination Event shall be deemed to occur immediately hereunder without regard to the thirty (30) day cure period set forth above;

(e) Ocwen fails to maintain residential primary servicer ratings for subprime loans of at least "Average" by Standard & Poor's Rating Services, a division of Standards & Poor's Financial Services LLC (or its successor in interest), "SQ3-" by Moody's Investors Service, Inc. (or its successor in interest) and "RPS3-" and "RSS3-" by Fitch Ratings (or its successor in interest);

(f) Ocwen ceases to be a Fannie Mae, Freddie Mac or FHA approved servicer;

(g) the occurrence of a Material Adverse Effect;

(h) any of the conditions specified in the applicable "Servicer Default", "Servicer Event of Default," "Event of Default," "Servicing Default" or "Servicer Event of Termination" or similar sections of any Subject Servicing Agreement or Underlying Document shall have occurred with respect to Servicer for any reason not caused by Servicer (other than as a result of any delinquency or loss trigger which was already triggered as of the Servicing Transfer Date with respect to such Subject Servicing Agreement); provided that Ocwen shall be entitled to any cure period applicable to the Servicer as may be set forth in such Subject Servicing Agreement;

(i) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against Ocwen and such decree or order shall have remained in force undischarged or unstayed for a period of thirty (30) days;

(j) Ocwen shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to Ocwen or of or relating to all or substantially all of its property; or

(k) Ocwen shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

"Underlying Documents" means each operative document or agreement executed in connection with each Securitization Transaction which is binding upon Servicer, as servicer.

"Vendor" means any vendor, subcontractor or other Person that is not a Subcontractor of any Mortgage Loans and who only performs servicing obligations hereunder for Ocwen under the direction or authority of Ocwen and that either (i) does not perform one or more discrete functions identified in Item 1122(d) of Regulation AB or (ii) would not be required to be separately identified as a subservicer or vendor in a servicing assessment or attestation under Item 1122 of Regulation AB with respect to Ocwen.

1.2 Termination of Original Master Subservicing Agreement. By each party's execution of this Agreement, the Original Master Subservicing Agreement shall be terminated; provided, however, each of the previously executed Subservicing Supplements under the Original Master Subservicing Agreement shall be Subservicing Supplements for the purposes of this Agreement, with the same force and effect as though this Agreement had been executed and in effect at the time such Subservicing Supplements had been executed.

ARTICLE 2

SUBSERVICING

2.1 Subservicing Supplements. Servicer and Ocwen may from time to time enter into one or more subservicing supplements in form and substance as the parties may mutually agree to (each a "Subservicing Supplement"), pursuant to which Servicer will engage Ocwen to act as subservicer with respect to the Mortgage Loans relating to the Subject Servicing Agreements specified in such Subservicing Supplement on the terms set forth in this Agreement, as modified or supplemented by such Subservicing Supplement. The parties agree that, to the extent the terms of any Subservicing Supplement are inconsistent with any term of this Agreement, the terms of such Subservicing Supplement shall control with respect to the related Subject Servicing Agreements and Mortgage Loans.

2.2 Servicing Transfer Procedures. Servicer and Ocwen each covenant and agree to follow the Servicing Transfer Procedures set forth in each related Subservicing Supplement in all material respects and take all steps necessary or appropriate to effectuate and evidence the transfer of the subservicing of the related Mortgage Loans to Ocwen in accordance therewith. Servicer shall deliver to Ocwen the Mortgage Loan Schedule relating to a Subservicing Supplement on the related Servicing Transfer Date(s).

2.3 Subservicing. Except as otherwise specifically provided in this Agreement or the related Subservicing Supplement, Ocwen covenants and agrees to service and administer each Mortgage Loan related to a Subject Servicing Agreement from and after the related Servicing Transfer Date until the related Subservicing Termination Date in accordance with Applicable Law, the terms of the related Mortgage Loan Documents and any applicable private mortgage insurance or pool insurance, the standards, requirements, guidelines, procedures, restrictions and provisions of the related Subject Servicing Agreement and Underlying Documents governing the duties of Servicer thereunder and/or any subservicer thereunder, and this Agreement and the related Subservicing Supplement. Except as otherwise specifically provided in this Agreement or the related Subservicing Supplement, Ocwen shall be responsible for performing all of the duties and obligations of Servicer and its subservicers under each Subject Servicing Agreement and related Underlying Documents, and Ocwen shall at all times meet any standards and fulfill any requirements applicable to Servicer or its subservicer under each Subject Servicing Agreement. Without limiting the foregoing, Ocwen covenants and agrees that it shall perform its obligations pursuant to this Agreement and each Subservicing Supplement in a manner that will not cause the termination of Servicer as servicer under any Subject Servicing Agreement, including a termination based on Ocwen's management of delinquency or loss performance with respect to Mortgage Loans related to such Subject Servicing Agreement, other than as a result of a breach by Servicer of a Servicer Retained Obligation with respect to such Subject Servicing Agreement (unless such breach of a Servicer Retained Obligation resulted directly or indirectly from an act or omission of Ocwen). The parties acknowledge and agree that any termination of Servicer as servicer with respect to a Subject Servicing Agreement pursuant to a delinquency or loss performance trigger or for any other reason other than as a result of a breach by Servicer of a Servicer Retained Obligation with respect to such Subject Servicing Agreement shall be deemed to be the result of a breach by Ocwen of its obligations under this Agreement and the related Subservicing Supplement. In the event of a conflict between a Subject Servicing Agreement and this Agreement and the related Subservicing Supplement, the Subject Servicing Agreement shall control.

2.4 Servicer Retained Obligations. The parties acknowledge and agree that Servicer shall retain the obligation to perform certain Servicer Retained Obligations with respect to each Subject Servicing Agreement as further described in this Agreement and in the related Subservicing Supplement, and Ocwen shall not have any rights or obligations with respect to the Servicer Retained Obligations. Unless otherwise agreed in a Subservicing Supplement with respect to a Subject Servicing Agreement, Servicer shall be responsible for:

(a) establishing and maintaining the Custodial Accounts and Escrow Accounts for each Subject Servicing Agreement in accordance with the provisions of such Subject Servicing Agreement. Servicer shall retain the right to direct the investment of amounts in any Custodial Account or Escrow Account and the right to receive and retain any investment income earned on any amounts or deposit in such Custodial Accounts and Escrow Accounts and shall retain any obligation to reimburse such accounts for investment losses in each case subject to the terms of the related Subject Servicing Agreement, the related Mortgage Loan Documents and Applicable Law.

(b) funding any P&I Advances required under the terms of the Subject Servicing Agreements, as determined by Ocwen and set forth in the applicable Monthly Remittance Report, and depositing any such P&I Advances into either the applicable Custodial Account or other applicable account held by the related trustee, master servicer, securities administrator, or trust administrator, as the case may be, in accordance with the requirements of the related Subject Servicing Agreement (which may be done directly by Servicer or though an account established in connection with the related Servicing Advance Facility).

(c) funding any Corporate Advances or Escrow Advances required under the terms of the Subject Servicing Agreements, as determined by Ocwen and notified in writing to Servicer pursuant to Section 5.8, and depositing any such Corporate Advances or Escrow Advances into the applicable Escrow Account.

(d) remitting any amounts required to be remitted from the Custodial Accounts or Escrow Accounts, as determined by Ocwen and set forth in the applicable Monthly Remittance Report or notified in writing to Servicer pursuant to Section 5.8.

In addition, Servicer may from time to time designate any obligations under a Subject Servicing Agreement that are not then currently a Servicer Retained Obligation as a Servicer Retained Obligation and assume the performance of such obligations upon ten (10) Business Days prior written notice to Ocwen; provided that such designation and performance does not limit in any way Ocwen's ability to earn and receive the Base Subservicing Fee, any Performance Fee or any Ancillary Income with respect to such Subject Servicing Agreement.

2.5 Collections from Obligors and Remittances. Ocwen shall direct the obligors on the Mortgage Loans to remit payment on the Mortgage Loans to the Clearing Account and shall within one (1) Business Day of receipt promptly deposit any amounts Ocwen receives with respect to the Mortgage Loans in the Clearing Account. Ocwen shall promptly remit all amounts received by Ocwen with respect to the Mortgage Loans to the applicable Custodial Account or Escrow Account (net of any Ancillary Income or Prepayment Interest Excess permitted to be retained by Ocwen hereunder and under the related Subservicing Supplement), but no later than the earlier of two (2) Business Days after receipt thereof or the date required pursuant to the applicable Subject Servicing Agreement; provided, that Ocwen shall, subject to the terms of the related Subject Servicing Agreement, remit any such amounts that constitute recovery of a Servicing Advance to the applicable Servicing Advance Account, if any, specified by Servicer within two (2) Business Days of receipt thereof. Ocwen shall also be responsible for making any compensating interest payments or prepayment interest shortfall payments required to be made by the Servicer with respect to the Mortgage Loans under the Subject Servicing Agreements, and shall remit any such payments to the applicable Custodial Account no less than one (1) Business Day prior to the applicable remittance date for such Subject Servicing Agreement.

2.6 Power of Attorney. Servicer shall execute and furnish Ocwen with such limited powers of attorney to execute documents on behalf of Servicer with respect to the Mortgage Loans and related Mortgaged Properties as Ocwen may reasonably request in connection with servicing the Mortgage Loans.

2.7 Servicing Practices. Ocwen shall not make any material change to its servicing practices with respect to the Mortgage Loans after the date hereof, including, any material changes to its cash collection and sweep processes and its advance policies or stop advance policies, without Servicer's prior written consent, which consent shall not be unreasonably withheld or delayed. Servicer shall have the right to direct Ocwen to implement reasonable changes to Ocwen's servicing practices applicable with respect to all or a portion of the Mortgage Loans, including any changes necessary to ensure compliance with Applicable Laws or governmental programs or directions received pursuant to the applicable Subject Servicing Agreements.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF OCWEN

Ocwen represents and warrants to Servicer as of the date hereof, the date of each Subservicing Supplement and each Servicing Transfer Date as follows:

3.1 Due Organization. Ocwen is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its property and to carry on its business as presently conducted and to enter into, deliver and perform this Agreement, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Ocwen and to carry out its obligations hereunder and thereunder.

3.2 Due Authorization; Binding Effect. The execution, delivery and performance of this Agreement, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Ocwen has been duly and validly authorized by all necessary corporate, shareholder or other action. This Agreement has been, and upon their execution each Subservicing Supplement and all documents executed pursuant hereto and thereto by Ocwen shall be, duly executed and delivered by Ocwen, and (assuming due authorization, execution and delivery by Servicer) this Agreement constitutes, and upon their execution, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Ocwen shall constitute, the legal, valid and binding obligations of Ocwen, enforceable against Ocwen in accordance with their respective terms, subject to the Enforceability Exceptions.

3.3 No Conflicts. The execution, delivery and performance by Ocwen of this Agreement, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Ocwen do not and will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or result in the

creation or imposition of any Lien upon any of the assets of Ocwen under, any provision of (a) the organizational documents of Ocwen, (b) any mortgage, indenture or other agreement to which Ocwen is a party or by which Ocwen or any of its properties or assets is subject (except as would not reasonably be expected to adversely affect the ability of Ocwen to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Subservicing Supplements) or (c) any provision of any Applicable Law applicable to Ocwen or its properties or assets.

3.4 Consents. No consent of, or registration, declaration or filing with, any Governmental Authority or any other Person is required to be obtained, effected or given by or with respect to Ocwen in connection with the execution, delivery and performance of this Agreement or any Subservicing Supplement or the consummation of the transactions contemplated hereby or thereby, except for consents, registrations, declarations and filings that have been obtained or will be obtained prior to the related Servicing Transfer Date.

3.5 Litigation. There are no actions, litigation, suits or Proceedings pending or, to Ocwen's knowledge, threatened against Ocwen before or by any court, administrative agency, arbitrator or government body (i) with respect to this Agreement or any Subservicing Supplement or (ii) with respect to any other matter which if determined adversely to Ocwen would reasonably be expected to materially and adversely affect Ocwen's ability to perform its obligations under this Agreement or any Subservicing Supplement; and Ocwen is not in default with respect to any order of any court, administrative agency, arbitrator or governmental body so as to materially and adversely affect Ocwen's ability to perform its obligations under this Agreement or any Subservicing Supplement.

3.6 Licenses. Ocwen has all licenses necessary to carry on its business as now being conducted and as is contemplated by this Agreement and each Subservicing Supplement to be conducted and is duly authorized and qualified to transact, in each applicable state, any and all business contemplated by this Agreement and each Subservicing Supplement or is otherwise exempt under Applicable Law from such qualification or is otherwise not required under Applicable Law to effect such qualification.

3.7 Capacity. Ocwen has the facilities, procedures and experienced personnel necessary for the sound servicing of mortgage loans of the same type as the Mortgage Loans. Ocwen does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in this Agreement or in any Subservicing Supplement.

3.8 Approved Servicer. Ocwen is approved and in good standing with Fannie Mae and Freddie Mac as a servicer of mortgage loans.

3.9 Servicer Ratings. Ocwen has a residential primary servicer rating for the servicing of subprime residential mortgage loans issued by S&P, Fitch or Moody's at or above "Above Average," "RPS3" and "SQ2-", respectively.

3.10 Eligible Subservicer. Ocwen meets the eligibility requirements of a servicer and a subservicer under the terms of each Subject Servicing Agreement and Underlying Document.

3.11 HAMP. Ocwen has entered into a Commitment to Purchase Financial Instrument and Servicer Participation Agreement with FNMA, as financial agent of the United States, which agreement is in full force and effect.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SERVICER

Servicer represents and warrants to Ocwen as of the date hereof, the date of each Subservicing Supplement and each Servicing Transfer Date as follows:

4.1 Due Organization. Servicer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its property and to carry on its business as presently conducted and to enter into, deliver and perform this Agreement, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Servicer and to carry out its obligations hereunder and thereunder.

4.2 Due Authorization; Binding Effect. The execution, delivery and performance of this Agreement, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Servicer has been duly and validly authorized by all necessary corporate, shareholder or other action. This Agreement has been, and upon their execution each Subservicing Supplement and all documents executed pursuant hereto and thereto by Servicer shall be, duly executed and delivered by Servicer, and (assuming due authorization, execution and delivery by Ocwen) this Agreement constitutes, and upon their execution, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Servicer shall constitute, the legal, valid and binding obligations of Servicer, enforceable against Servicer in accordance with their respective terms, subject to the Enforceability Exceptions.

4.3 No Conflicts. The execution, delivery and performance by Servicer of this Agreement, each Subservicing Supplement and all documents executed pursuant hereto and thereto by Servicer do not and will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or result in the creation or imposition of any Lien upon any of the assets of Servicer under, any provision of (a) the organizational documents of Servicer, (b) any mortgage, indenture or other agreement to which Servicer is a party or by which Servicer or any of its properties or assets is subject (except as would not reasonably be expected to adversely affect the ability of Servicer to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Subservicing Supplements) or (c) any provision of any Applicable Law applicable to Servicer or its properties or assets.

4.4 Consents. No consent of, or registration, declaration or filing with, any Governmental Authority or any other Person is required to be obtained, effected or given by or with respect to Servicer in connection with the execution, delivery and performance of this Agreement or any Subservicing Supplement or the consummation of the transactions contemplated hereby or thereby, except for consents, registrations, declarations and filings that have been obtained or will be obtained prior to the related Servicing Transfer Date.

4.5 Litigation. There are no actions, litigation, suits or Proceedings pending or, to Ocwen's knowledge, threatened against Servicer before or by any court, administrative agency, arbitrator or government body (i) with respect to this Agreement or any Subservicing Supplement or (ii) with respect to any other matter which if determined adversely to the Servicer would reasonably be expected to materially and adversely affect Servicer's ability to perform its obligations under this Agreement or any Subservicing Supplement; and Servicer is not in default with respect to any order of any court, administrative agency, arbitrator or governmental body so as to materially and adversely affect Servicer's ability to perform its obligations under this Agreement or any Subservicing Supplement.

4.6 Licenses. Servicer has all licenses necessary to carry on its business as now being conducted and as is contemplated by this Agreement and each Subservicing Supplement to be conducted and is duly authorized and qualified to transact, in each applicable state, any and all business contemplated by this Agreement and each Subservicing Supplement or is otherwise exempt under Applicable Law from such qualification or is otherwise not required under Applicable Law to effect such qualification.

4.7 Ability to Perform. Servicer does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every one of its covenants contained in this Agreement as supplemented by the related Subservicing Supplement.

ARTICLE 5

COVENANTS

5.1 Compliance with Applicable Laws; Licenses. Ocwen will comply with all Applicable Laws in connection with the performance of its obligations under this Agreement and each Subservicing Supplement. Ocwen shall maintain all necessary licenses and approvals in each jurisdiction where the failure to do so would materially and adversely affect the ability of Ocwen to perform its obligations under this Agreement and each Subservicing Supplement.

5.2 Merger, Consolidation, Etc. Ocwen will keep in full effect its existence, rights and franchises as a limited liability company, and will obtain and preserve its qualification to do business as a foreign organization in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, each Subservicing Supplement, each Subject Servicing Agreement or any of the Mortgage Loans, or to perform its duties under this Agreement or the Subservicing Supplements. Ocwen may be merged or consolidated with or into any Person, or transfer all or substantially all of its assets to any Person, in which case any Person resulting from any merger or consolidation to which Ocwen shall be a party, or any Person succeeding to the business of Ocwen, shall be the successor to Ocwen under this Agreement and under each Subservicing Supplement, without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, however, that the successor or surviving Person shall be an institution whose deposits are insured by FDIC or a company whose business includes the servicing of mortgage loans and shall have a tangible net worth not less than $25,000,000.

5.3 Fannie Mae/Freddie Mac. Ocwen shall not have its right to service suspended by Fannie Mae, Freddie Mac or FHA. Ocwen shall at all times meet the qualifications of a Fannie Mae, Freddie Mac or FHA seller/servicer. Ocwen shall provide Servicer with prompt written notice of any negative action by Fannie Mae. Freddie Mac or FHA regarding its right to service or its standing as an approved seller/servicer.

5.4 MERS. Ocwen shall at all times maintain its membership in the Mortgage Electronic Registration System, Inc ("MERS").

5.5 Insurance. (a) Ocwen shall maintain, at its own expense:

(i) mortgage impairment insurance of at least what is required by Fannie Mae and Freddie Mac or by any Subject Servicing Agreement or Applicable Law, which coverage shall extend to Servicer (who shall be named as loss payee on a certificate of insurance with respect to such coverage);

(ii) professional liability/errors and omissions insurance of at least what is required by Fannie Mae and Freddie Mac or by any Subject Servicing Agreement or Applicable Law, which insurance shall protect and insure Ocwen against losses, including errors and omissions and negligent acts of such persons;

(iii) financial institution bond (crime) insurance of at least what is required by Fannie Mae and Freddie Mac or by any Subject Servicing Agreement or Applicable Law, which coverage shall extend to Servicer (who shall be named as loss payee on a certificate of insurance with respect to such coverage); and

(iv) commercial general liability, umbrella and excess insurance in the amount of $1,000,000 per occurrence and $2,000,000 general aggregate and umbrella and excess insurance of at least $10,000,000 per occurrence, in the aggregate, which coverage shall extend to Servicer (who shall be named as additional insured on a certificate of insurance with respect to such coverage).

(b) The insurance coverages under this Section 5.5 shall be primary, and all coverage shall be non-contributing with respect to any other insurance or self-insurance that may be maintained by Servicer or its Affiliates. To the fullest extent allowed by the policies of insurance described in Section 5.5(a)(iv), Ocwen shall waive all rights of subrogation against Servicer and its Affiliates. At least annually, Ocwen shall provide certificates of insurance evidencing that the coverages and policy endorsements required under this Agreement are maintained in force. The insurers selected by Ocwen shall be authorized to conduct business in the jurisdictions in which services are to be performed. When the policy is issued each such insurer shall have at least an A.M. Best rating of A-VII or shall otherwise be acceptable to Fannie Mae and Freddie Mac. In the case of loss or damage or other event that requires notice or other action under the terms of any insurance coverage specified in this Section 5.5, Ocwen shall be solely responsible to take such action. Ocwen shall provide Servicer with contemporaneous notice and with such other information as Servicer may request regarding the event.

5.6 Delegation. Ocwen may delegate any of its obligations under this Agreement or a Subservicing Supplement to a Subcontractor or Vendor that is in the business of performing such services; provided that Ocwen may not delegate any obligations identified in Item 1122(d) of Regulation AB with respect to the Mortgage Loans to any Person who is not performing such functions for Ocwen as of the date of this Agreement without the prior written consent of Servicer, which consent shall not be unreasonable withheld or delayed. Any such delegation to Subcontractor or Vendor shall be subject to the terms and conditions of this Agreement, the applicable Subservicing Supplement and the applicable Subject Servicing Agreements. Ocwen shall cause any Subcontractor or Vendor to comply with the obligations and restrictions applicable to Ocwen under this Agreement and the applicable Subservicing Supplements and shall be responsible for all obligations, services and functions performed (or not performed) by such Persons. Servicer may require Ocwen to terminate a Subcontractor or Vendor if such Person's performance is materially deficient or Servicer has good faith doubts concerning the Person's ability to render future performance because of the ownership, management, financial condition, business or operations. Ocwen shall ensure that any engagement of a Subcontractor or Vendor may be terminated at no cost to Servicer. Any purported assignment or transfer by Ocwen of its rights or obligations under this Agreement or any Subservicing Supplement in violation of this Section 5.6, shall be null and void and of no effect.

5.7 Access to Mortgage Servicing System. Ocwen shall provide Servicer with electronic access to Ocwen's mortgage servicing system to view any available information with respect to the Subject Servicing Agreements and the Mortgage Loans. Ocwen shall also provide Servicer with reasonable access to Ocwen's financial operations system to monitor Ocwen's performance under this Agreement and the Subservicing Supplements Ocwen shall provide Servicer with the tools to create and administer log in identifications and passwords for each of its authorized users.

5.8 Servicing Reports. Ocwen shall be responsible for delivering all reports required to be delivered by Servicer pursuant to the Subject Servicing Agreements. Ocwen shall simultaneously deliver a copy of any reports delivered by Ocwen to any Person pursuant to the Subject Servicing Agreements to Servicer. Ocwen shall provide the following reports to Servicer:

(a) On or prior to each Monthly Reporting Date with respect to each Subject Servicing Agreement, the Monthly Remittance Report relating to such Subject Servicing Agreement, in electronic medium mutually acceptable to the parties, which Monthly Remittance Report shall also include with it (i) information sufficient for Servicer to determine whether a P&I Advance will have to be made with respect to any Mortgage Loan subject to such Subject Servicing Agreement and (ii) appropriate supporting information regarding the amount and nature of such P&I Advances.

(b) No later than the first Business Day of each month, the Monthly Servicing Oversight Report as to the end of the prior calendar month, in electronic medium mutually acceptable to the parties.

(c) Any other reports or information Servicer may request, to the extent that the requested information or data is reasonably available to Ocwen without undue expense or hardship.

5.9 Escrow Account. Servicer shall furnish, or shall cause to be furnished to Ocwen, access to the Escrow Accounts relating to each Subject Servicing Agreement during the term of this Agreement. Ocwen shall be entitled to withdraw funds from an Escrow Account only for the following purposes:

(a) to effect timely payments of ground rents, taxes, assessments, water rates, mortgage insurance premiums, condominium charges, fire and hazard insurance premiums or other items constituting escrow payments for the related Mortgage Loan to the extent permitted by the related Subject Servicing Agreement;

(b) to refund to any Mortgagor any funds found to be in excess of the amounts required under the terms of the related Mortgage Loan, Applicable Law or judicial or administrative ruling;

(c) for application to restoration or repair of the Mortgaged Property in accordance with the related Subject Servicing Agreement; and

(d) to pay any interest paid on the funds deposited in the Escrow Account to any Mortgagor, to the extent required by Applicable Law.

5.10 Notices and Financial Information. During the term of this Agreement, Ocwen will furnish, or will cause to be furnished, to Servicer:

(a) within two (2) Business Days after the occurrence of a breach by Ocwen of this Agreement or any Subservicing Supplement or any Termination Event or other event that would give Servicer the right to terminate this Agreement with respect to any Subject Servicing Agreement, notice of such event;

(b) within two (2) Business Days after Ocwen receives notice or has knowledge of any alleged breach, default or notice of default with respect to Servicer or its obligations under any Subject Servicing Agreement, notice of such event;

(c) within two (2) Business Days after Ocwen receives notice of any action by S&P, Moody's or Fitch regarding its servicer rating;

(d) within ten (10) Business Days after Ocwen has knowledge of the institution of an Proceeding or the threatening of a Proceeding (if such Proceeding being threatened has a reasonable probability of success) by any Governmental Authority or other Person, or the enactment, issuance, promulgation or proposal by any Governmental Authority of any Applicable Law, in either case that could reasonably be expected to have a Material Adverse Effect;

(e) within thirty (30) days after Ocwen has knowledge of any litigation, administrative claim, regulatory inquiry or investigation, or media inquiry related to any of the Mortgage Loans, which Ocwen reasonably believes will result in possible negative public relations or significant liability for Servicer or Ocwen, notice of existence of same and of its recommended action;

(f) at least one (1) Business Day prior written notice of any press release, filing with the SEC or other public disclosure by Ocwen or Ocwen Financial Corporation, which disclosure could reasonably be expected to have an impact on Servicer;

(g) as soon as available, and in any event within thirty (30) days after the end of each calendar month, the unaudited consolidated balance sheet of Ocwen Financial Corporation and its subsidiaries as at the end of such month and the related unaudited consolidated statements of income of Ocwen Financial Corporation and its subsidiaries for such month and for the period from the beginning of the then current fiscal year to the end of such month;

(h) if at any time Ocwen Financial Corporation is not required, under Applicable Law, to file its Quarterly Report on Form 10-Q with the SEC, as soon as available, and in any event within sixty (60) days after the end of each calendar quarter, the unaudited consolidated balance sheets of Ocwen Financial Corporation and its subsidiaries as at the end of such fiscal quarter and the related unaudited consolidated statements of income, stockholders' equity and cash flows of Ocwen Financial Corporation and its subsidiaries for such fiscal quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter;

(i) if at any time Ocwen Financial Corporation is not required, under Applicable Law, to file its Annual Report on Form 10-K with the SEC, as soon as available, and in any event within ninety (90) days after the end of each fiscal year of Ocwen Financial Corporation, the audited consolidated balance sheets of Ocwen Financial Corporation and its subsidiaries as at the end of such fiscal year and the related audited consolidated statements of income, stockholders' equity and cash flows of Ocwen Financial Corporation and its subsidiaries for such fiscal year, setting forth in each case in comparative form the corresponding figures for the previous fiscal year;

(j) such other information as Servicer may be required to provide under any Servicing Advance Facility or as Servicer may from time to time otherwise request, to the extent that the requested information is reasonably available to Ocwen without undue expense or hardship.

5.11 Servicing Advances. Ocwen covenants and agrees that each Servicing Advance that Ocwen notifies Servicer to make pursuant this Agreement and the Subservicing Supplements (a) complies with the terms of the related Subject Servicing Agreement and Applicable Law, (b) complied with Ocwen's advance policies and stop advance polices and procedures and did not constitute a nonrecoverable Servicing Advance (meaning not recoverable out of collections on or proceeds of the related Mortgage Loan) as of the date Ocwen notified Servicer to make such Servicing Advance and (c) is supported by customary backup documentation. Ocwen agrees to provide customary backup documentation relating to any Servicing Advance promptly upon request by Servicer.

5.12 Defaults under Subject Servicing Agreements. Ocwen covenants and agrees to use its reasonable best efforts to cure any breach or default (unless incurable by its own terms, e.g., loss and delinquency termination triggers) with respect to Servicer or its obligations under any Subject Servicing Agreement (other than a default by Servicer with respect to any of its Servicer Retained Obligations) within the timeframe for cure set forth in such Subject Servicing Agreement.

5.13 Annual Officer's Certificate. Not later than March 15th of each calendar year commencing in 2013, Ocwen shall deliver to Servicer an Officer's Certificate stating, as to each signatory thereof, that (i) a review of the activities of Ocwen during the preceding year and of performance under this Agreement and each Subservicing Supplement has been made under such officers' supervision and (ii) to the best of such officer's knowledge, based on such review, Ocwen has fulfilled all of its obligations under this Agreement and each Subservicing Supplement in all material respects throughout such year, or, if there has been a default in the fulfillment of any such obligation in any material respect, specifying each such default known to such officer and the nature and status thereof.

5.14 Regulation AB Reporting. In accordance with the requirements set forth in each Subject Servicing Agreement, Ocwen at its own expense shall deliver to all required Persons in accordance with the deadlines and requirements set forth in each Subject Servicing Agreement, any annual statements as to compliance, independent certified public accountants reports, servicing reports, Regulation AB Sections 1122 and 1123 certifications, accountants certifications, Sarbanes Oxley Certifications and any other reports, statements or certifications as are required to be delivered by Servicer's subservicer pursuant to such Subject Servicing Agreement or Applicable Law. Servicer shall remain responsible for all reporting and other obligations of a "servicer" under Regulation AB and the Subject Servicing Agreements with respect to the Mortgage Loans. Ocwen shall provide Servicer with all information necessary and within Ocwen's control for the period following the related Servicing Transfer Date in order for Servicer to comply with its Regulation AB obligations. With respect to each Subject Servicing Agreement, Ocwen shall provide to Servicer, any and all certifications reasonably requested by Servicer, including without limitation, any certifications related to Regulation AB or the Uniform Single Attestation Program for Mortgage Bankers required to comply with the terms of such Subject Servicing Agreement.

5.15 Reporting. With respect to the period that the Mortgage Loans are being serviced by Ocwen pursuant to this Agreement and the applicable Subservicing Supplement, Ocwen shall prepare promptly each report required by Applicable Law, including reports to be delivered to all governmental agencies having jurisdiction over the servicing of the Mortgage Loans and the Escrow Accounts or to the Mortgagors, shall execute such reports or, if Servicer must execute such reports, shall deliver such reports to Servicer for execution prior to the date on which such reports are due and shall file such reports with the appropriate Persons. Ocwen shall timely prepare and deliver to the appropriate Persons Internal Revenue Service forms 1098, 1099 and 1099A (or any similar replacement, amended or updated Internal Revenue Service forms) relating to any Mortgage Loan for the time period such Mortgage Loan has been serviced by Ocwen. The reports to be provided under this subsection shall cover the period through the end of the month following the termination of Ocwen as subservicer with respect to the applicable Mortgage Loan including reports to be sent to the Internal Revenue Service for the calendar year in which such termination occurs. To the extent it is an customary servicing practice, Ocwen shall promptly prepare all reports or other information required to respond to any inquiry from, or give any necessary instructions to, any mortgage insurer, provider of hazard insurance or other insurer or guarantor, taxing authority, tax service, or the Mortgagor. In addition to the foregoing,

with respect to each Mortgage Loan, Ocwen shall fully furnish, in accordance with the Fair Credit Reporting Act and its implementing regulations, accurate and complete information (e.g., favorable and unfavorable) on its borrower credit files to Equifax, Experian and Trans Union Credit Information Company or their successors on a monthly basis.

5.16 Maintenance of Servicing Files. Ocwen shall maintain the servicing file with respect to each Mortgage Loan pursuant to Applicable Law and customary industry practice and shall retain any information about the Mortgage Loans which is prepared by or comes into the possession of Ocwen during the term of this Agreement (the "Servicing Information"). All rights to and interest in the Servicing Information shall immediately vest in Servicer and the servicing files and Servicing Information shall be held and maintained in trust by Ocwen. The documents comprising the servicing files and Servicing Information shall be appropriately identified from the other books and records of Ocwen and shall be appropriately marked to clearly reflect the ownership interest of Servicer.

5.17 Relationship Management and Staffing.

(a) Project Managers. Ocwen shall designate one (1) individual ("Ocwen Project Manager") to: (A) serve as the single point of contact and accountability for Ocwen for this Agreement and each Subservicing Supplement; (B) have day-to-day authority for undertaking to ensure that Ocwen's performance of this Agreement and each Subservicing Supplement meets Servicer's reasonable satisfaction; and (C) have authority to direct Ocwen in support of the foregoing. Servicer shall designate one (1) individual ("Servicer Project Manager") to: (A) serve as the single point of contact and accountability for Servicer for this Agreement and each Subservicing Supplement; and (B) have authority to direct Servicer in support of the foregoing. Ocwen and Servicer have the right to replace the Ocwen Project Manager or Servicer Project Manager, respectively, upon prior written notice to the other party.

(b) Management Committee. Ocwen and Servicer shall establish a committee comprising two (2) individuals who are officers of Ocwen and two (2) individuals who are officers of Servicer (collectively, the "Management Committee"). During the term of this Agreement, the Management Committee shall be responsible for monitoring the performance of the services provided pursuant to this Agreement and the Subservicing Supplements, providing recommendations for improving the performance of such services and discussing potential solutions to any disputes with respect to the services. Ocwen and Servicer shall have the right to replace those of its officers who are serving on the Management Committee upon written notice to the other party.

(c) Periodic Meetings. During the term of this Agreement, unless otherwise mutually agreed upon by Ocwen and Servicer, the Management Committee shall have a telephonic meeting each quarter and a meeting in person at least once a year. Such regular meetings shall be at such times and locations as may be mutually agreed by the members of the Management Committee. The Management Committee shall discuss at any such regular meeting any topic that either Ocwen or Servicer desires to discuss at such regular meeting. In addition, during the term of this Agreement, either Ocwen or Servicer may call a special telephonic meeting of the Management Committee upon five (5) Business Days prior written notice to the other party, which notice shall set forth in reasonable detail the topics to be discussed at such special meeting.

(d) Ocwen shall assign an adequate number of personnel to the performance of Ocwen's obligations under this Agreement and the Subservicing Supplements. Ocwen shall properly educate and train all such personnel and ensure that all such personnel are fully qualified to perform the services that they are providing and shall have passed Ocwen's customary background check for personnel in similar positions.

5.18 Audits and Inspections. Ocwen shall provide Servicer with a copy of its independent audit reports, including SAS 70 reviews, of its data processing environment and internal controls within a reasonable time after such reports are completed, and shall make all work papers regarding such audits available as requested to the appropriate regulatory agencies, if any, having jurisdiction over Ocwen's servicing hereunder. In addition, Ocwen will make available to Servicer for on-site review copies of any internal audit reports relating to its servicing operations. Within thirty (30) days following Servicer's request, the parties shall meet to discuss the frequency, scope and level of detail of Ocwen's independent audits. Ocwen shall use commercially reasonable efforts to incorporate Servicer's comments into the requirements for its next and subsequent audits to the extent it is determined that Ocwen's audit practices are not consistent with servicing industry practice. Servicer, its authorized representatives and Servicer's regulators and auditors may on five (5) Business Days notice conduct audits and reviews on Ocwen's premises including auditing and reviewing Ocwen's facilities, equipment, books and records (electronic or otherwise), operational systems and such other audits as may be reasonably necessary to ensure Ocwen's compliance with the terms and conditions of this Agreement, each Subservicing Supplement, the Subject Servicing Agreements and Applicable Laws and to ensure Ocwen's financial and operational viability with respect to the servicing under this Agreement. In addition, Ocwen will provide Servicer with the results of a security audit to be performed no less than annually. This security audit will be at no expense to Servicer and will test the compliance with the agreed-upon security standards and procedures set forth in this Agreement. Servicer will have the ability to bring in a third party (who may not be a competitor of Ocwen) or use its own staff for an independent security audit. If Servicer chooses to conduct its own security audit, it will be at Servicer's expense.

5.19 Continuity of Business. Ocwen will maintain a disaster recovery plan in support of the services it performs for Servicer pursuant to this Agreement and each Subservicing Supplement. Ocwen's disaster recovery plan shall include, at a minimum, procedures for back-up/restoration of operating and loan administration computer systems; procedures and third-party agreements for replacement equipment (e.g. computer equipment), and procedures and third-party agreements for off-site production facilities. Ocwen will provide Servicer information regarding its disaster recovery plan upon Servicer's reasonable request. Ocwen agrees to annually test its disaster recovery plan to ensure compliance with this Section 5.19. If such test results identifies a material failure, Ocwen shall advise Servicer of the steps Ocwen will be taking to remedy such failure and shall notify Servicer when Ocwen has remedied such failure and retested. Ocwen will notify Servicer anytime Ocwen's disaster recovery plan is activated. In the event of an activation of the disaster recovery plan, Ocwen shall use best efforts to provide redundancy capabilities for a majority of the critical systems within 48 hours in at least one of Ocwen's other servicing facilities unaffected by the disaster to ensure servicing of the Mortgage Loans will be re-established within such 48 hours.

5.20 No Solicitation. From and after the related Servicing Transfer Date, Ocwen agrees that it will not take any action or permit or cause any action to be taken by any of its agents or affiliates, or by any independent contractors on Ocwen's behalf, to personally, by telephone or mail, solicit the borrower or obligor under any Mortgage Loan to prepay or refinance such Mortgage Loan, in whole or in part; provided, however, that Ocwen may pursue refinancing and short sales of defaulted Mortgage Loans or Mortgage Loans with respect to which default is reasonably foreseeable to the extent consistent with the related Subject Servicing Agreement. It is understood that promotions undertaken by Ocwen or any Affiliate which are directed to the general public at large, including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio and television advertisements shall not constitute solicitation under this Section 5.20.

5.21 Optional Termination or Clean Up Calls. Servicer shall exercise its rights under any optional termination or clean up call provision pursuant to a Subject Servicing Agreement upon Ocwen's written request delivered during the period in which such Subject Servicing Agreement is subject to a Subservicing Supplement; provided that (i) Ocwen or its designee agrees to purchase, and purchases, the Mortgage Loans that are subject to such Subject Servicing Agreement at a purchase price that is at least equal to the applicable purchase price pursuant to such Subject Servicing Agreement, (ii) the proceeds of such purchase are sufficient to reimburse all unreimbursed Servicing Advances and other amounts owed to Servicer with respect to such Subject Servicing Agreement pursuant to such Subject Servicing Agreement and (iii) Ocwen shall have paid to Servicer a redemption fee with respect to such Subject Servicing Agreement equal to the Book Value of the mortgage servicing rights related to such Subject Servicing Agreement as of the date of such optional termination or clean up call.

5.22 Access to Account Management Systems. Ocwen shall provide Servicer with access to Ocwen's account management systems to establish and maintain any Custodial Account or Escrow Account that the Servicer desires to establish and maintain on Ocwen's account management systems.

ARTICLE 6

EXPENSES AND COMPENSATION

6.1 Costs and Expenses. Each party hereto shall be responsible for its own costs and expenses incurred in connection with the negotiation and execution of this Agreement, any Subservicing Supplements and all documents relating thereto. Ocwen shall be required to pay all expenses incurred by it in connection with its obligations hereunder to the extent such expenses do not constitute Corporate Advances and shall not be entitled to reimbursement therefor except as specifically provided for herein or in the applicable Subject Servicing Agreement.

6.2 Subservicing Fees. With respect to each Subject Servicing Agreement, Servicer shall pay Ocwen the Base Subservicing Fee and any Performance Fee set forth in the related Subservicing Supplement. Notwithstanding any provision in this Agreement to the contrary, in the event Servicer has failed to pay Ocwen any Base Subservicing Fee or Performance Fees that are past due after ten (10) Business Days of Servicer receiving notice of such failure, Ocwen shall not be required to continue act as subservicer until such time as Servicer has fully paid such past due Base Subservicing Fee or Performance Fee; provided that Servicer shall not have notified Ocwen that it disputes the occurrence or amount of such past due Base Subservicing Fee or Performance Fee.

6.3 Ancillary Income and Prepayment Interest Excess. Ocwen shall also be entitled to retain as additional compensation any Ancillary Income and any Prepayment Interest Excess received by Ocwen with respect to the Mortgage Loans following the applicable Servicing Transfer Date (and regardless of when such amounts accrued), to the extent such Ancillary Income or Prepayment Interest Excess is permitted to be retained by Servicer pursuant to the related Subject Servicing Agreement. Ocwen shall net any such Ancillary Income and Prepayment Interest Excess received from the amounts it is required to remit to Servicer pursuant to Section 2.5.

6.4 Calculation and Payment. No later than the second Business Day following the receipt by Servicer of the Monthly Servicing Oversight Report for a calendar month, Servicer will remit to Ocwen in immediately available funds all Base Subservicing Fees and Performance Fees payable by Servicer to Ocwen for the related calendar month, along with a report showing in reasonable detail the calculation of such Base Subservicing Fees and Performance Fees

6.5 No Offset. Except as provided in Section 9.3, neither party shall have any right to offset against any amount payable hereunder or under any Subservicing Supplement or other agreement to the other party, or otherwise reduce any amount payable hereunder or under any Subservicing Supplement as a result of, any amount owing by the other party or any of its Affiliates to such party or any of its Affiliates.

ARTICLE 7

CONFIDENTIALITY

7.1 Confidentiality and Nonpublic Personal Information.

(a) Subject to any exceptions set forth herein, each party hereby agrees not to disclose any Confidential Information to any other Person. "Confidential Information" shall include all information of either party and/or any of its Affiliates (the "Disclosing Party") to which the other party (the "Receiving Party") has had or will have access, whether in oral, written, graphic or machine-readable form, including without limitation, specifications, operations or systems manuals, decision processes, profiles, system and management architectures, diagrams, graphs, models, sketches, technical data, research, business or financial information, plans, strategies, forecasts, forecast assumptions, business practices, marketing information and material, customer names, proprietary ideas, concepts, know-how, methodologies and all other information related to the Disclosing Party's business and/or the business of any of its affiliates. Confidential Information shall also include all information of any third party to which the Disclosing Party has access and to which the Receiving Party has had or will have access, and all notes, analyses and studies prepared by the Receiving Party or any of its Representatives

incorporating any of the information described in this subsection. Notwithstanding the foregoing, Servicer and Ocwen may, subject to Applicable Law, disclose Confidential Information to its directors, officers, employees, agents, attorneys, other representatives and lenders who have a reasonable need for access to such Confidential Information (each a "Permitted Recipient"), provided that prior to sharing any Confidential Information with a Permitted Recipient who is not a director, officer or employee of such party, such party shall (i) have informed such Permitted Recipient of the confidential nature of such information, and (ii) have entered into an agreement with such Permitted Recipient pursuant to which such Permitted Recipient is obligated to maintain the confidentiality of such Confidential Information in accordance with this Agreement. The party disclosing Confidential Information to a Permitted Recipient shall be liable to the other party for any action by such Permitted Recipient with respect to such Confidential Information which violates the terms of this Agreement.

(b) The Servicer Confidential Information also includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 (the "GLB Act") or any successor federal statute, and the rules and regulations thereunder, and personally identifiable information protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). For purposes of compliance with the GLB Act and Privacy Laws, Ocwen and Servicer will comply with the terms and conditions set forth in Exhibit A attached hereto.

(c) Confidential Information shall not include information that: (1) is in the public domain at the time of its use or disclosure through no fault of the Receiving Party or its Representatives; (2) was lawfully in the possession of or demonstrably known by the Receiving Party prior to its receipt from the Disclosing Party; (3) is independently developed by the Receiving Party without use of or reference to the Disclosing Party's Confidential Information; or (4) becomes known by the Receiving Party from a third party and, to the Receiving Party's knowledge, is not subject to an obligation of confidentiality to the Disclosing Party.

(d) If the Receiving Party is requested or required to disclose any of the Disclosing Party's Confidential Information under a subpoena, court order, statute, law, rule, regulation, or other similar requirement (a "Legal Requirement"), the Receiving Party will, to the extent not precluded by law, provide prompt notice of such Legal Requirement to the Disclosing Party so the Disclosing Party may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. If the Disclosing Party is not successful in obtaining a protective order or other appropriate remedy and the Receiving Party is, in the reasonable opinion of its counsel, legally compelled to disclose such Confidential Information, or if the Disclosing Party waives compliance with the provisions of this Agreement in writing, the Receiving Party may disclose, without liability hereunder, such Confidential Information in accordance with, but solely to the extent necessary, in the reasonable opinion of its counsel, to comply with the Legal Requirement. Notwithstanding anything to the contrary, a Receiving Party may disclose the Disclosing Party's Confidential Information as required to satisfy any request by any governmental or regulatory body.

(e) In the event that the Receiving Party learns or has reason to believe that the Disclosing Party's Confidential Information has been disclosed or accessed by an unauthorized party, or the Receiving Party's facilities associated with such Confidential Information has been accessed by an unauthorized party, the Receiving Party will promptly give notice of such event to the Disclosing Party and cooperate fully with the Disclosing Party or its investigator in investigating and responding to each successful or attempted security breach including allowing prompt, reasonable access to the Receiving Party's facility by the Disclosing Party or its investigator to investigate, and make copies of such Confidential Information as provided for in this Agreement. Furthermore, in the event that the Receiving Party has access to or acquires individually identifiable information in relation to this Agreement, the following shall apply: the Receiving Party acknowledges that upon unauthorized acquisition of such individually identifiable information within the Receiving Party's custody or control (a "Security Event"), the law may require notification to the individuals whose information was disclosed that a Security Event has occurred. The Receiving Party must notify the Disclosing Party immediately if the Receiving Party learns or has reason to believe a Security Event has occurred. The Receiving Party agrees that it will not notify the individuals until the Receiving Party first consults with the Disclosing Party and the Disclosing Party has had an opportunity to review any such notice.

(f) Upon termination or expiration of this Agreement or upon the Disclosing Party's written request and where practicable, the Receiving Party will return to the Disclosing Party all copies of Confidential Information already in the Receiving Party's possession or within its control. Alternatively, with the Disclosing Party's prior written consent, the Receiving Party may destroy such Confidential Information using means to protect against unauthorized access to or use of the information, including, where appropriate, burning, shredding, or pulverizing such information, or by taking such other means as to assure that such information may not be recoverable following its disposal. An officer of the Receiving Party will certify in writing to the Disclosing Party that all such Confidential Information has been returned, or if applicable so destroyed in accordance with this Section 7.1(f). Notwithstanding the foregoing, the Receiving Party may retain copies of such Confidential Information as required by applicable law, or, to the extent such copies are electronically stored in accordance with the Receiving Party's email record retention policies, so long as such Confidential Information is kept confidential a required under this Agreement.

ARTICLE 8

LIABILITY AND INDEMNIFICATION

8.1 Limitation of Liability. Ocwen and any officers, employees or agents of Ocwen shall be relieved from liability for any action taken or from refraining from the taking of any action in the performance of its duties hereunder and under each Subservicing Supplement with respect to a Subject Servicing Agreement to same extent that Servicer and its officers, employees and agents would be relieved of such liability under such Subject Servicing Agreement, provided, however, that this provision shall not protect Ocwen or any such Person against any breach of its representations or warranties made herein or in the related Subservicing Supplement or failure to perform its obligations in compliance with any standard of care applicable to Servicer set forth in such Subject Servicing Agreement, or any liability which would otherwise be imposed by reason of any breach of the terms and conditions of this Agreement or the related Subservicing Supplement. Ocwen and any director, officer, employee or agent of Ocwen may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising hereunder. Ocwen shall not be under any obligation to

appear in, prosecute or defend any legal action which is not incidental to its duties to service the Mortgage Loans and which in its opinion may involve it in any expense or liability. In such event, Ocwen shall be entitled to reimbursement of the reasonable legal expenses and costs of such action to the same extent and at the same time as Servicer under the applicable Subject Servicing Agreement, unless any such costs result from a breach of Ocwen's representations and warranties made herein or its failure to perform its obligations in accordance with this Agreement and the applicable Subservicing Supplement.

8.2 Servicer Liability. Servicer hereby acknowledges that despite any delegation of the servicing duties hereunder to Ocwen, Servicer shall remain obligated and primarily liable under the terms of the Subject Servicing Agreements for the servicing and administration of the Mortgage Loans.

8.3 Indemnification.

(a) Ocwen shall indemnify and hold harmless Servicer and each officer, director, agent, employee or Affiliate of Servicer (each, a "Servicer Indemnified Party") from any Loss incurred by Servicer or any such other Person (whether or not resulting from a Third Party Claim) directly or indirectly resulting from (i) a breach of any representation or warranty of Ocwen set forth in this Agreement or any Subservicing Supplement, (ii) Ocwen's failure to observe and perform any of Ocwen's duties, obligations, covenants or agreements contained in this Agreement or any Subservicing Supplement; (iii) any acts or omissions by Ocwen or its employees or agents in performance of its duties or obligations pursuant to this Agreement or any Subservicing Supplement, or (iv) any willful malfeasance, bad faith, fraud or negligence of Ocwen in the performance of its duties hereunder or under any Subservicing Supplement, or the reckless disregard by Ocwen of its obligations or duties hereunder or under any Subservicing Supplement. In particular, it is agreed by the parties that if Servicer is terminated as servicer under any Subject Servicing Agreement as a result of any action described in clauses (i)-(iv) above, Ocwen shall also pay to Servicer, as reasonable and just compensation for such termination, an amount equal to Book Value of the mortgage servicing rights related to such Subject Servicing Agreement as of the date Servicer is terminated, and Servicer shall accept such sum as liquidated damages, and not as penalty, in the event of such a termination.

(b) Servicer shall indemnify and hold harmless Ocwen and each officer, director, agent, employee or Affiliate of Ocwen (each, an "Ocwen Indemnified Party") from any Loss incurred by Ocwen or any such other Person (whether or not resulting from a Third Party Claim) directly or indirectly resulting from (i) a breach of any representation or warranty of Servicer set forth in this Agreement or any Subservicing Supplement, (ii) Servicer's failure to observe and perform any of Servicer's duties, obligations, covenants or agreements contained in this Agreement or any Subservicing Supplement; (iii) any acts or omissions by Servicer or its employees or agents (other than Ocwen and its agents) in performance of its duties or obligations pursuant to this Agreement or any Subservicing Supplement, or (iv) any willful malfeasance, bad faith, fraud or negligence of Servicer in the performance of its duties hereunder or under any Subservicing Supplement, or the reckless disregard by Servicer of its obligations or duties hereunder or under any Subservicing Supplement. In addition to the foregoing, Servicer agrees to cooperate in good faith and use reasonable best efforts to obtain for Ocwen's benefit any indemnification rights under the related Subject Servicing Agreements in the event Ocwen incurs

any Losses covered by such indemnification rights, including coverage for loan origination issues and servicing issues related to any prior servicer or subservicer; provided, however, that Servicer shall indemnify Ocwen for any Losses to the extent such indemnification is not available to Ocwen but is available to Servicer under such Subject Servicing Agreements, and such indemnification is not applicable to Losses suffered by Servicer.

(c) As promptly as is reasonably practicable after becoming aware of a claim for indemnification under this Agreement not involving a Third-Party Claim, but in any event no later than fifteen (15) Business Days after first becoming aware of such claim, the Indemnified Person shall give notice to the Indemnifying Person of such claim, which notice shall specify the facts alleged to constitute the basis for such claim and the amount that the Indemnified Person seeks hereunder from the Indemnifying Person; provided, however, that the failure of the Indemnified Person to give such notice shall not relieve the Indemnifying Person of its obligations under this Section 8.3 except to the extent (if any) that the Indemnifying Person shall have been prejudiced thereby.

(d) The Indemnified Person shall give notice as promptly as is reasonably practicable, but in any event no later than ten (10) Business Days after receiving notice thereof, to the Indemnifying Person of the assertion of any claim, or the commencement of any Proceeding by any unaffiliated third Person (a "Third-Party Claim") in respect of which indemnity may be sought under this Agreement (which notice shall specify in reasonable detail the nature and amount of such claim); provided, however, that the failure of the Indemnified Person to give such notice shall not relieve the Indemnifying Person of its obligations under this Section 8.3 except to the extent (if any) that the Indemnifying Person shall have been prejudiced thereby. The Indemnifying Person may, at its own expense, (i) participate in the defense of any such Third-Party Claim, and (ii) upon notice to the Indemnified Person, at any time during the course of any such Third-Party Claim, assume the defense thereof with counsel of its own choice and, in the event of such assumption, shall have the exclusive right, subject to clause (i) in the proviso in Section 8.3(e), to settle or compromise such Third-Party Claim. If the Indemnifying Person assumes such defense, the Indemnified Person shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Person. Whether or not the Indemnifying Person chooses to defend or prosecute any such Third-Party Claim, all of the parties hereto shall cooperate in the defense or prosecution thereof.

(e) Any settlement or compromise made or caused to be made by the Indemnified Person (unless the Indemnifying Person has the exclusive right to settle or compromise under clause (ii) of Section 8.3(d)) or the Indemnifying Person, as the case may be, of any such Third-Party Claim shall also be binding upon the Indemnifying Person or the Indemnified Person, as the case may be, in the same manner as if a final Judgment had been entered by a court of competent jurisdiction in the amount of such settlement or compromise; provided, however, that (i) no obligation, restriction, Loss or admission of guilt or wrongdoing shall be imposed on the Indemnified Person as a result of such settlement or compromise without its prior written consent and (ii) the Indemnified Person will not compromise or settle any Third Party Claim without the prior written consent of the Indemnifying Person.

(f) Except as specifically provided for in this Agreement or a Subservicing Supplement, no claim may be made by an Indemnified Party for any special, indirect, punitive or consequential damages ("Special Damages") in respect of any breach or wrongful conduct (whether the claim therefor is based on contract, tort or duty imposed by law) in connection with, arising out of, or in any way related to the transactions contemplated, or relationship established, by this Agreement or any Subservicing Supplement, or any act, omission or event occurring in connection herewith or therewith, and to the fullest extent permitted by law, each of Ocwen and Servicer hereby waives, releases and agrees not to sue upon any such claim for Special Damages, whether or not accrued or whether or not known or suspected to exist in its favor.

8.4 Specific Performance. Notwithstanding any other provision of this Agreement or any Subservicing Supplement, (i) it is understood and agreed that the remedy of indemnity payments pursuant to Section 8.3 and other remedies at law would be inadequate in the case of any actual or threatened breach of this Agreement or a Subservicing Supplement by Ocwen and (ii) Servicer shall be entitled, without limiting its other remedies and without the necessity of proving actual damages or posting any bond, to equitable relief, including the remedy of specific performance or injunction, with respect to any breach or threatened breach of such covenants. Such relief shall be in addition to, and not in lieu of, all other remedies available at law or in equity to such party under this Agreement and the Subservicing Supplements.

ARTICLE 9

TERMINATION AND RESIGNATION

9.1 Automatic Termination. Ocwen shall be automatically terminated as subservicer with respect to each Subject Servicing Agreement on the Schedule Termination Date for such Subject Servicing Agreement unless earlier terminated pursuant to the terms of this Agreement or the related Subservicing Supplement or renewed by mutual written agreement of the parties hereto,

9.2 Termination by Servicer. Ocwen may be terminated as subservicer with respect to a Subject Servicing Agreement:

(a) Upon Servicer's written notice to Ocwen following a Termination Event; or

(b) At such time, following the related Servicing Transfer Date, that Servicer is no longer the servicer with respect to such Subject Servicing Agreement.

9.3 Limitation on Resignation of Ocwen. Ocwen shall not resign from the obligations and duties imposed on it pursuant to this Agreement or any Subservicing Supplement; provided that Ocwen may resign as subservicer with respect to any Subject Servicing Agreement upon sixty (60) days prior written notice to Servicer if Servicer fails to pay to Ocwen any Base Subservicing Fee or Performance Fee with respect to such Subject Servicing Agreement that is required to be paid pursuant to the terms of this Agreement or the applicable Subservicing Supplement, which failure continues unremedied for a period of ten (10) Business Days after the date upon which written notice of such failure, requiring the same to be remedied, shall have been given by Ocwen to Servicer. No such resignation shall become effective until a successor

servicer or subservicer shall have agreed to act as servicer or subservicer with respect to such Subject Servicing Agreement. Notwithstanding any provision in this Agreement to the contrary, in the event Servicer has failed to pay Ocwen any Base Subservicing Fee or Performance Fees that are past due after ten (10) Business Days of Servicer receiving notice of such failure, Ocwen may retain such fees from amounts otherwise payable to Servicer as part of its servicing compensation under the related Subject Servicing Agreements; provided that Servicer shall not have notified Ocwen that it disputes the occurrence or amount of such past due Base Subservicing Fee or Performance Fee.

9.4 Transfer upon Termination. In the event that Ocwen is terminated or resigns as subservicer with respect to any Subject Servicing Agreement pursuant to this Agreement or the related Subservicing Supplement, Ocwen shall cooperate fully with Servicer and with any party designated as the successor servicer or subservicer in transferring the servicing to such successor servicer or subservicer at Ocwen's own expense or, in the event of resignation pursuant to Section 9.3, at Servicer's expense. On or before the date upon which servicing is transferred from Ocwen to any successor servicer or subservicer with respect to a Subject Servicing Agreement (the "Subservicing Termination Date"), Ocwen shall undertake all steps necessary or appropriate to transfer, and shall transfer, the servicing of the related Mortgage Loan(s) to any successor servicer or subservicer, including, without limitation, (i) preparing, executing and delivering any and all necessary or appropriate documents and other instruments (including any assignments of mortgage), (ii) preparing and delivering appropriate notification and transfer letters (including any notifications with MERS and transferring any applicable tax or flood certification contracts), (iii) delivering the related servicing files and other Servicing Information, and (iv) creating and delivering to Servicer or its designee any reasonably requested electronic data with respect to the related Mortgage Loans. Ocwen shall reimburse Servicer for any legal expenses incurred by Servicer to enforce the foregoing obligations of Ocwen. Until the transfer of servicing is complete, Ocwen shall continue to perform under the terms and conditions of this Agreement and the applicable Subservicing Supplement with respect to such Subject Servicing Agreement.

9.5 Survival. All covenants, agreements, representations and warranties made herein or in a Subservicing Supplement shall survive the execution and delivery of this Agreement and each Subservicing Supplement without limitation as to time. Notwithstanding anything to the contrary in this Agreement or any Subservicing Supplement, the provisions of Section 5.14, Section 5.15, Article 8, Section 9.4 and Article 10 shall survive the termination of this Agreement or any Subservicing Supplement.

ARTICLE 10

MISCELLANEOUS

10.1 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given: (a) when received, if given in person, by courier or by a national overnight delivery service, return receipt requested, (b) five Business Days after deposit in the United States mail if delivered by registered or certified mail, return receipt requested, or (c) on the date of transmission, if sent by facsimile transmission or email transmission (receipt confirmed) on a Business Day during the normal

business hours of the intended recipient, and, if not so sent on such a day and at such a time, at 10:00 a.m. on the following Business Day, provided that a copy is mailed by registered or certified mail, return receipt requested, in each case to the appropriate addresses, facsimile number or email address set forth below:

(i) If to Ocwen, addressed as follows:

Ocwen Loan Servicing, LLC
1661 Worthington Road, Suite 100
West Palm Beach, FL 33409 Attention: Secretary
Telecopy Number: (561) 682-8177
Confirmation Number: (561) 682-8887

(ii) If to Servicer, addressed as follows:

HLSS Holdings, LLC
2002 Sumit Boulevard, Sixth Floor
Atlanta, GA 30319
Attention: General Counsel
Telecopy Number: (770) 644-7420
Confirmation Number: (561) 682-7130

or to such other individual or address as a party hereto may designate for itself by notice given as provided in this Section.

10.2 Interpretation. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The use of the terms “including” or “include” shall in all cases herein mean “including, without limitation” or “include, without limitation,” respectively. Reference to any Person shall include such Person’s successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement. Reference to a Person in a particular capacity shall exclude such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument shall mean such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Underscored references to Articles, Sections, paragraphs, clauses, Exhibits shall refer to those portions of this Agreement unless otherwise specified. The use of the terms “hereunder,” “hereof,” “hereto” and words of similar import shall refer to this Agreement as a whole and not to any particular Article, Section, paragraph or clause of, or Exhibit or Schedule to, this Agreement. References to “dollars” or “$” shall mean United States dollars. References to the average unpaid principal balance of Mortgage Loans during a calendar month shall mean the average aggregate unpaid principal balance of such Mortgage Loans during such calendar month. Reference to any statute or statutory provision shall include any

consolidation, reenactment, amendment, modification or replacement of the same and any subordinate legislation in force under the same from time to time. Accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

10.3 Exhibits and Schedules. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

10.4 Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby and thereby and supersede any and all prior agreements, arrangements and understandings, both written and oral, between the parties relating to the subject matter hereof.

10.5 Amendment; Waiver. No amendment or modification of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. The failure of a party hereto at any time or times to require performance of any provision hereof or claim damages with respect thereto shall in no manner affect its right at a later time to enforce the same. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

10.6 Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS**.

10.7 Submission to Jurisdiction. **EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III)**

CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND (IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

10.8 Waiver of Jury Trial. **EACH PARTY HERETO IRREVOCABLY AND ABSOLUTELY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH, ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER**.

10.9 No Strict Construction. The parties agree that the language used in this Agreement is the language chosen by the parties to express their mutual intent and that no rule of strict construction is to be applied against either party. The parties and their respective counsel have reviewed and negotiated the terms of this Agreement.

10.10 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction, and there shall be deemed substituted for such term or provision at issue a valid, legal and enforceable term or provision as similar as possible to the term or provision at issue. If any term or provision of this Agreement is so broad as to be unenforceable, the term or provision shall be interpreted to be only so broad as is enforceable.

10.11 Assignment; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns, and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

10.12 Relationship of Parties. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties. The duties and responsibilities of Ocwen shall be rendered by it as an independent contractor and not as an agent of Servicer. Ocwen is not the agent of Servicer, and shall not hold itself out as Servicer's agent. Ocwen shall not have the right to contract on behalf of Servicer or present itself to the public as acting on behalf of Servicer, other than as expressly set forth in this Agreement or a Subservicing Supplement.

10.13 Reproduction of Documents. This Agreement and all documents relating thereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

10.14 Further Agreements. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Agreement.

10.15 Counterparts. This Agreement may be executed and delivered (including by facsimile or email transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Master Subservicing Agreement to be executed and delivered as of the date first above written.

HLSS HOLDINGS, LLC

By: /s/ James E. Lauter
Name: James E. Lauter
Title: SVP & Chief Financial Officer

OCWEN LOAN SERVICING, LLC

By: /s/ Kenneth Najour
Name: Kenneth Najour
Title: Treasurer

EXHIBIT A

COMPLIANCE WITH GRAMM-LEACH-BLILEY AND PRIVACY LAWS

For purposes of compliance with (i) Title V of the Gramm-Leach-Bliley Act of 1999 (the "GLB Act") or any successor federal statute to the GLB Act, and the rules and regulations thereunder, all as may be amended or supplemented from time to time and (ii) any other applicable laws concerning Personal Information ("Privacy Laws"), each of Servicer and Ocwen represents, warrants and covenants that:

- it will process, use, maintain and disclose Personal Information only as necessary for the specific purpose for which this information was disclosed to it and only in accordance with the Agreement, the relevant Subject Servicing Agreements, such party's then applicable privacy policies, the GLB Act, and the Privacy Laws;
- it will not disclose any Personal Information to any third party (including to the subject of such information) or any Representative who does not have a need to know such Personal Information;
- it will use the same care and discretion as Servicer uses and in no event less than a reasonable standard of care to hold and maintain Personal Information confidential;
- has implemented and will maintain an appropriate written information security program, the terms of which shall meet or exceed the requirements for financial institutions under the Interagency Guidelines Establishing Standards for Safeguarding Customer Information (12 CFR Parts 30, 170, 208 225 and 364), to (a) ensure the security and confidentiality of all information provided to it by Servicer, including Personal Information (collectively, the "information"), (b) protect against any threats or hazards to the security or integrity of information, including unlawful destruction or accidental loss, alteration and any other form of unlawful processing, (c) prevent unauthorized access to, use or disclosure of the information and (d) ensure proper disposal of the information;
- it will ensure Personal Information is stored and transmitted in an encrypted format, and use commercially reasonable encryption key management, including storing and transmitting encryption keys separately from the Personal Information and other data being transmitted;
- it will immediately notify the other party in writing if it becomes aware of (a) any disclosure or use of any information by it or any of its Representatives in breach of this Exhibit, (b) any disclosure of any information to it or its Representatives where the purpose of such disclosure is not known, (c) any request for disclosure or inquiry regarding the information from a third party, (d) any Security Event involving Personal Information and (e) any change in applicable law that is likely to have a substantial adverse effect on its ability to comply with this Exhibit;
- it will not, and will ensure that its Representatives do not, break, bypass, or circumvent, or attempt to break, bypass or circumvent, any security system of either party or its respective Affiliates, to obtain, or attempt to obtain, access to any Personal Information or other Confidential Information;
- it will cooperate with the other party and the relevant supervisory authority in the event of litigation or a regulatory inquiry concerning the information and shall abide by the advice of the relevant supervisory authority with regard to the processing of such information;
- it will enter into further agreements as reasonably requested by the other party to comply with law from time to time;
- it has no reason to believe that any applicable law will prevent it from fulfilling its obligations under this Exhibit;
- at Servicer's direction at any time, and in any event upon any termination or expiration of the Agreement, Ocwen will immediately return to Servicer any or all information and will destroy all records of such information, and under no circumstances shall Ocwen withhold from Servicer any Personal Information; and
- it will cause its Representatives to act in accordance with this Exhibit.

Upon Servicer's request and at the expense and direction of Servicer, Ocwen shall promptly, within 3 Business Days of Servicer's request, allow Servicer to access and copy (by forensic imaging or other process at Servicer's election) all Personal Information (or such portions as may be specified by Servicer), in Ocwen's possession or under its control, in an industry standard format, including logs or other electronically stored information concerning Personal Information or access thereto, and using such media as Servicer directs.

Upon request, Ocwen shall provide Servicer with a complete daily backup of all Personal Information, in electronic form, and transmit such backup to the data storage facility specified by Servicer.

Servicer reserves the right to review Ocwen's policies and procedures used to maintain the security and confidentiality of information, including auditing Ocwen and its Representatives concerning such policies and procedures. The provisions of this Exhibit supplement, are in addition to, and will not be construed to limit any other confidentiality obligations under the Agreement or the Subject Servicing Agreements. Any exclusion from the definition of Confidential Information contained in the Agreement or Subject Servicing Agreements will not apply to Personal Information.

"PERSONAL INFORMATION" MEANS: (I) PERSONALLY IDENTIFIABLE INFORMATION ABOUT OR RELATING TO ANY MORTGAGOR OR OTHER OBLIGOR ON A MORTGAGE LOAN, FORMER, CURRENT OR PROSPECTIVE CLIENTS (OR REPRESENTATIVES OF CLIENTS), EMPLOYEE OF SERVICER, OCWEN OR ANY OTHER PARTY WITH RESPECT TO WHOM SERVICER OR OCWEN MAINTAINS INFORMATION, IN EACH CASE, WHICH SERVICER OR OCWEN RECEIVES OR OTHERWISE HAS ACCESS TO (THE "COVERED PARTIES"); AND (II) ANY LIST, DESCRIPTION, OR OTHER GROUPING OF INFORMATION OF COVERED PARTIES (AND PUBLICLY AVAILABLE INFORMATION PERTAINING TO THEM) THAT IS DERIVED USING ANY PERSONALLY IDENTIFIABLE INFORMATION.

“REPRESENTATIVES” MEANS EACH PARTY’S OFFICERS, DIRECTORS, EMPLOYEES, CONSULTANTS, ATTORNEYS, ACCOUNTANTS, AGENTS AND INDEPENDENT SUBCONTRACTORS (AND THEIR EMPLOYEES) AND OTHER REPRESENTATIVES. AS BETWEEN SERVICER AND OCWEN, ALL PERSONAL INFORMATION IS AND SHALL REMAIN THE EXCLUSIVE PROPERTY OF THE SERVICER.

EXHIBIT 10.44

AMENDMENT

TO SALE SUPPLEMENTS

This Amendment (the "Amendment"), dated as of February 4, 2014, is between Ocwen Loan Servicing, LLC, a Delaware limited liability company ("Seller"), HLSS Holdings, LLC, a Delaware limited liability company ("Holdings") and Home Loan Servicing Solutions, Ltd. ("HLSS" and, together with Holdings, the "Purchasers"):

WITNESSETH:

WHEREAS, Seller and Holdings entered into that certain Master Servicing Rights Purchase Agreement, dated as of February 10, 2012 (as amended, supplemented and modified from time to time, the "Original Agreement"), with respect to the sale by Seller and the purchase by Holdings of certain Rights to MSRs, Servicing Rights and other assets;

WHEREAS, Seller and Holdings terminated the Original Agreement pursuant to certain Master Servicing Rights Purchase Agreement, dated as of October 1, 2012 (as amended, supplemented and modified from time to time, the "Agreement"), which also provided for the sale by Seller and the purchase by Holdings of certain Rights to MSRs, Servicing Rights and other assets;

WHEREAS, Seller and Purchasers entered into certain Sale Supplements identified in Exhibit A (collectively, as amended, supplemented and modified from time to time, the "Sale Supplements"); and

WHEREAS, Seller and Purchasers desire to amend the Sale Supplements to amend certain definitions;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

RECITALS

Section 1. Amendment of Sale Supplements. The Sale Supplements shall be deemed amended as follows:

(a) Article II of the Sale Supplements is hereby amended by adding a new Section 2.7 at the end thereof as follows:

"2.7 Refinancing of Mortgage Loans. If any mortgage loan ("Refinanced Mortgage Loan") included in the sale of Rights to MSRs for any Servicing Agreement listed in Schedule 1 of the Sale Supplements is refinanced by Ocwen Financial Corporation, its affiliates or its vendors, the Seller hereby sells, assigns, transfers and conveys, in each case, without recourse except as provided herein, free and clear of any Liens, (the "Transfer of New Mortgage Loans") to (i) HLSS all of its rights, title and interest in and to all of the Excess Servicing Fees for the related mortgage loan ("New Mortgage Loan"), and (ii) to Holdings, any and all right, title and interest in and to all of the Rights to MSRs for the related New Mortgage Loan. The Transfer of New Mortgage Loans will be effective on the date on which a Refinanced Mortgage Loan is prepaid by the related New Mortgage Loan. On such date, the Seller shall execute and deliver an agreement, with a schedule of mortgage loans, documenting the Transfer of the Excess Servicing Fees and Rights to MSRs of New Mortgage Loans to the Purchaser. For the avoidance of doubt, any New Mortgage Loan shall be deemed to be included in the list of servicing agreements listed in Schedule I of the related Sale Supplement.

The above Section 2.7 Refinancing of Mortgage Loans shall only apply when the aggregate unpaid principal balance of all Refinanced Mortgage Loans refinanced by Ocwen Financial Corporation, its affiliates or its vendors, exceeds 0.50% of the aggregate unpaid principal balance, as measured at the beginning of the most recent calendar year plus the weighted average of the unpaid principal balance of any Rights to MSRs sold to Purchaser during the calendar year, of all mortgage loans for which the Rights to MSRs have been sold to HLSS under the Master Servicing Rights Purchase Agreement."

(b) Section 7.2 of the Sale Supplements is hereby amended by deleting it in its entirety and replacing it with the following:

"Performance Fee. In addition to the Seller Monthly Servicing Fee, Holdings shall pay to Seller for each calendar month during which Seller is servicing Mortgage Loans with respect to Deferred Servicing Agreements pursuant to this Sale Supplement a performance fee ("Performance Fee") equal to the greater of (a) zero and (b) (x) the excess, if any, of the aggregate of all Servicing Fees actually received by Purchasers with respect to the Deferred Servicing Agreements and pursuant to the Transferred Servicing Agreements (whether directly pursuant to such Transferred Servicing Agreements or pursuant to this Sale Supplement) during such calendar month over the sum of (i) the Monthly Servicing Fee for such calendar month and (ii) the Retained Servicing Fee for such calendar month multiplied by (y) a fraction, (i) the numerator of which is the average unpaid principal balance of all Mortgage Loans subject to the Deferred Servicing Agreements during such calendar month and (ii) the denominator of which is equal to the sum of the average unpaid principal balance of all Mortgage Loans subject to the Deferred Servicing Agreements during such calendar month and the average unpaid principal balance of all Mortgage Loans subject to the Transferred Servicing Agreements during such calendar month, or such other allocation percentage which is agreed by Seller and Holdings (the "Allocation Percentage"). The Performance Fee, if any, for any calendar month will be reduced by an amount equal to One-Month LIBOR (calculated using the arithmetic mean of daily rates for the period published by British Bankers' Association) plus 2.75% of the Excess Servicing Advances, if any, for such month multiplied by the Allocation Percentage, and the amount of any such reduction in the Performance Fee shall be retained by Holdings. If the Closing Date does not occur on the first day of a calendar month, the Performance Fee for the period from the Closing Date to the last of the calendar month in which the Closing Date occurs shall be calculated in a pro rata manner based on the number of days in such period. Notwithstanding any provision in this Sale Supplement to the contrary, in the event Holdings has failed to pay Seller any Seller Monthly Servicing Fee or Performance Fees that are past due after ten (10) Business Days of Holdings receiving notice of such failure, Seller shall not be required to continue to act as servicer until such time as Holdings has fully paid such past due Seller Monthly Servicing Fee or Performance Fee; provided that Holdings shall not have notified Seller that it disputes the occurrence or amount of such past due Seller Monthly Servicing Fee or Performance Fee."

(c) This amendment shall be deemed effective as of October 1, 2013.

Section 2. Limited Effect. Except as expressly amended and modified by this Amendment, the Agreement and the Sale Supplements shall continue to be, and shall remain, in full force and effect in accordance with their terms.

Section 3. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

Section 4. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 5. Definitions. Capitalized terms used but not defined herein have the meaning set forth in the Agreement and Sale Supplements.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by its respective officer thereunto duly authorized as of the date above written.

OCWEN LOAN SERVICING, LLC

By: /s/ Richard Cooperstein

Name: Richard Cooperstein

Title: Treasurer

HLSS HOLDINGS, LLC

By: /s/ James Lauter

Name: James Lauter

Title: Senior Vice President and CFO

HOME LOAN SERVICING SOLUTIONS, LTD.

By: /s/ James Lauter

Name: James Lauter

Title: Senior Vice President and CFO

Exhibit A

Sale Supplements

1. Sale Supplement, dated as of October 25, 2013, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
2. Sale Supplement, dated as of July 1, 2013, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
3. Sale Supplement, dated as of May 21, 2013, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
4. Sale Supplement, dated as of March 13, 2013, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
5. Sale Supplement, dated as of December 26, 2012, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
6. Sale Supplement, dated as of September 28, 2012, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
7. Sale Supplement, dated as of September 13, 2012, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
8. Sale Supplement, dated as of August 1, 2012, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
9. Sale Supplement, dated as of May 1, 2012, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser
10. Sale Supplement, dated as of February 10, 2012, between Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as Purchaser, and Home Loan Servicing Solutions, Ltd., as Purchaser

EXHIBIT 10.45

AMENDMENT

TO SUBSERVICING SUPPLEMENTS

This Amendment (the "Amendment"), dated as of February 4, 2014, is between Ocwen Loan Servicing, LLC, a Delaware limited liability company ("Ocwen") and HLSS Holdings, LLC, a Delaware limited liability company ("Servicer"):

WITNESSETH:

WHEREAS, Ocwen and Servicer entered into that certain Master Subservicing Agreement, dated as of October 1, 2012 (as amended, supplemented and modified from time to time, the "Agreement");

WHEREAS, Ocwen and Servicer entered into certain Subservicing Supplements identified in Exhibit A (collectively, as amended, supplemented and modified from time to time, the "Subservicing Supplements"); and

WHEREAS, Ocwen and Servicer desire to amend the Subservicing Supplements to amend certain definitions;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

RECITALS

Section 1. Amendment of Subservicing Supplements. The Subservicing Supplements shall be deemed amended as follows:

(a) Section 1.1 of the Subservicing Supplements is hereby amended by adding the following definition:

""New Mortgage Loan" has the meaning set forth in the Sale Supplement."

(b) Section 2.1 of the Subservicing Supplements is hereby amended by deleting it in its entirety and replacing it with the following:

"2.1 Engagement as Subservicer. Servicer hereby engages Ocwen to act as subservicer, and Ocwen agrees to act as subservicer, with respect to the Mortgage Loans relating to those certain pooling and servicing agreements or other servicing agreements listed in Schedule I hereto (the "Subject Servicing Agreements") pursuant to the terms of the Master Subservicing Agreement, as supplemented by this Subservicing Supplement, on and after the related Servicing Transfer Date for such Subject Servicing Agreement. Except as set forth in this Subservicing Supplement or the Master Subservicing Agreement, Ocwen further agrees to be responsible for performing all of the duties and obligations of Servicer under each Subject Servicing Agreement, and to meet any standards and fulfill any requirements applicable to Servicer under each Subject Servicing Agreement on and after the related Servicing Transfer Date. For the avoidance of doubt, any New Mortgage Loan shall be deemed to be included in the list of servicing agreements listed in Schedule I."

(c) Section 3.2 of the Subservicing Supplements is hereby amended by deleting it in its entirety and replacing it with the following:

"Performance Fee. Servicer shall pay to Ocwen for each calendar month during which Ocwen is servicing Mortgage Loans with respect to Subject Servicing Agreements pursuant to this S

ubservicing Supplement a performance fee (the “Performance Fee”) equal to the greater of (a) zero and (b) the excess, if any, of the aggregate of all Servicing Fees actually received by Servicer pursuant to the Subject Servicing Agreements and with respect to the Deferred Servicing Agreements during such calendar month (whether directly pursuant to such Subject Servicing Agreement or pursuant to the Sale Supplement, as applicable) over the sum of (i) the Monthly Servicing Fee for suchcalendar month and (ii) the Retained Servicing Fee for such calendar month, multiplied by (y) a fraction, (i) the numerator of which is the average unpaid principal balance of all Mortgage Loans subject to the Subject Servicing Agreements during such calendar month and (ii) the denominator of which is equal to the sum of the average unpaid principal balance of all Mortgage Loans subject to the Deferred Servicing Agreements during such calendar month and the average unpaid principal balance of all Mortgage Loans subject to the Subject Servicing Agreements during such calendar month, or such other allocation percentage which is agreed by Servicer and Ocwen (the “Allocation Percentage”). ThePerformance Fee, if any, for any calendar month will be reduced by an amount equal to One-Month LIBOR (calculated using the arithmetic mean of daily rates for the period publishedby British Bankers' Association) plus 2.75% of the Excess Servicing Advances, if any, for such calendar month multiplied by the Allocation Percentage, and the amount of any such reduction in the Performance Fee shall be retained by Servicer. If the Closing Date does not occur on the first day of a calendar month, the Performance Fee for the period from the Closing Date to the last of the calendar month in which the Closing Date occurs shall be calculated in a pro rata manner based on the number of days in such period."

(d) This amendment shall be deemed effective as of October 1, 2013.

Section 2. Limited Effect. Except as expressly amended and modified by this Amendment, the Agreement and the Subservicing Supplements shall continue to be, and shall remain, in full force and effect in accordance with their terms.

Section 3. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

Section 4. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 5. Definitions. Capitalized terms used but not defined herein have the meaning set forth in the Agreement and Subservicing Supplements.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by its respective officer thereunto duly authorized as of the date above written.

OCWEN LOAN SERVICING, LLC

By: /s/ Richard Cooperstein

Name: Richard Cooperstein

Title: Treasurer

HLSS HOLDINGS, LLC

By: /s/ James Lauter

Name: James Lauter

Title: Senior Vice President and CFO

Exhibit A

Subservicing Supplements

1. Subservicing Supplement, dated as of October 25, 2013, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
2. Subservicing Supplement, dated as of July 1, 2013, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
3. Subservicing Supplement, dated as of May 21, 2013, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
4. Subservicing Supplement, dated as of March 13, 2013, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
5. Subservicing Supplement, dated as of December 26, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
6. Subservicing Supplement, dated as of September 28, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
7. Subservicing Supplement, dated as of September 13, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
8. Subservicing Supplement, dated as of August 1, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
9. Subservicing Supplement, dated as of May 1, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC
10. Subservicing Supplement, dated as of February 10, 2012, between Ocwen Loan Servicing, LLC and HLSS Holdings, LLC

EXHIBIT 12.1

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS TO FIXED CHARGES
(Dollars in thousands)

	2013	2012	2011	2010	2009
Earnings:					
Income from continuing operations before income taxes (1)	$ 333,700	$ 257,394	$ 123,741	$ 37,783	$ 96,194
Add:					
Interest expensed and capitalized, except interest on deposits and amortization of capitalized debt expenses	404,093	221,215	131,376	85,001	62,541
Interest on deposits	8,749	2,238	1,390	918	572
Interest component of rental expense	9,102	4,883	1,854	4,101	2,100
Total fixed charges (2)	421,944	228,336	134,620	90,020	65,213
Earnings for computation purposes	$ 755,644	$ 485,730	$ 258,361	$ 127,803	$ 161,407
Ratio of earnings to fixed charges:					
Including interest on deposits (3)	1.79	2.13	1.92	1.42	2.48
Excluding interest on deposits (3)	1.83	2.15	1.94	1.43	2.50

(1) Excludes income or loss from equity investees but includes any distributions received representing a return on capital.
(2) Fixed charges represent total interest expensed and capitalized, including and excluding interest on deposits, amortization of capitalized debt expenses as well as the interest component of rental expense.
(3) The ratios of earnings to fixed charges were computed by dividing (x) income from continuing operations before income taxes plus fixed charges by (y) fixed charges.

EXHIBIT 21.0

SIGNIFICANT DIRECT AND INDIRECT SUBSIDIARIES OF OCWEN FINANCIAL CORPORATION

Name	State or Other Jurisdiction of Organization
Ocwen Loan Servicing, LLC (1)	Delaware
Ocwen Mortgage Servicing, Inc. (1)	U.S. Virgin Islands
Homeward Residential Holdings, Inc.	Delaware
Homeward Residential, Inc. (1)	Delaware
Liberty Home Equity Solutions, Inc (1)	California
Investors Mortgage Insurance Holding Company	Delaware
REO Management, LLC (1)	U.S. Virgin Islands
Ocwen Master Advance Receivables Trust (2)	Delaware
Ocwen - Freddie Servicer Advance Receivables Trust 2012-ADV1 (2)	Delaware
Ocwen Servicer Advance Funding (Small Business Commercial), LLC (2)	Delaware

(1) Operating company
(2) Special purpose entity

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-177833, 333-188464 and 333-163996 on Form S-3 and Registration Statement No. 333-143275 and 333-44999 on Form S-8 of Ocwen Financial Corporation and subsidiaries (the "Company") our report dated February 28, 2014 relating to the consolidated financial statements and our report dated February 28, 2014 on the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2013.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
February 28, 2014

EXHIBIT 31.1

CERTIFICATIONS

I, Ronald M. Faris, certify that:

(1) I have reviewed this annual report on Form 10-K of Ocwen Financial Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

.

Date: February 28, 2014

/s/ Ronald M. Faris

Ronald M. Faris, President
and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, John V. Britti, certify that:

(1) I have reviewed this annual report on Form 10-K of Ocwen Financial Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ John V. Britti

John V. Britti, Executive Vice President
and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATIONS

I, Ronald M. Faris, state and attest that:

(1) I am the Chief Financial Officer of Ocwen Financial Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2013 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ Ronald M. Faris

Title: President and Chief Executive Officer

Date: February 28, 2014

EXHIBIT 32.2

CERTIFICATIONS

I, John V. Britti, state and attest that:

(1) I am the Chief Financial Officer of Ocwen Financial Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2013 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

- the information contained in the periodic report fairly represents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /s/ John V. Britti

Title: Executive Vice President and Chief Financial Officer

Date: February 28, 2014

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

)
CONSUMER FINANCIAL PROTECTION)
BUREAU,)
1700 G Street, NW)
Washington, DC 20552)
)
THE STATE OF ALABAMA,)
Alabama Attorney General's Office)
501 Washington Avenue)
Montgomery, AL 36130)
)
THE STATE OF ALASKA,)
Alaska Attorney General's Office)
1031 W. 4th Avenue, Ste. 200)
Anchorage, AK 99501)
)
THE STATE OF ARIZONA,)
Arizona Attorney General's Office)
1275 W. Washington)
Phoenix, AZ 85007)
)
THE STATE OF ARKANSAS,)
Office of the Attorney General)
323 Center Street, Suite 200)
Little Rock, AK 72201)
)
THE STATE OF CALIFORNIA,)
California Attorney General's Office)
455 Golden Gate Avenue, Ste. 11000)
San Francisco, CA 94102-7007)
)
THE STATE OF COLORADO,)
Colorado Attorney General's Office)
Ralph L. Carr Colorado Judicial Center)
1300 Broadway, 7th Floor)
Denver, CO 80203)
)
THE STATE OF CONNECTICUT,)
Office of the Connecticut Attorney General)
55 Elm Street, P.O. Box 120)
Hartford, CT 06141-0120)
)

THE STATE OF DELAWARE,)
Delaware Attorney General's Office)
820 N. French Street)
Wilmington, DE 19801)
)
THE STATE OF FLORIDA,)
Department of Legal Affairs)
Office of the Attorney General)
3507 E. Frontage Road, Suite 325)
Tampa, FL 33607)
)
THE STATE OF GEORGIA,)
Georgia Department of Law)
40 Capitol Square, S.W.)
Atlanta, GA 30334)
)
THE STATE OF HAWAII,)
Department of the Attorney General)
425 Queen Street)
Honolulu, HI 96813)
)
THE STATE OF IDAHO,)
Office of the Idaho Attorney General)
700 W. Jefferson St.)
P.O. Box 83720)
Boise, ID 83720-0010)
)
THE STATE OF ILLINOIS,)
Office of the Illinois Attorney General)
500 South Second Street)
Springfield, IL 62706)
)
THE STATE OF INDIANA,)
Indiana Office of the Attorney General)
302 West Washington St., IGCS 5th Fl.)
Indianapolis, IN 46204)
)
THE STATE OF IOWA,)
Iowa Attorney General's Office)
1305 E. Walnut St.)
Des Moines, IA 50319)
)
THE STATE OF KANSAS,)
Office of the Kansas Attorney General)
120 SW 10th Avenue, 2nd Floor)
Topeka, KS 66612)

)
THE COMMONWEALTH) OF KENTUCKY,)
Office of the Attorney General of Kentucky)
State Capitol, Suite 118)
700 Capital Avenue)
Frankfort, KY 40601-3449)
)
THE STATE OF LOUISIANA,)
Louisiana Attorney General's Office)
1885 N. Third Street)
Baton Rouge, LA 70802)
)
THE STATE OF MAINE,)
Maine Attorney General's Office)
Burton Cross Office Building, 6th Floor)
111 Sewall Street)
Augusta, ME 04330)
)
THE STATE OF MARYLAND,)
Office of the Attorney General of Maryland)
200 Saint Paul Place)
Baltimore, MD 21202)
)
THE COMMONWEALTH)
OF MASSACHUSETTS,)
Massachusetts Attorney General's Office)
One Ashburton Place)
Boston, MA 02108)
)
THE STATE OF MICHIGAN,)
Michigan Department of Attorney General)
525 W. Ottawa Street)
PO Box 30755)
Lansing, MI 48909)
)
THE STATE OF MINNESOTA,)
Minnesota Attorney General's Office)
445 Minnesota Street, Suite 1200)
St. Paul, MN 55101-2130)
)
THE STATE OF MISSISSIPPI,)
Mississippi Attorney General's Office)
Post Office Box 22947)
Jackson, MS 39225-2947)
)

THE STATE OF MISSOURI,)
Missouri Attorney General's Office)
PO Box 899)
Jefferson City, MO 65102)
)
THE STATE OF MONTANA,)
Montana Department of Justice)
215 N. Sanders)
Helena MT 59624)
)
THE STATE OF NEBRASKA,)
Office of the Attorney General)
2115 State Capitol)
Lincoln, NE 68509-8920)
)
THE STATE OF NEVADA,)
Nevada Office of the Attorney General)
100 North Carson Street)
Carson City, NV 89701)
)
THE STATE OF NEW HAMPSHIRE,)
New Hampshire Department of Justice)
33 Capitol Street)
Concord, NH 03301)
)
THE STATE OF NEW JERSEY,)
New Jersey Attorney General's Office)
124 Halsey Street – 5th Floor)
P.O. Box 45029)
Newark, NJ 07101)
)
THE STATE OF NEW MEXICO,)
Office of the New Mexico Attorney General)
PO Drawer 1508)
Santa Fe, NM 87504-1508)
)
THE STATE OF NEW YORK,)
Office of the New York State)
Attorney General)
120 Broadway)
New York, NY 10271)
)
THE STATE OF NORTH CAROLINA,)
North Carolina Department of Justice)
P.O. Box 629)
Raleigh, NC 27602)

)

THE STATE OF NORTH DAKOTA,)
Office of the Attorney General)
Gateway Professional Center)
1050 E Interstate Ave, Ste. 200)
Bismarck, ND 58503-5574)

)

THE STATE OF OHIO,)
Ohio Attorney General's Office)
30 E. Broad St., 15th Floor)
Columbus, OH 43215)

)

THE STATE OF OREGON,)
Oregon Department of Justice)
1515 SW 5th Avenue, Ste. 410)
Portland, OR 97201)

)

THE COMMONWEALTH)
OF PENNSYLVANIA,)
Office of the Attorney General)
16th Floor, Strawberry Square)
Harrisburg, PA 17120)

)

THE STATE OF RHODE ISLAND,)
Rhode Island Department)
of Attorney General)
150 South Main Street)
Providence, RI 02903)

)

THE STATE OF SOUTH CAROLINA,)
South Carolina Attorney General's Office)
1000 Assembly Street, Room 519)
Columbia, SC 29201)

)

THE STATE OF SOUTH DAKOTA,)
South Dakota Attorney General's Office)
1302 E. Highway 14, Suite 1)
Pierre, SD 57501)

)

THE STATE OF TENNESSEE,)
Office of the Tennessee Attorney General)
425 Fifth Avenue North)
Nashville, TN 37243-3400)

THE STATE OF TEXAS,)
Texas Attorney General's Office)
401 E. Franklin Avenue, Suite 530)
El Paso, TX 79901)
)
THE STATE OF UTAH,)
Division of Consumer Protection)
Utah Attorney General's Office)
350 North State Street, #230)
Salt Lake City, UT 84114-2320)
)
THE STATE OF VERMONT,)
Office of the Attorney General)
109 State Street)
Montpelier, VT 05609)
)
THE COMMONWEALTH OF VIRGINIA,)
Office of the Virginia Attorney General)
900 East Main Street)
Richmond, VA 23219)
)
THE STATE OF WASHINGTON,)
Washington State Attorney General's Office)
1250 Pacific Avenue, Suite 105)
PO Box 2317)
Tacoma, WA 98402-4411)
)
THE STATE OF WEST VIRGINIA,)
West Virginia Attorney General's Office)
State Capitol, Room 26E)
Charleston, WV 25305-0220)
)
THE STATE OF WISCONSIN,)
Wisconsin Department of Justice)
Post Office Box 7857)
Madison, WI 53707-7857)
)
THE STATE OF WYOMING, and)
Wyoming Attorney General's Office)
123 State Capitol Bldg.)
Cheyenne, WY 82002)
)
THE DISTRICT OF COLUMBIA,)
Office of the Attorney General)
441 Fourth Street, N.W.)
Washington, DC 20001)

)
)
)
Plaintiffs,)
)
v.)
)
OCWEN FINANCIAL CORPORATION,)
)
and OCWEN LOAN SERVICING, LLC,)
)
Defendants.)
)

CONSENT JUDGMENT

WHEREAS, Plaintiffs, the Consumer Financial Protection Bureau (the "CFPB" or "Bureau"), and the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming, the Commonwealths of Kentucky, Massachusetts, Pennsylvania and Virginia, and the District of Columbia (collectively, "Plaintiff States") filed their complaint on December 19, 2013, alleging that Ocwen Financial Corporation and Ocwen Loan Servicing, LLC (collectively, "Defendant" or "Ocwen") violated, among other laws, the Unfair and Deceptive Acts and Practices laws of the Plaintiff States and the Consumer Financial Protection Act of 2010.

WHEREAS, the parties have agreed to resolve their claims without the need for litigation;

WHEREAS, Defendant has consented to entry of this Consent Judgment without trial or adjudication of any issue of fact or law and to waive any appeal if the Consent Judgment is entered as submitted by the parties;

WHEREAS, Defendant, by entering into this Consent Judgment, does not admit the allegations of the Complaint other than those facts deemed necessary to the jurisdiction of this Court;

WHEREAS, the intention of the Consumer Financial Protection Bureau and the States in effecting this settlement is to remediate harms allegedly resulting from the alleged unlawful conduct of the Defendant;

WHEREAS, the State Mortgage Regulators are entering into a Settlement Agreement and Consent Order with Ocwen to resolve the findings identified in the course of multi-state and concurrent independent examinations of Ocwen, as well as examinations of Litton Loan Servicing, LP and Homeward Residential, Inc., which were subsequently acquired by Ocwen.

AND WHEREAS, Defendant has agreed to waive service of the complaint and summons and hereby acknowledges the same;

NOW THEREFORE, without trial or adjudication of issue of fact or law, without this Consent Judgment constituting evidence against Defendant, and upon consent of Defendant, the Court finds that there is good and sufficient cause to enter this Consent Judgment, and that it is therefore ORDERED, ADJUDGED, AND DECREED:

I. JURISDICTION

1. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1345, and 1367, and under 12 U.S.C. § 5565, and over Defendant. The

Complaint states a claim upon which relief may be granted against Defendant. Venue is appropriate in this District pursuant to 28 U.S.C. § 1391(b)(2) and 12 U.S.C. § 5564(f).

II. APPLICABILITY

2. Defendant's obligations as set forth in this Consent Judgment and the attached Exhibits shall apply equally and fully to Defendant regardless of whether Defendant is servicing residential mortgages as a servicer or subservicer.

III. SERVICING STANDARDS

3. Defendant shall comply with the Servicing Standards, attached hereto as Exhibit A, in accordance with their terms and Section A of Exhibit D, attached hereto.

IV. FINANCIAL TERMS

4. *Payments to Foreclosed Borrowers and Administration Costs.* Ocwen shall pay or cause to be paid the sum of $127.3 million (the "Borrower Payment Amount") into an interest bearing escrow account established for this purpose by the State members of the Monitoring Committee within 10 days of receiving notice from the State members of the Monitoring Committee that the account is established. The State members of the Monitoring Committee and the Administrator appointed under Exhibit B will use the funds in this account to provide cash payments to borrowers whose homes were sold in a foreclosure sale between and including January 1, 2009, and December 31, 2012, and who otherwise meet criteria set forth by the Monitoring Committee, and to pay the reasonable costs and expenses of the Administrator, including taxes and fees for tax counsel, if any. Ocwen shall also pay or cause to be paid any additional amounts necessary to pay claims, if any, of borrowers whose data is provided to the Administrator by Ocwen after Defendant warrants that the data is complete and accurate pursuant

to Paragraph 3 of Exhibit B. The Borrower Payment Amount shall be administered in accordance with the terms set forth in Exhibit B.

5. *Consumer Relief.* Defendant shall provide $2 billion of relief to consumers who meet the eligibility criteria in the forms and amounts described in Exhibit C, to remediate harms allegedly caused by the alleged unlawful conduct of Defendant. Defendant shall receive credit towards such obligation as described in Exhibit C.

V. ENFORCEMENT

6. The Servicing Standards and Consumer Relief Requirements, attached as Exhibits A and C, are incorporated herein as the judgment of this Court and shall be enforced in accordance with the authorities provided in the Enforcement Terms, attached hereto as Exhibit D.

7. The Parties agree that Joseph A. Smith, Jr. shall be the Monitor and shall have the authorities and perform the duties described in the Enforcement Terms.

8. Within fifteen (15) days of the Effective Date of this Consent Judgment, the Plaintiffs shall designate an Administration and Monitoring Committee (the "Monitoring Committee") as described in the Enforcement Terms. The Monitoring Committee shall serve as the representative of the Plaintiffs in the administration of all aspects of this Consent Judgment and the monitoring of compliance with it by the Defendant.

VI. RELEASES

9. The CFPB and Defendant have agreed, in consideration for the terms provided herein, for the release of certain claims and remedies as provided in the CFPB Release, attached hereto as Exhibit E. CFPB and Defendant have also agreed that certain claims and remedies are

not released, as provided in Paragraph C of Exhibit E. The releases contained in Exhibit E shall become effective upon payment of the Borrower Payment Amount by Defendant.

10. The Plaintiff States and Defendant have agreed, in consideration for the terms provided herein, for the release of certain claims and remedies as provided in the State Release, attached hereto as Exhibit F. The Plaintiff States and Defendant have also agreed that certain claims and remedies are not released, as provided in Section IV of Exhibit F. The releases contained in Exhibit F shall become effective upon payment of the Borrower Payment Amount by Defendant.

VII. OTHER TERMS

11. The Consumer Financial Protection Bureau and any State Party may withdraw from the Consent Judgment and declare it null and void with respect to that party if Ocwen fails to make any payment required under this Consent Judgment and such non-payment is not cured within thirty (30) days of written notice by the party, except that the Released Parties, as defined in Exhibits E and F, other than Ocwen, are released upon the payment of the Borrower Payment Amount, at which time this nullification provision is only operative against Ocwen.

12. This Court retains jurisdiction for the duration of this Consent Judgment to enforce its terms. The parties may jointly seek to modify the terms of this Consent Judgment, subject to the approval of this Court. This Consent Judgment may be modified only by order of this Court.

13. In addition to the provisions of paragraph 12, and in accordance with the terms set forth in Exhibit D, any Plaintiff State may also bring an action to enforce the terms of this Consent Judgment in the enforcing Plaintiff's state court. Ocwen agrees to submit to the jurisdiction of any such state court for purposes of a Plaintiff State's enforcement action.

14. The Effective Date of this Consent Judgment shall be the date on which the Consent Judgment has been entered by the Court and has become final and non-appealable. An order entering the Consent Judgment shall be deemed final and non-appealable for this purpose if there is no party with a right to appeal the order on the day it is entered.

15. This Consent Judgment shall remain in full force and effect for three years from the date it is entered ("the Term"), at which time Defendant's obligations under the Consent Judgment shall expire, except that pursuant to Exhibit D, Defendant shall submit a final Quarterly Report for the last quarter or portion thereof falling within the Term and cooperate with the Monitor's review of said report, which shall conclude no later than six months after the end of the Term. Defendant shall have no further obligations under this Consent Judgment six months after the expiration of the Term, but the Court shall retain jurisdiction for purposes of enforcing or remedying any outstanding violations that are identified in the final Monitor Report and that have occurred but not been cured during the Term. The expiration of this Consent Judgment shall not affect any Releases.

16. Each party to this litigation will bear its own costs and attorneys' fees.

17. Nothing in this Consent Judgment shall relieve Defendant of its obligation to comply with applicable state and federal law.

18. The sum and substance of the parties' agreement and of this Consent Judgment are reflected herein and in the Exhibits attached hereto. In the event of a conflict between the terms of the Exhibits and paragraphs 1-17 of this summary document, the terms of the Exhibits shall govern.

SO ORDERED this 26th day of February, 2014

/s/ Rosemary M. Collyer

UNITED STATES DISTRICT JUDGE

Date: 12/19/2013 For the Consumer Financial Protection Bureau

/s/ Lucy Morris

Lucy Morris
Deputy Enforcement Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552
lucy.morris@cfpb.gov
202-435-7154

Date: 12/10/2013

For the State of Alabama:

/s/ Noel S. Barnes
Noel S. Barnes
Assistant Attorney General
501 Washington Avenue
PO Box 300152
Montgomery, Alabama 36130
nbarnes@ago.state.al.us
(334) 353-9196

Date: 12/12/13

For the State of Alaska:

/s/ Cynthia C. Drinkwater

Cynthia C. Drinkwater
Sr. Assistant Attorney General
Alaska Department of Law
1031 W. 4th Avenue, Ste. 200
Anchorage, AK 99501
Cynthia.Drinkwater@alaska.gov
(907) 269-5200

Date: 12/12/13

For the State of Arizona:

/s/ Jeremy Shorbe

Jeremy Shorbe
Assistant Attorney General
400 W. Congress Street, Suite S315
Tucson, Arizona 85701
Jeremy.Shorbe@azag.gov
(520) 628-6504

Date: 12/12/13

For the State of Arkansas:

/s/ James B. DePriest

James B. DePriest
Deputy Attorney General
323 Center Street, Suite 500
jim.depriest@arkansasag.gov
(501) 682-5028

Date: December 12, 2013

For the State of California:

/s/ Frances T. Grunder

Frances T. Grunder
Senior Assistant Attorney General
Office of the Attorney General
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102
Frances.Grunder@doj.ca.gov
415-703-5500

Date: December 13, 2013

For the State of Colorado, *ex rel*.
John W. Suthers, Attorney General:

/s/ Andy McCallin

Andy McCallin
First Assistant Attorney General
Consumer Protection Section
Ralph L. Carr Colorado Judicial Center
1300 Broadway – 7th Floor
Denver, Colorado 80203
Andrew. McCallin@State.CO.US
Frances.Grunder@doj.ca.gov
(720) 508-6215

Date: December 12, 2013

For the State of Connecticut:

/s/ Joseph J. Chambers
Joseph J. Chambers
Assistant Attorney General
P.O. Box 120
55 Elm Street
Hartford, CT 06141-0120
(860) 808-5270
joseph.chambers@ct.gov

Date: 12/13/13

For the State of Delaware:

/s/ Matthew F. Lintner

Matthew F. Lintner
Director, Fraud and Consumer Protection Div.
820 N. French Street, 5th Floor
Wilmington, DE 19801
Matthew.Lintner@state.de.us
(302) 577-8935

December 16th, 2013.

For the State of Florida:

/s/ Pamela Jo Bondi
Pamela Jo Bondi
Attorney General
The Capitol PL-01
Tallahassee, FL 32399-1050
Tel: 850-245-0140
Fax: 850-413-0632

Office of the Attorney General

/s/ Victoria A. Butler
Victoria A. Butler
Assistant Attorney General
Bureau Chief
Michael G. Moore
Senior Assistant Attorney General
Tampa, Consumer Protection Division
Office of the Attorney General, Pamela Bondi
3507 E. Frontage Road, Suite 325
Tampa, FL 33607
Tel: 813-287-7950
Fax: 813-281-5515

Date: December 16, 2013

For the State of Georgia:

/s/ Jeffrey W. Stump
Jeffrey W. Stump
Senior Assistant Attorney General
Georgia Department of Law
40 Capitol Square, SW
Atlanta, Georgia 30334
jstump@law.ga.gov
(404) 656-3337

Date: 12/11/2013

For the State of Hawaii:

/s/ Deborah Day Emerson

Deborah Day Emerson
Supervising Deputy Attorney General
425 Queen Street, Honolulu HI 96813
Deborah.D.Emerson@Hawaii.Gov
(808) 586-1180

Date: 12-10-13

For the State of Idaho:

/s/Stephanie Guyon

Stephanie Guyon (Idaho Bar No. 5989)
Deputy Attorney General
P.O. Box 83720
Boise, ID 83720-0010
stephanie.guyon@ag.idaho.gov
(208) 334-4135

Date: 12/10/13

For the State of Illinois:

/s/ Susan N. Ellis

Susan N. Ellis
Bureau Chief, Consumer Fraud
Office of the Illinois Attorney General
100 West Randolph Street
Chicago, IL 60601
sellis@atg.state.il.us
312-814-3000

Date: 12-11-13

For the State of Indiana:

/s/ Abigail Lawlis Kuzma

ABIGAIL LAWLIS KUZMA
Director and Chief Counsel
Consumer Protection Division
Indiana Office of the Attorney General
302 West Washington St., IGCS 5th Fl.
Abigail.Kuzma@atg.in.gov
Tel: 317-234-6843

Date: 12/17/13

For the State of Iowa:

/s/ Patrick Madigan

Patrick Madigan
Assistant Attorney General
Iowa Attorney General's Office
1305 East Walnut Street
Des Moines, IA 50319
Patrick. Madigan@Iowa.gov
(515) 281-5926

Date: 12/13/13

For the State of Kansas:

/s/ Meghan E. Stoppel
Meghan E. Stoppel
Assistant Attorney General
Office of the Kansas Attorney General
120 SW 10th Avenue, 2nd Floor
Topeka, Kansas 66612
Meghan.Stoppel@ksag.org
(785) 296-3751

Date: 12/10/2013

For the Commonwealth of Kentucky:

/s/ Jack Conway
Jack Conway
Attorney General of Kentucky
700 Capital Avenue, Suite 118
Frankfort, KY 40601
susan.britton@ag.ky.gov
502-696-5643

Date: December 12, 2013

For the State of Louisiana:

/s/ James D. Buddy Caldwell
James D. “Buddy” Caldwell
Louisiana Attorney General
Post Office Box 94005
Baton Rouge, Louisiana 70804-9005
E-mail: Caldwellb@ag.state.la.us
Phone Number: 225-326-6705

Date: 12/12/13

For the State of Maine:

/s/ Linda J. Conti
LINDA J. CONTI
Assistant Attorney General
Office of the Attorney General
6 State House Station
Augusta, Maine 04333-0006
Linda.conti@maine.gov
(207) 626-8591

Date: December 13, 2013

For the State of Maryland:

/s/ Lucy A. Cardwell

Lucy A. Cardwell
Assistant Attorney General
Consumer Protection Division
Office of the Maryland Attorney General
200 St. Paul Place
Baltimore, MD 21202
lcardwell@oag.state.md.us
410-576-6337

Date: December 17, 2013

For the Commonwealth of Massachusetts:

/s/ Glenn S. Kaplan
Glenn S. Kaplan
Assistant Attorney General
One Ashburton Place, 18th Floor
Boston, MA 02108
Glenn.Kaplan@state.ma.us
617-963-2453
D.C. Bar No. 429052

Date: 12-13-13

For the State of Michigan:

/s/ D.J. Pascoe

D.J. Pascoe
Assistant Attorney General
Corporate Oversight Division
P.O. Box 30755
Lansing, MI 48909
pascoed1@michigan.gov
(517) 373-1160

Date: December 13, 2013

For the State of Minnesota:

LORI SWANSON
Attorney General
State of Minnesota

/s/ Nathan Brennaman

NATHAN BRENNAMAN
Deputy Attorney General
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101-2130
nate.brennaman@ag.state.mn.us
(651) 757-1415 (Voice)

Date: December 12, 2013

For the State of Mississippi:

/s/ Bridgette W. Wiggins

Bridgette W. Wiggins
Special Assistant Attorney General
Consumer Protection Division
Post Office Box 22947
Jackson, MS 39225
bwill@ago.state.ms.us
(601) 359-4279

Date: 12/10/2013

For the State of Missouri:

/s/ Ryan S. Asbridge
Ryan S. Asbridge
Assistant Attorney General
P.O. Box 899, Jefferson City, MO 65102
ryan.asbridge@ago.mo.gov
573-751-7677

Date: December 12, 2013

For the State of Montana:

/s/ Chuck Munson
Chuck Munson
Assistant Attorney General
215 N. Sanders
P.O. Box 201401
Helena, MT 59620
cmunson@mt.gov
(406) 444-2026

Date: December 13, 2013

For the State of Nebraska:

/s/ Abigail M. Stempson

Abigail M. Stempson
Assistant Attorney General
Chief, Consumer Protection Division
2115 State Capitol
Lincoln, NE 68509-8920
abigail.stempson@nebraska.gov
(402) 471-2683

Date: 12/13/13

For the State of Nevada:

/s/ Kristine M. Kuzemka

Kristine M. Kuzemka
Senior Deputy Attorney General
555 E. Washington Avenue, Suite 3900
kkuzemka@ag.nv.gov
(702) 486-3420

Date: Dec. 12, 2013

For the State of New Hampshire:

/s/ Ann M. Rice

Ann M. Rice
Deputy Attorney General
33 Capitol Street, Concord, NH 03301
Ann.Rice@doj.nh.gov
603-271-1238

Date: December 12, 2013

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY

By:/s/ Lorraine K. Rak
Lorraine K. Rak
Deputy Attorney General
Chief, Consumer Fraud Prosecution Section

124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
Lorraine.Rak@dol.lps.state.nj.us
(973) 877-1280

Date: 12/13/13

For the State of New Mexico:

/s/ Gary K. King

Gary K. King
Attorney General
408 Galisteo Street
Santa Fe, NM 87501
Gking@nmag.gov
(505) 827-5843

Date: December 10, 2013

For the State of New York:

/s/ Jane M. Azia

Jane M. Azia
Bureau Chief
Bureau of Consumer Frauds & Protection
Office of the New York State Attorney General
120 Broadway
New York, NY 10271
Jane.azia@ag.ny.gov
(212) 416-8727

Date: December 11, 2013

For the State of North Carolina:

/s/ Phillip K. Woods
Phillip K. Woods
Special Deputy Attorney General
114 West Edenton Street
Raleigh, NC 27602-0629
Email: pwoods@ncdoj.gov
Telephone: (919) 716-6052

Date: December 10, 2013

For the State of North Dakota:

/s/ Parrell D. Grossman
Parrell D. Grossman (NDBI #04684)
Assistant Attorney General
Director, Consumer Protection & Antitrust Division
Office of Attorney General
Gateway Professional Center
1050 East Interstate Ave. Ste. 200
Bismarck, ND 58503-5574
pgrossman@nd.gov
(701) 328-5570

Date: December 11, 2013

For the State of Ohio:

MIKE DeWINE
The Attorney General of Ohio

/s/ Matthew J. Lampke
Matthew J. Lampke (0067973)
Mortgage Foreclosure Counsel
30 East Broad Street, 15th Floor
Columbus, Ohio 43215
(614) 466-8569 - Telephone
(866) 403-3979 – Facsimile
Matthew.Lampke@OhioAttorneyGeneral.gov

Trial Counsel for Ohio

Date: 12/12/2013

For the State of Oregon:

/s/ Simon C. Whang
Simon C. Whang
Assistant Attorney General
Financial Fraud/Consumer Protection Sectn.
Oregon Department of Justice
1515 SW Fifth Ave Ste 410
Portland, OR 97201
simon.c.whang@doj.state.or.us
971-673-1880

Date: 12-13-13

For the Commonwealth of Pennsylvania:
KATHLEEN G. KANE, Attorney General:

/s/ John M. Abel
John M. Abel
Senior Deputy Attorney General
Pennsylvania Office of Attorney General
Bureau of Consumer Protection
15th Floor, Strawberry Square
Harrisburg, PA 17120
jabel@attorneygeneral.gov
Tel: 717-783-1439
Fax: 717-705-3795

Date: December 13, 2013

For the State of Rhode Island:

/s/ Edmund F. Murray, Jr.
Edmund F. Murray, Jr.
Special Assistant Attorney General
Rhode Island Department of Attorney General
150 South Main Street
Providence, Rhode Island 02903
(401) 274-4400 ext. 2401
emurray@riag.ri.gov

Date: 12/13/13

For the State of South Carolina:

/s/ C. Havird Jones, Jr.
C. Havird Jones, Jr.
Assistant Deputy Attorney General
PO Box 11549
Columbia, SC, 29211
SJones@scag.gov
803-734-3654

Date: December 10, 2013

On Behalf of the State of South Dakota:

MARTY J. JACKLEY
ATTORNEY GENERAL

/s/ Bethanna M. Feist

Bethanna M. Feist
South Dakota Attorney General's Office
1302 E. Highway 14, Suite 1
Pierre, SD 57501-8501
Telephone: (605) 773-3215
Facsimile: (605) 773-4106
Email: Bethanna.Feist@state.sd.us

Date: 12/13/13

For the State of Tennessee:

/s/ Robert E. Cooper, Jr.
Robert E. Cooper, Jr.
Attorney General and Reporter
Office of the Tennessee Attorney General
425 Fifth Avenue North
Nashville, Tennessee 37243-3400
bob.cooper@ag.tn.gov
(651) 741-3491
DC Bar No. 398721 (inactive)

Date: December 13, 2013

For the State of Texas:

/s/ James A. Daross
James A. Daross
Regional Managing Attorney
Consumer Protection Division
Office of the Attorney General of Texas
401 E. Franklin Ave., Suite 530
El Paso, Texas 79901
james.daross@texasattorneygeneral.gov
(915) 834-5801 (Direct)
(915) 834-5800 (Main)
(915) 542-1546 (FAX)
Texas Bar No. 05391500

Date: December 16, 2013

For the State of Utah and the Division of Consumer Protection:

/s/ Brian L. Tarbet

Brian L. Tarbet
Utah Attorney General (Acting)
350 North State Street, Suite 230
Salt Lake City, Utah 84114
btarbet@utah.gov
(801) 538-1191

Date: 12/10/2013

For the State of Vermont:

/s/ Elliot Burg
Elliot Burg
Assistant Attorney General
Vermont Attorney General's Office
109 State Street
Montpelier, VT 05609
eburg@atg.state.vt.us
(802) 828-2153

Date: December 12, 2013

For the COMMONWEALTH of VIRGINIA,
EX REL. KENNETH T. CUCCINELLI, II, ATTORNEY GENERAL:

/s/ David B. Irvin
DAVID B. IRVIN (VSB #23927)
Senior Assistant Attorney General
MARK S. KUBIAK (VSB #73119)
Assistant Attorney General
Office of Virginia Attorney General
900 East Main Street
Richmond, Virginia 23219
Telephone: 804-786-4047

Date: 12/10/2013

STATE OF WASHINGTON
ROBERT W. FERGUSON
ATTORNEY GENERAL

/s/ David W. Huey
DAVID W. HUEY, WSBA #31380
Senior Counsel
1250 Pacific Avenue, Suite 105
PO Box 2317
Tacoma, WA 98401-2317
DavidH3@atg.wa.gov
(253) 593-5057

Date: 12/13/2013

For the State of West Virginia:

/s/ Patrick Morrisey_____
Patrick Morrisey, Attorney General
State Capitol Bldg. 1, Room 26-E
Charleston, WV 25305-0220
Patrick.J.Morrisey@wvago.gov
304-558-2021

Date: 12-11-13

For the State of Wisconsin:

J.B. VAN HOLLEN
Attorney General

/s/ Holly C. Pomraning
HOLLY C. POMRANING
Assistant Attorney General
Wisconsin Department of Justice
Post Office Box 7857
Madison, Wisconsin 53707-7857
Email: pomraninghc@doj.state.wi.us
Tel: 608-266-5410

Date: 12/10/13

For the State of Wyoming:

/s/ Peter K. Michael
Peter K. Michael
Attorney General
123 Capitol Building
Cheyenne, WY 82002
Peter.michael@wyo.gov
(307) 777-7841

Date: December 11, 2013

Respectfully submitted,

IRVIN B. NATHAN
Attorney General for the District of Columbia

ELLEN A. EFROS
Deputy Attorney General
Public Interest Division

/s/ Bennett Rushkoff
BENNETT RUSHKOFF (D.C. Bar #386925)
Chief, Public Advocacy Section

/s/ Gary M. Tan
GARY M. TAN (D.C. Bar #987796)
Assistant Attorney General
Office of the Attorney General
441 4th Street, N.W., Suite 600 South
Washington, DC 20001
Telephone: (202) 727-6241
Email: Gary.Tan@dc.gov

Attorneys for the District of Columbia

Date: 12/16/2013

Ocwen Financial Corporation and Ocwen Loan Servicing, LLC

By: /s/ Timothy M. Hayes
Timothy M. Hayes
Executive Vice President and General Counsel
2002 Summit Blvd, Fl 6
Atlanta, Georgia 30319-1560

EXHIBIT A

Settlement Term Sheet

The provisions outlined below are intended to apply to loans secured by owner-occupied properties that serve as the primary residence of the borrower unless otherwise noted herein.

I. FORECLOSURE AND BANKRUPTCY INFORMATION AND DOCUMENTATION.

Unless otherwise specified, these provisions shall apply to bankruptcy and foreclosures in all jurisdictions regardless of whether the jurisdiction has a judicial, non-judicial or quasi-judicial process for foreclosures and regardless of whether a statement is submitted during the foreclosure or bankruptcy process in the form of an affidavit, sworn statement or declarations under penalty of perjury (to the extent stated to be based on personal knowledge) ("Declaration").

A. Standards for Documents Used in Foreclosure and Bankruptcy Proceedings.

1. Servicer shall ensure that factual assertions made in pleadings (complaint, counterclaim, cross-claim, answer or similar pleadings), bankruptcy proofs of claim (including any facts provided by Servicer or based on information provided by the Servicer that are included in any attachment and submitted to establish the truth of such facts) ("POC"), Declarations, affidavits, and sworn statements filed by or on behalf of Servicer in judicial foreclosures or bankruptcy proceedings and notices of default, notices of sale and similar notices submitted by or on behalf of Servicer in non-judicial foreclosures are accurate and complete and are supported by competent and reliable evidence. Before a loan is referred to non-judicial foreclosure, Servicer shall ensure that it has reviewed competent and reliable evidence to substantiate the borrower's default and the right to foreclose, including the borrower's loan status and loan information.

2. Servicer shall ensure that affidavits, sworn statements, and Declarations are based on personal knowledge, which may be based on the affiant's review of Servicer's books and records, in accordance with the evidentiary requirements of applicable state or federal law.

3. Servicer shall ensure that affidavits, sworn statements and Declarations executed by Servicer's affiants are based on the affiant's review and personal knowledge of the accuracy and completeness of the assertions in the affidavit, sworn statement or Declaration, set out facts that Servicer reasonably believes would be admissible in evidence, and show that the affiant is competent to testify on the matters stated. Affiants shall confirm that they have reviewed competent and reliable evidence to substantiate the

borrower's default and the right to foreclose, including the borrower's loan status and required loan ownership information. If an affiant relies on a review of business records for the basis of its affidavit, the referenced business record shall be attached if required by applicable state or federal law or court rule. This provision does not apply to affidavits, sworn statements and Declarations signed by counsel based solely on counsel's personal knowledge (such as affidavits of counsel relating to service of process, extensions of time, or fee petitions) that are not based on a review of Servicer's books and records. Separate affidavits, sworn statements or Declarations shall be used when one affiant does not have requisite personal knowledge of all required information.

4. Servicer shall have standards for qualifications, training and supervision of employees. Servicer shall train and supervise employees who regularly prepare or execute affidavits, sworn statements or Declarations. Each such employee shall sign a certification that he or she has received the training. Servicer shall oversee the training completion to ensure each required employee properly and timely completes such training. Servicer shall maintain written records confirming that each such employee has completed the training and the subjects covered by the training.

5. Servicer shall review and approve standardized forms of affidavits, standardized forms of sworn statements, and standardized forms of Declarations prepared by or signed by an employee or officer of Servicer, or executed by a third party using a power of attorney on behalf of Servicer, to ensure compliance with applicable law, rules, court procedure, and the terms of this Agreement ("the Agreement").

6. Affidavits, sworn statements and Declarations shall accurately identify the name of the affiant, the entity of which the affiant is an employee, and the affiant's title.

7. Affidavits, sworn statements and Declarations, including their notarization, shall fully comply with all applicable state law requirements.

8. Affidavits, sworn statements and Declarations shall not contain information that is false or unsubstantiated. This requirement shall not preclude Declarations based on information and belief where so stated.

9. Servicer shall assess and ensure that it has an adequate number of employees and that employees have reasonable time to prepare, verify, and execute pleadings, POCs, motions for relief from stay ("MRS"), affidavits, sworn statements and Declarations.

10. Servicer shall not pay volume-based or other incentives to employees or third-party providers or trustees that encourage undue haste or lack of due diligence over quality.

11. Affiants shall be individuals, not entities, and affidavits, sworn statements and Declarations shall be signed by hand signature of the affiant (except for permitted electronic filings). For such documents, except for permitted electronic filings, signature stamps and any other means of electronic or mechanical signature are prohibited.

12. At the time of execution, all information required by a form affidavit, sworn statement or Declaration shall be complete.

13. Affiants shall date their signatures on affidavits, sworn statements or Declarations.

14. Servicer shall maintain records that identify all notarizations of Servicer documents executed by each notary employed by Servicer.

15. Servicer shall not file a POC in a bankruptcy proceeding which, when filed, contained materially inaccurate information. In cases in which such a POC may have been filed, Servicer shall not rely on such POC and shall (a) in active cases, at Servicer's expense, take appropriate action, consistent with state and federal law and court procedure, to substitute such POC with an amended POC as promptly as reasonably practicable (and, in any event, not more than 30 days) after acquiring actual knowledge of such material inaccuracy and provide appropriate written notice to the borrower or borrower's counsel; and (b) in other cases, at Servicer's expense, take appropriate action after acquiring actual knowledge of such material inaccuracy.

16. Servicer shall not rely on an affidavit of indebtedness or similar affidavit, sworn statement or Declaration filed in a pending prejudgment judicial foreclosure or bankruptcy proceeding which (a) was required to be based on the affiant's review and personal knowledge of its accuracy but was not, (b) was not, when so required, properly notarized, or (c) contained materially inaccurate information in order to obtain a judgment of foreclosure, order of sale, relief from the automatic stay or other relief in bankruptcy. In pending cases in which such affidavits, sworn statements or Declarations may have been filed, Servicer shall, at Servicer's expense, take appropriate action, consistent with state and federal law and court procedure, to substitute such affidavits with new

affidavits and provide appropriate written notice to the borrower or borrower's counsel.

17. In pending post-judgment, pre-sale cases in judicial foreclosure proceedings in which an affidavit or sworn statement was filed which was required to be based on the affiant's review and personal knowledge of its accuracy but may not have been, or that may not have, when so required, been properly notarized, and such affidavit or sworn statement has not been re-filed, Servicer, unless prohibited by state or local law or court rule, will provide written notice to borrower at borrower's address of record or borrower's counsel prior to proceeding with a foreclosure sale or eviction proceeding.

18. In all states, Servicer shall send borrowers a statement setting forth facts supporting Servicer's or holder's right to foreclose and containing the information required in paragraphs I.B.6 (items available upon borrower request), I.B.10 (account statement), I.C.2 and I.C.3 (ownership statement), and IV.B.13 (loss mitigation statement) herein. Servicer shall send this statement to the borrower in one or more communications no later than 14 days prior to referral to foreclosure attorney or foreclosure trustee. Servicer shall provide the Monitoring Committee with copies of proposed form statements for review before implementation.

B. Requirements for Accuracy and Verification of Borrower's Account Information.

1. Servicer shall maintain procedures to ensure accuracy and timely updating of borrower's account information, including posting of payments and imposition of fees. Servicer shall also maintain adequate documentation of borrower account information, which may be in either electronic or paper format.

2. For any loan on which interest is calculated based on a daily accrual or daily interest method and as to which any obligor is not a debtor in a bankruptcy proceeding without reaffirmation, Servicer shall promptly accept and apply all borrower payments, including cure payments (where authorized by law or contract), trial modification payments, as well as non-conforming payments, unless such application conflicts with contract provisions or prevailing law. Servicer shall ensure that properly identified payments shall be posted no more than two business days after receipt at the address specified by Servicer and credited as of the date received to borrower's account. Each monthly payment shall be applied in the order specified in the loan documents.

3. For any loan on which interest is not calculated based on a daily accrual or daily interest method and as to which any obligor is not a debtor in a bankruptcy proceeding without reaffirmation, Servicer

shall promptly accept and apply all borrower conforming payments, including cure payments (where authorized by law or contract), unless such application conflicts with contract provisions or prevailing law. Servicer shall continue to accept trial modification payments consistent with existing payment application practices. Servicer shall ensure that properly identified payments shall be posted no more than two business days after receipt at the address specified by Servicer. Each monthly payment shall be applied in the order specified in the loan documents.

a. Servicer shall accept and apply at least two non-conforming payments from the borrower, in accordance with this subparagraph, when the payment, whether on its own or when combined with a payment made by another source, comes within $50.00 of the scheduled payment, including principal and interest and, where applicable, taxes and insurance.

b. Except for payments described in paragraph I.B.3.a, Servicer may post partial payments to a suspense or unapplied funds account, provided that Servicer (1) discloses to the borrower the existence of and any activity in the suspense or unapplied funds account; (2) credits the borrower's account with a full payment as of the date that the funds in the suspense or unapplied funds account are sufficient to cover such full payment; and (3) applies payments as required by the terms of the loan documents. Servicer shall not take funds from suspense or unapplied funds accounts to pay fees until all unpaid contractual interest, principal, and escrow amounts are paid and brought current or other final disposition of the loan.

4. Notwithstanding the provisions above, Servicer shall not be required to accept payments which are insufficient to pay the full balance due after the borrower has been provided written notice that the contract has been declared in default and the remaining payments due under the contract have been accelerated.

5. Servicer shall provide to borrowers (other than borrowers in bankruptcy or borrowers who have been referred to or are going through foreclosure) adequate information on monthly billing or other account statements to show in clear and conspicuous language:

a. total amount due;

b. allocation of payments, including a notation if any payment has been posted to a "suspense or unapplied funds account";

c. unpaid principal;

d. fees and charges for the relevant time period;

e. current escrow balance; and

f. reasons for any payment changes, including an interest rate or escrow account adjustment, no later than 21 days before the new amount is due (except in the case of loans as to which interest accrues daily or the rate changes more frequently than once every 30 days).

Statements as described above are not required to be delivered with respect to any fixed rate residential mortgage loan as to which the borrower is provided a coupon book.

6. In the statements described in paragraphs I.A.18 and III.B.1.a, Servicer shall notify borrowers that they may receive, upon written request:

a. A copy of the borrower's payment history since the borrower was last less than 60 days past due;

b. A copy of the borrower's note;

c. If Servicer has commenced foreclosure or filed a POC, copies of any assignments of mortgage or deed of trust required to demonstrate the right to foreclose on the borrower's note under applicable state law; and

d. The name of the investor that holds the borrower's loan.

7. Servicer shall adopt enhanced billing dispute procedures, including for disputes regarding fees. These procedures will include:

a. Establishing readily available methods for customers to lodge complaints and pose questions, such as by providing toll-free numbers and accepting disputes by email;

b. Assessing and ensuring adequate and competent staff to answer and respond to consumer disputes promptly;

c. Establishing a process for dispute escalation;

d. Tracking the resolution of complaints; and

e. Providing a toll-free number on monthly billing statements.

8. Servicer shall take appropriate action to promptly remediate any inaccuracies in borrowers' account information, including:

a. Correcting the account information;

b. Providing cash refunds or account credits; and

c. Correcting inaccurate reports to consumer credit reporting agencies.

9. Servicer's systems to record account information shall be periodically independently reviewed for accuracy and completeness by an independent reviewer.

10. As indicated in paragraph I.A.18, Servicer shall send the borrower an itemized plain language account summary setting forth each of the following items, to the extent applicable:

a. The total amount needed to reinstate or bring the account current, and the amount of the principal obligation under the mortgage;

b. The date through which the borrower's obligation is paid;

c. The date of the last full payment;

d. The current interest rate in effect for the loan (if the rate is effective for at least 30 days);

e. The date on which the interest rate may next reset or adjust (unless the rate changes more frequently than once every 30 days);

f. The amount of any prepayment fee to be charged, if any;

g. A description of any late payment fees;

h. A telephone number or electronic mail address that may be used by the obligor to obtain information regarding the mortgage; and

i. The names, addresses, telephone numbers, and Internet addresses of one or more counseling agencies or programs

approved by HUD
(http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm).

11. In active chapter 13 cases, Servicer shall ensure that:

    a. prompt and proper application of payments is made on account of (a) pre-petition arrearage amounts and (b) post-petition payment amounts and posting thereof as of the successful consummation of the effective confirmed plan;

    b. the debtor is treated as being current so long as the debtor is making payments in accordance with the terms of the then-effective confirmed plan and any later effective payment change notices; and

    c. as of the date of dismissal of a debtor's bankruptcy case, entry of an order granting Servicer relief from the stay, or entry of an order granting the debtor a discharge, there is a reconciliation of payments received with respect to the debtor's obligations during the case and appropriately update the Servicer's systems of record. In connection with such reconciliation, Servicer shall reflect the waiver of any fee, expense or charge pursuant to paragraph III.B.1.c.i or III.B.1.d.

C. Documentation of Note, Holder Status and Chain of Assignment.

1. Servicer shall implement processes to ensure that Servicer or the foreclosing entity has a documented enforceable interest in the promissory note and mortgage (or deed of trust) under applicable state law, or is otherwise a proper party to the foreclosure action.

2. Servicer shall include a statement in a pleading, affidavit of indebtedness or similar affidavits in court foreclosure proceedings setting forth the basis for asserting that the foreclosing party has the right to foreclose.

3. Servicer shall set forth the information establishing the party's right to foreclose as set forth in I.C.2 in a communication to be sent to the borrower as indicated in I.A.18.

4. If the original note is lost or otherwise unavailable, Servicer shall comply with applicable law in an attempt to establish ownership of the note and the right to enforcement. Servicer shall ensure good faith efforts to obtain or locate a note lost while in the possession of Servicer or Servicer's agent and shall ensure that Servicer and Servicer's agents who are expected to have possession of notes or assignments of mortgage on behalf of Servicer adopt procedures

that are designed to provide assurance that the Servicer or Servicer's agent would locate a note or assignment of mortgage if it is in the possession or control of the Servicer or Servicer's agent, as the case may be. In the event that Servicer prepares or causes to be prepared a lost note or lost assignment affidavit with respect to an original note or assignment lost while in Servicer's control, Servicer shall use good faith efforts to obtain or locate the note or assignment in accordance with its procedures. In the affidavit, sworn statement or other filing documenting the lost note or assignment, Servicer shall recite that Servicer has made a good faith effort in accordance with its procedures for locating the lost note or assignment.

5. Servicer shall not intentionally destroy or dispose of original notes that are still in force.

6. Servicer shall ensure that mortgage assignments executed by or on behalf of Servicer are executed with appropriate legal authority, accurately reflective of the completed transaction and properly acknowledged.

D. Bankruptcy Documents.

1. Proofs of Claim ("POC"). Servicer shall ensure that POCs filed on behalf of Servicer are documented in accordance with the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and any applicable local rule or order ("bankruptcy law"). Unless not permitted by statute or rule, Servicer shall ensure that each POC is documented by attaching:

   a. The original or a duplicate of the note, including all endorsements; a copy of any mortgage or deed of trust securing the notes (including, if applicable, evidence of recordation in the applicable land records); and copies of any assignments of mortgage or deed of trust required to demonstrate the right to foreclose on the borrower's note under applicable state law (collectively, "Loan Documents"). If the note has been lost or destroyed, a lost note affidavit shall be submitted.

   b. If, in addition to its principal amount, a claim includes interest, fees, expenses, or other charges incurred before the petition was filed, an itemized statement of the interest, fees, expenses, or charges shall be filed with the proof of claim (including any expenses or charges based on an escrow analysis as of the date of filing) at least in the detail specified in the current draft of Official Form B 10

c. A statement of the amount necessary to cure any default as of the date of the petition shall be filed with the proof of claim.

d. If a security interest is claimed in property that is the debtor's principal residence, the attachment prescribed by the appropriate Official Form shall be filed with the proof of claim.

e. Servicer shall include a statement in a POC setting forth the basis for asserting that the applicable party has the right to foreclose.

f. The POC shall be signed (either by hand or by appropriate electronic signature) by the responsible person under penalty of perjury after reasonable investigation, stating that the information set forth in the POC is true and correct to the best of such responsible person's knowledge, information, and reasonable belief, and clearly identify the responsible person's employer and position or title with the employer.

2. **Motions for Relief from Stay ("MRS")**. Unless not permitted by bankruptcy law, Servicer shall ensure that each MRS in a chapter 13 proceeding is documented by attaching:

a. To the extent not previously submitted with a POC, a copy of the Loan Documents; if such documents were previously submitted with a POC, a statement to that effect. If the promissory note has been lost or destroyed, a lost note affidavit shall be submitted;

b. To the extent not previously submitted with a POC, Servicer shall include a statement in an MRS setting forth the basis for asserting that the applicable party has the right to foreclose.

c. An affidavit, sworn statement or Declaration made by Servicer or based on information provided by Servicer ("MRS affidavit" (which term includes, without limitation, any facts provided by Servicer that are included in any attachment and submitted to establish the truth of such facts) setting forth:

i. whether there has been a default in paying pre-petition arrearage or post-petition amounts (an "MRS delinquency");

ii. if there has been such a default, (a) the unpaid principal balance, (b) a description of any default with

respect to the pre-petition arrearage, (c) a description of any default with respect to the post-petition amount (including, if applicable, any escrow shortage), (d) the amount of the pre-petition arrearage (if applicable), (e) the post-petition payment amount, (f) for the period since the date of the first post-petition or pre-petition default that is continuing and has not been cured, the date and amount of each payment made (including escrow payments) and the application of each such payment, and (g) the amount, date and description of each fee or charge applied to such pre-petition amount or post-petition amount since the later of the date of the petition or the preceding statement pursuant to paragraph III.B.1.a; and

iii. all amounts claimed, including a statement of the amount necessary to cure any default on or about the date of the MRS.

d. All other attachments prescribed by statute, rule, or law.

e. Servicer shall ensure that any MRS discloses the terms of any trial period or permanent loan modification plan pending at the time of filing of a MRS or whether the debtor is being evaluated for a loss mitigation option.

E. Quality Assurance Systems Review.

1. Servicer shall conduct regular reviews, not less than quarterly, of a statistically valid sample of affidavits, sworn statements, Declarations filed by or on behalf of Servicer in judicial foreclosures or bankruptcy proceedings and notices of default, notices of sale and similar notices submitted in non-judicial foreclosures to ensure that the documents are accurate and comply with prevailing law and this Agreement.

a. The reviews shall also verify the accuracy of the statements in affidavits, sworn statements, Declarations and documents used to foreclose in non-judicial foreclosures, the account summary described in paragraph I.B.10, the ownership statement described in paragraph I.C.2, and the loss mitigation statement described in paragraph IV.B.13 by reviewing the underlying information. Servicer shall take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases.

b. The reviews shall also verify the accuracy of the statements in affidavits, sworn statements and Declarations submitted in bankruptcy proceedings. Servicer shall take appropriate

remedial steps if deficiencies are identified, including appropriate remediation in individual cases.

2. The quality assurance steps set forth above shall be conducted by Servicer employees who are separate and independent of employees who prepare foreclosure or bankruptcy affidavits, sworn statements, or other foreclosure or bankruptcy documents.

3. Servicer shall conduct regular pre-filing reviews of a statistically valid sample of POCs to ensure that the POCs are accurate and comply with prevailing law and this Agreement. The reviews shall also verify the accuracy of the statements in POCs. Servicer shall take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases. The pre-filing review shall be conducted by Servicer employees who are separate and independent of the persons who prepared the applicable POCs.

4. Servicer shall regularly review and assess the adequacy of its internal controls and procedures with respect to its obligations under this Agreement and implement appropriate procedures to address deficiencies.

II. THIRD-PARTY PROVIDER OVERSIGHT.

A. *Oversight Duties Applicable to All Third-Party Providers.*

Servicer shall adopt policies and processes to oversee and manage foreclosure firms, law firms, foreclosure trustees, subservicers and other agents, independent contractors, entities and third parties (including subsidiaries and affiliates) retained by or on behalf of Servicer that provide foreclosure, bankruptcy or mortgage servicing activities (including loss mitigation) (collectively, such activities are "Servicing Activities" and such providers are "Third-Party Providers"), including:

1. Servicer shall perform appropriate due diligence of Third-Party Providers' qualifications, expertise, capacity, reputation, complaints, information security, document custody practices, business continuity, and financial viability.
2. Servicer shall amend agreements, engagement letters, or oversight policies, or enter into new agreements or engagement letters, with Third-Party Providers to require them to comply with Servicer's applicable policies and procedures (which will incorporate any applicable aspects of this Agreement) and applicable state and federal laws and rules.

3. Servicer shall ensure that agreements, contracts or oversight policies provide for adequate oversight, including measures to enforce Third-Party Provider contractual obligations, and to ensure timely action with respect to Third-Party Provider performance failures.

4. Servicer shall ensure that foreclosure and bankruptcy counsel and foreclosure trustees have appropriate access to information from Servicer's books and records necessary to perform their duties in preparing pleadings and other documents submitted in foreclosure and bankruptcy proceedings.

5. Servicer shall ensure that all information provided by or on behalf of Servicer to Third-Party Providers in connection with providing Servicing Activities is accurate and complete.

6. Servicer shall conduct periodic reviews of Third-Party Providers. These reviews shall include:

    a. A review of a sample of the foreclosure and bankruptcy documents prepared by the Third-Party Provider, to provide for compliance with applicable state and federal law and this Agreement in connection with the preparation of the documents, and the accuracy of the facts contained therein;

    b. A review of the fees and costs assessed by the Third-Party Provider to provide that only fees and costs that are lawful, reasonable and actually incurred are charged to borrowers and that no portion of any fees or charges incurred by any Third-Party Provider for technology usage, connectivity, or electronic invoice submission is charged as a cost to the borrower;

    c. A review of the Third-Party Provider's processes to provide for compliance with the Servicer's policies and procedures concerning Servicing Activities;

    d. A review of the security of original loan documents maintained by the Third-Party Provider;

    e. A requirement that the Third-Party Provider disclose to the Servicer any imposition of sanctions or professional disciplinary action taken against them for misconduct related to performance of Servicing Activities; and

    f. An assessment of whether bankruptcy attorneys comply with the best practice of determining whether a borrower has made a payment curing any MRS delinquency within two business days of the scheduled hearing date of the related MRS.

The quality assurance steps set forth above shall be conducted by Servicer employees who are separate and independent of employees who prepare foreclosure or bankruptcy affidavits, sworn documents, Declarations or other foreclosure or bankruptcy documents.

7. Servicer shall take appropriate remedial steps if problems are identified through this review or otherwise, including, when appropriate, terminating its relationship with the Third-Party Provider.

8. Servicer shall adopt processes for reviewing and appropriately addressing customer complaints it receives about Third-Party Provider services.

9. Servicer shall regularly review and assess the adequacy of its internal controls and procedures with respect to its obligations under this Section, and take appropriate remedial steps if deficiencies are identified, including appropriate remediation in individual cases.

B. *Additional Oversight of Activities by Third-Party Providers.*

1. Servicer shall require a certification process for law firms (and recertification of existing law firm providers) that provide residential mortgage foreclosure and bankruptcy services for Servicer, on a periodic basis, as qualified to serve as a Third-Party Provider to Servicer, including that attorneys have the experience and competence necessary to perform the services requested.

2. Servicer shall ensure that attorneys are licensed to practice in the relevant jurisdiction, have the experience and competence necessary to perform the services requested, and that their services comply with applicable rules, regulations and applicable law (including state law prohibitions on fee splitting).

3. Servicer shall ensure that foreclosure and bankruptcy counsel and foreclosure trustees have an appropriate Servicer contact to assist in legal proceedings and to facilitate loss mitigation questions on behalf of the borrower.

4. Servicer shall adopt policies requiring Third-Party Providers to maintain records that identify all notarizations of Servicer documents executed by each notary employed by the Third-Party Provider.

III. BANKRUPTCY.

A. General.

1. The provisions, conditions and obligations imposed herein are intended to be interpreted in accordance with applicable federal, state and local laws, rules and regulations. Nothing herein shall require a Servicer to do anything inconsistent with applicable state or federal law, including the applicable bankruptcy law or a court order in a bankruptcy case.

2. Servicer shall ensure that employees who are regularly engaged in servicing mortgage loans as to which the borrower or mortgagor is in bankruptcy receive training specifically addressing bankruptcy issues.

B. Chapter 13 Cases.

1. In any chapter 13 case, Servicer shall ensure that:

a. So long as the debtor is in a chapter 13 case, within 180 days after the date on which the fees, expenses, or charges are incurred, Servicer shall file and serve on the debtor, debtor's counsel, and the trustee a notice in a form consistent with Official Form B10 (Supplement 2) itemizing fees, expenses, or charges (1) that were incurred in connection with the claim after the bankruptcy case was filed, (2) that the holder asserts are recoverable against the debtor or against the debtor's principal residence, and (3) that the holder intends to collect from the debtor.

b. Servicer replies within time periods established under bankruptcy law to any notice that the debtor has completed all payments under the plan or otherwise paid in full the amount required to cure any pre-petition default.

c. If the Servicer fails to provide information as required by paragraph III.B.1.a with respect to a fee, expense or charge within 180 days of the incurrence of such fee, expense, or charge, then,

i. Except for independent charges ("Independent charge") paid by the Servicer that is either (A) specifically authorized by the borrower or (B) consists of amounts advanced by Servicer in respect of taxes, homeowners association fees, liens or insurance, such fee, expense or charge shall be deemed waived and may not be collected from the borrower.

ii. In the case of an Independent charge, the court may, after notice and hearing, take either or both of the following actions:

(a) preclude the holder from presenting the omitted information, in any form, as evidence in any contested matter or adversary proceeding in the case, unless the court determines that the failure was substantially justified or is harmless; or

(b) award other appropriate relief, including reasonable expenses and attorney's fees caused by the failure.

d. If the Servicer fails to provide information as required by paragraphs III.B.1.a or III.B.1.b and bankruptcy law with respect to a fee, expense or charge (other than an Independent Charge) incurred more than 45 days before the date of the reply referred to in paragraph III.B.1.b, then such fee, expense or charge shall be deemed waived and may not be collected from the borrower.

e. Servicer shall file and serve on the debtor, debtor's counsel, and the trustee a notice in a form consistent with the current draft of Official Form B10 (Supplement 1) (effective December 2011) of any change in the payment amount, including any change that results from an interest rate or escrow account adjustment, no later than 21 days before a payment in the new amount is due. Servicer shall waive and not collect any late charge or other fees imposed solely as a result of the failure of the borrower timely to make a payment attributable to the failure of Servicer to give such notice timely.

IV. LOSS MITIGATION.

These requirements are intended to apply to both government-sponsored and proprietary loss mitigation programs and shall apply to subservicers performing loss mitigation services on Servicer's behalf.

A. Loss Mitigation Requirements.

1. Servicer shall be required to notify potentially eligible borrowers of currently available loss mitigation options prior to foreclosure referral. Upon the timely receipt of a complete loan modification application, Servicer shall evaluate borrowers for all available loan modification options for which they are eligible prior to referring a borrower to foreclosure and shall facilitate the submission and review of loss mitigation applications. The foregoing notwithstanding, Servicer shall have no obligation to solicit borrowers who are in bankruptcy.

2. Servicer shall offer and facilitate loan modifications for borrowers rather than initiate foreclosure when such loan modifications for which they are eligible are net present value (NPV) positive and meet other investor, guarantor, insurer and program requirements.

3. Servicer shall allow borrowers enrolled in a trial period plan under prior HAMP guidelines (where borrowers were not pre-qualified) and who made all required trial period payments, but were later denied a permanent modification, the opportunity to reapply for a HAMP or proprietary loan modification using current financial information.

4. Servicer shall promptly send a final modification agreement to borrowers who have enrolled in a trial period plan under current HAMP guidelines (or fully underwritten proprietary modification programs with a trial payment period) and who have made the required number of timely trial period payments, where the modification is underwritten prior to the trial period and has received any necessary investor, guarantor or insurer approvals. The borrower shall then be converted by Servicer to a permanent modification upon execution of the final modification documents, consistent with applicable program guidelines, absent evidence of fraud.

B. Dual Track Restricted.

1. If a borrower has not already been referred to foreclosure, Servicer shall not refer an eligible borrower's account to foreclosure while the borrower's complete application for any loan modification program is pending if Servicer received (a) a complete loan modification application no later than day 120 of delinquency, or (b)

a substantially complete loan modification application (missing only any required documentation of hardship) no later than day 120 of delinquency and Servicer receives any required hardship documentation no later than day 130 of delinquency. Servicer shall not make a referral to foreclosure of an eligible borrower who so provided an application until:

a. Servicer determines (after the automatic review in paragraph IV.G.1) that the borrower is not eligible for a loan modification, or

b. If borrower does not accept an offered foreclosure prevention alternative within 14 days of the evaluation notice, the earlier of (i) such 14 days, and (ii) borrower's decline of the foreclosure prevention offer.

2. If borrower accepts the loan modification resulting from Servicer's evaluation of the complete loan modification application referred to in paragraph IV.B.1 (verbally, in writing (including e-mail responses) or by submitting the first trial modification payment) within 14 days of Servicer's offer of a loan modification, then the Servicer shall delay referral to foreclosure until (a) if the Servicer fails timely to receive the first trial period payment, the last day for timely receiving the first trial period payment, and (b) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

3. If the loan modification requested by a borrower as described in paragraph IV.B.1 is denied, except when otherwise required by federal or state law or investor directives, if borrower is entitled to an appeal under paragraph IV.G.3, Servicer will not proceed to a foreclosure sale until the later of (if applicable):

a. expiration of the 30-day appeal period; and

b. if the borrower appeals the denial, until the later of (if applicable) (i) if Servicer denies borrower's appeal, 15 days after the letter denying the appeal, (ii) if the Servicer sends borrower a letter granting his or her appeal and offering a loan modification, 14 days after the date of such offer, (iii) if the borrower timely accepts the loan modification offer (verbally, in writing (including e-mail responses), or by making the first trial period payment), after the Servicer fails timely to receive the first trial period payment, and (iv) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

4. If, after an eligible borrower has been referred to foreclosure, the Servicer receives a complete application from the borrower within

30 days after the Post Referral to Foreclosure Solicitation Letter, then while such loan modification application is pending, Servicer shall not move for foreclosure judgment or order of sale (or, if a motion has already been filed, shall take reasonable steps to avoid a ruling on such motion), or seek a foreclosure sale. If Servicer offers the borrower a loan modification, Servicer shall not move for judgment or order of sale, (or, if a motion has already been filed, shall take reasonable steps to avoid a ruling on such motion), or seek a foreclosure sale until the earlier of (a) 14 days after the date of the related offer of a loan modification, and (b) the date the borrower declines the loan modification offer. If the borrower accepts the loan modification offer (verbally, in writing (including e-mail responses) or by submitting the first trial modification payment) within 14 days after the date of the related offer of loan modification, Servicer shall continue this delay until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

5. If the loan modification requested by a borrower described in paragraph IV.B.4 is denied, then, except when otherwise required by federal or state law or investor directives, if borrower is entitled to an appeal under paragraph IV.G.3, Servicer will not proceed to a foreclosure sale until the later of (if applicable):

   a. expiration of the 30-day appeal period; and

   b. if the borrower appeals the denial, until the later of (if applicable) (i) if Servicer denies borrower's appeal, 15 days after the letter denying the appeal, (ii) if the Servicer sends borrower a letter granting his or her appeal and offering a loan modification, 14 days after the date of such offer, (iii) if the borrower timely accepts the loan modification offer (verbally, in writing (including e-mail responses), or by making the first trial period payment), after the failure of the Servicer timely to receive the first trial period payment, and (iv) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

6. If, after an eligible borrower has been referred to foreclosure, Servicer receives a complete loan modification application more than 30 days after the Post Referral to Foreclosure Solicitation Letter, but more than 37 days before a foreclosure sale is scheduled, then while such loan modification application is

   pending, Servicer shall not proceed with the foreclosure sale. If Servicer offers a loan modification, then Servicer shall delay the foreclosure sale until the earlier of (i) 14 days after the date of the

related offer of loan modification, and (ii) the date the borrower declines the loan modification offer. If the borrower accepts the loan modification offer (verbally, in writing (including e-mail responses) or by submitting the first trial modification payment) within 14 days, Servicer shall delay the foreclosure sale until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

7. If the loan modification requested by a borrower described in paragraph IV.B.6 is denied and it is reasonable to believe that more than 90 days remains until a scheduled foreclosure date or the first date on which a sale could reasonably be expected to be scheduled and occur, then, except when otherwise required by federal or state law or investor directives, if borrower is entitled to an appeal under paragraph IV.G.3.a, Servicer will not proceed to a foreclosure sale until the later of (if applicable):

   a. expiration of the 30-day appeal period; and

   b. if the borrower appeals the denial, until the later of (if applicable) (i) if Servicer denies borrower's appeal, 15 days after the letter denying the appeal, (ii) if the Servicer sends borrower a letter granting his or her appeal and offering a loan modification, 14 days after the date of such offer, (iii) if the borrower timely accepts the loan modification offer (verbally, in writing (including e-mail responses), or by making the first trial period payment), after the Servicer fails timely to receive the first trial period payment, and (iv) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

8. If, after an eligible borrower has been referred to foreclosure, Servicer receives a complete loan modification application more than 30 days after the Post Referral to Foreclosure Solicitation Letter, but within 37 to 15 days before a foreclosure sale is scheduled, then Servicer shall conduct an expedited review of the borrower and, if the borrower is extended a loan modification offer, Servicer shall postpone any foreclosure sale until the earlier of (a) 14 days after the date of the related evaluation notice, and (b) the date the borrower declines the loan modification offer. If the borrower timely accepts the loan modification offer (either in writing or by submitting the first trial modification payment), Servicer shall delay the foreclosure sale until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

9. If, after an eligible borrower has been referred to foreclosure, the Servicer receives a complete loan modification application more than 30 days after the Post Referral to Foreclosure Solicitation Letter and less than 15 days before a scheduled foreclosure sale, Servicer must notify the borrower before the foreclosure sale date as to Servicer's determination (if its review was completed) or inability to complete its review of the loan modification application. If Servicer makes a loan modification offer to the borrower, then Servicer shall postpone any sale until the earlier of (a) 14 days after the date of the related evaluation notice, and (b) the date the borrower declines the loan modification offer. If the borrower timely accepts a loan modification offer (either in writing or by submitting the first trial modification payment), Servicer shall delay the foreclosure sale until the later of (if applicable) (A) the failure by the Servicer timely to receive the first trial period payment, and (B) if the Servicer timely receives the first trial period payment, after the borrower breaches the trial plan.

10. For purposes of this section IV.B, Servicer shall not be responsible for failing to obtain a delay in a ruling on a judgment or failing to delay a foreclosure sale if Servicer made a request for such delay, pursuant to any state or local law, court rule or customary practice, and such request was not approved.

11. Servicer shall not move to judgment or order of sale or proceed with a foreclosure sale under any of the following circumstances:

    a. The borrower is in compliance with the terms of a trial loan modification, forbearance, or repayment plan; or

    b. A short sale or deed-in-lieu of foreclosure has been approved by all parties (including, for example, first lien investor, junior lien holder and mortgage insurer, as applicable), and proof of funds or financing has been provided to Servicer.

12. If a foreclosure or trustee's sale is continued (rather than cancelled) to provide time to evaluate loss mitigation options, Servicer shall promptly notify borrower in writing of the new date of sale (without delaying any related foreclosure sale).

13. As indicated in paragraph I.A.18, Servicer shall send a statement to the borrower outlining loss mitigation efforts undertaken with respect to the borrower prior to foreclosure referral. If no loss mitigation efforts were offered or undertaken, Servicer shall state whether it contacted or attempted to contact the borrower and, if applicable, why the borrower was ineligible for a loan modification or other loss mitigation options.

14. Servicer shall ensure timely and accurate communication of or access to relevant loss mitigation status and changes in status to its foreclosure attorneys, bankruptcy attorneys and foreclosure trustees and, where applicable, to court-mandated mediators.

C. Single Point of Contact.

1. Servicer shall establish an easily accessible and reliable single point of contact ("SPOC") for each potentially-eligible first lien mortgage borrower so that the borrower has access to an employee of Servicer to obtain information throughout the loss mitigation, loan modification and foreclosure processes.

2. Servicer shall initially identify the SPOC to the borrower promptly after a potentially-eligible borrower requests loss mitigation assistance. Servicer shall provide one or more direct means of communication with the SPOC on loss mitigation-related correspondence with the borrower. Servicer shall promptly provide updated contact information to the borrower if the designated SPOC is reassigned, no longer employed by Servicer, or otherwise not able to act as the primary point of contact.

   a. Servicer shall ensure that debtors in bankruptcy are assigned to a SPOC specially trained in bankruptcy issues.

3. The SPOC shall have primary responsibility for:

   a. Communicating the options available to the borrower, the actions the borrower must take to be considered for these options and the status of Servicer's evaluation of the borrower for these options;

   b. Coordinating receipt of all documents associated with loan modification or loss mitigation activities;

   c. Being knowledgeable about the borrower's situation and current status in the delinquency/imminent default resolution process; and

   d. Ensuring that a borrower who is not eligible for MHA programs is considered for proprietary or other investor loss mitigation options.

4.The SPOC shall, at a minimum, provide the following services to borrowers:

a. Contact borrower and introduce himself/herself as the borrower's SPOC;

b. Explain programs for which the borrower is eligible;

c. Explain the requirements of the programs for which the borrower is eligible;

d. Explain program documentation requirements;

e. Provide basic information about the status of borrower's account, including pending loan modification applications, other loss mitigation alternatives, and foreclosure activity;

f. Notify borrower of missing documents and provide an address or electronic means for submission of documents by borrower in order to complete the loan modification application;

g. Communicate Servicer's decision regarding loan modification applications and other loss mitigation alternatives to borrower in writing;

h. Assist the borrower in pursuing alternative non-foreclosure options upon denial of a loan modification;

i. If a loan modification is approved, call borrower to explain the program;

j. Provide information regarding credit counseling where necessary;

k. Help to clear for borrower any internal processing requirements; and

l. Have access to individuals with the ability to stop foreclosure proceedings when necessary to comply with the MHA Program or this Agreement.

5. The SPOC shall remain assigned to borrower's account and available to borrower until such time as Servicer determines in good faith that all loss mitigation options have been exhausted, borrower's account becomes current or, in the case of a borrower

in bankruptcy, the borrower has exhausted all loss mitigation options for which the borrower is potentially eligible and has applied.

6. Servicer shall ensure that the SPOC is available to borrowers via telephone, though such availability can be arranged on an appointment basis. If the SPOC is only reachable on an appointment basis, such appointment shall be made available to the borrower promptly, but in any event an appointment with the SPOC must be offered on a date no later than 7 days from the borrower's request. Borrowers shall be offered the option of scheduling an appointment with another member of the SPOC team if their assigned SPOC is unavailable on the borrower's requested date. In the event the SPOC is unavailable, Servicer shall ensure that personnel with access to all information required to be maintained under this section are available to the borrower to perform the SPOC's normal duties.

7. Servicer shall ensure that a SPOC can refer and transfer a borrower to an appropriate supervisor upon request of the borrower.

8. Servicer shall ensure that relevant records relating to borrower's account are promptly available to the borrower's SPOC, so that the SPOC can timely, adequately and accurately inform the borrower of the current status of loss mitigation, loan modification, and foreclosure activities.

9. Servicer shall ensure that all regularly maintained records of communications between the SPOC and borrower, as well as any other notes related to the borrower's file, are centrally accessible to other Servicer staff.

10. Servicer's management shall supervise the SPOCs' performance and regularly monitor workload, phone logs, call recordings, communication logs and complaints to ensure timely responses to borrowers.

11. Servicer shall designate one or more management level employees to be the primary contact for the Attorneys General, state financial regulators, the Executive Office of U.S. Trustee, each regional office of the U.S. Trustee, and federal regulators for communication regarding complaints and inquiries from individual borrowers who are in default and/or have applied for loan modifications. Servicer shall provide a written acknowledgment to all such inquiries within 10 business days. Servicer shall provide a substantive written response to all such inquiries within 30 days. Servicer shall provide relevant loan information to borrower and to Attorneys General, state financial regulators, federal regulators, the Executive Office of the U.S. Trustee, and each U.S. Trustee upon written request and if properly authorized. A written complaint filed by a borrower and forwarded by

a state attorney general or financial regulatory agency to Servicer shall be deemed to have proper authorization.

12. Servicer shall establish and make available to Chapter 13 trustees a toll-free number staffed by persons trained in bankruptcy to respond to inquiries from Chapter 13 trustees.

13. Notwithstanding the assignment of a SPOC to a borrower, the Servicer shall not deny the borrower access to loss mitigation through the servicer's personnel or representatives at homeownership and public workshops, nonprofit housing counselors, homeownership centers, and other avenues for accessing relief in which the servicer participates.

D. Loss Mitigation Communications with Borrowers.

1. Servicer shall commence outreach efforts to communicate loss mitigation options for first lien mortgage loans to all potentially eligible delinquent borrowers (other than those in bankruptcy) beginning on timelines that are in accordance with HAMP borrower solicitation guidelines set forth in the MHA Handbook version 4.3, Chapter II, Section 2.2, or the most recent version, regardless of whether the borrower is eligible for a HAMP modification. Servicer shall provide borrowers with notices that include contact information for national or state foreclosure assistance hotlines and state housing counseling resources, as appropriate. The use by Servicer of nothing more than prerecorded automatic messages in loss mitigation communications with borrowers shall not be sufficient in those instances in which it fails to result in contact between the borrower and one of Servicer's loss mitigation specialists. Servicer shall conduct affirmative outreach efforts to inform delinquent second lien borrowers (other than those in bankruptcy) about the availability of payment reduction options. The foregoing notwithstanding, Servicer shall have no obligation to solicit borrowers who are in bankruptcy.

2. Servicer shall disclose and provide accurate information to borrowers relating to the qualification process and eligibility factors for loss mitigation programs.

3. Servicer shall communicate, at the written request of the borrower, with the borrower's authorized representatives, including housing counselors. Servicer shall communicate with representatives from state attorneys general and financial regulatory agencies acting upon a written complaint filed by the borrower and forwarded by the state attorney general or financial regulatory agency to Servicer. When responding to the borrower regarding such complaint, Servicer shall include the applicable state attorney

general on all correspondence with the borrower regarding such complaint.

4. Servicer shall cease all collection efforts while the borrower (i) is making timely payments under a trial loan modification or (ii) has submitted a complete loan modification application, and a modification decision is pending. Notwithstanding the above, Servicer reserves the right to contact a borrower to gather required loss mitigation documentation or to assist a borrower with performance under a trial loan modification plan.

5. Servicer shall consider partnering with third parties, including national chain retailers, and shall consider the use of select bank branches affiliated with Servicer, to set up programs to allow borrowers to copy, fax, scan, transmit by overnight delivery, or mail or email documents to Servicer free of charge.

6. Within five business days after referral to foreclosure, the Servicer (including any attorney (or trustee) conducting foreclosure proceedings at the direction of the Servicer) shall send a written communication ("Post Referral to Foreclosure Solicitation Letter") to the borrower that includes clear language that:

   a. The Servicer may have sent to the borrower one or more borrower solicitation communications;

   b. The borrower can still be evaluated for alternatives to foreclosure even if he or she had previously shown no interest;

   c. The borrower should contact the Servicer to obtain a loss mitigation application package;

   d. The borrower must submit a loan modification application to the Servicer to request consideration for available foreclosure prevention alternatives;

   e. Provides the Servicer's contact information for submitting a complete loan modification application, including the Servicer's toll-free number; and

   f. Unless the form of letter is otherwise specified by investor directive or state law or the borrower is not eligible for an appeal under paragraph IV.G.3.a, states that if the borrower is contemplating or has pending an appeal of an earlier denial of a loan modification application, that he or she may submit a loan modification application in lieu of his or

her appeal within 30 days after the Post Referral to Foreclosure Solicitation Letter.

E. Development of Loan Portals.

1. Servicer shall develop or contract with a third-party vendor to develop an online portal linked to Servicer's primary servicing system where borrowers can check, at no cost, the status of their first lien loan modifications.

2. Servicer shall design portals that may, among other things:

   a. Enable borrowers to submit documents electronically;

   b. Provide an electronic receipt for any documents submitted;

   c. Provide information and eligibility factors for proprietary loan modification and other loss mitigation programs; and

   d. Permit Servicer to communicate with borrowers to satisfy any written communications required to be provided by Servicer, if borrowers submit documents electronically.

3. Servicer shall participate in the development and implementation of a neutral, nationwide loan portal system linked to Servicer's primary servicing system, such as Hope LoanPort to enhance communications with housing counselors, including using the technology used for the Borrower Portal, and containing similar features to the Borrower Portal.

4. Servicer shall update the status of each pending loan modification on these portals at least every 10 business days and ensure that each portal is updated on such a schedule as to maintain consistency.

F. Loan Modification Timelines.

1. Servicer shall provide written acknowledgement of the receipt of documentation submitted by the borrower in connection with a first lien loan modification application within 3 business days. In its initial acknowledgment, Servicer shall briefly describe the loan modification process and identify deadlines and expiration dates for submitted documents.

2. Servicer shall notify borrower of any known deficiency in borrower's initial submission of information, no later than 5 business days after receipt, including any missing information or

documentation required for the loan modification to be considered complete.

3. Subject to section IV.B, Servicer shall afford borrower 30 days from the date of Servicer's notification of any missing information or documentation to supplement borrower's submission of information prior to making a determination on whether or not to grant an initial loan modification.

4. Servicer shall review the complete first lien loan modification application submitted by borrower and shall determine the disposition of borrower's trial or preliminary loan modification request no later than 30 days after receipt of the complete loan modification application, absent compelling circumstances beyond Servicer's control.

5. Servicer shall implement processes to ensure that second lien loan modification requests are evaluated on a timely basis. When a borrower qualifies for a second lien loan modification after a first lien loan modification in accordance with Section 2.c.i of the General Framework for Consumer Relief Provisions, the Servicer of the second lien loan shall (absent compelling circumstances beyond Servicer's control) send loan modification documents to borrower no later than 45 days after the Servicer receives official notification of the successful completion of the related first lien loan modification and the essential terms.

6. For all proprietary first lien loan modification programs, Servicer shall allow properly submitted borrower financials to be used for 90 days from the date the documents are received, unless Servicer learns that there has been a material change in circumstances or unless investor requirements mandate a shorter time frame.

7. Servicer shall notify borrowers of the final denial of any first lien loan modification request within 10 business days of the denial decision. The notification shall be in the form of the non-approval notice required in paragraph IV.G.1 below.

G. Independent Evaluation of First Lien Loan Modification Denials.

1. Except when evaluated as provided in paragraphs IV.B.8 or IV.B.9, Servicer's initial denial of an eligible borrower's request for first lien loan modification following the submission of a complete loan modification application shall be subject to an independent evaluation. Such evaluation shall be performed by an independent entity or a different employee who has not been involved with the particular loan modification.

2. Denial Notice.

a. When a first lien loan modification is denied after independent review, Servicer shall send a written non-approval notice to the borrower identifying the reasons for denial and the factual information considered. The notice shall inform the borrower that he or she has 30 days from the date of the denial letter declination to provide evidence that the eligibility determination was in error.

b. If the first lien modification is denied because disallowed by investor, Servicer shall disclose in the written non-approval notice the name of the investor and summarize the reasons for investor denial.

c. For those cases where a first lien loan modification denial is the result of an NPV calculation, Servicer shall provide in the written non-approval notice the monthly gross income and property value used in the calculation.

3. Appeal Process.

a. After the automatic review in paragraph IV.G.1 has been completed and Servicer has issued the written non-approval notice, in the circumstances described in the first sentences of paragraphs IV.B.3, IV.B.5 or IV.B.7, except when otherwise required by federal or state law or investor directives, borrowers shall have 30 days to request an appeal and obtain an independent review of the first lien loan modification denial in accordance with the terms of this Agreement. Servicer shall ensure that the borrower has 30 days from the date of the written non-approval notice to provide information as to why Servicer's determination of eligibility for a loan modification was in error, unless the reason for non-approval is (1) ineligible mortgage, (2) ineligible property, (3) offer not accepted by borrower or request withdrawn, or (4) the loan was previously modified.

b. For those cases in which the first lien loan modification denial is the result of an NPV calculation, if a borrower disagrees with the property value used by Servicer in the NPV test, the borrower can request that a full appraisal be conducted of the property by an independent licensed appraiser (at borrower expense) consistent with HAMP directive 10-15. Servicer shall comply with the process set forth in HAMP directive 10-15, including using such value in the NPV calculation.

c. Servicer shall review the information submitted by borrower and use its best efforts to communicate the disposition of borrower's appeal to borrower no later than 30 days after receipt of the information.

d. If Servicer denies borrower's appeal, Servicer's appeal denial letter shall include a description of other available loss mitigation, including short sales and deeds in lieu of foreclosure.

H. General Loss Mitigation Requirements.

1. Servicer shall maintain adequate staffing and systems for tracking borrower documents and information that are relevant to foreclosure, loss mitigation, and other Servicer operations. Servicer shall make periodic assessments to ensure that its staffing and systems are adequate.

2. Servicer shall maintain adequate staffing and caseload limits for SPOCs and employees responsible for handling foreclosure, loss mitigation and related communications with borrowers and housing counselors. Servicer shall make periodic assessments to ensure that its staffing and systems are adequate.

3. Servicer shall establish reasonable minimum experience, educational and training requirements for loss mitigation staff.

4. Servicer shall document electronically key actions taken on a foreclosure, loan modification, bankruptcy, or other servicing file, including communications with the borrower.

5. Servicer shall not adopt compensation arrangements for its employees that encourage foreclosure over loss mitigation alternatives.

6. Servicer shall not make inaccurate payment delinquency reports to credit reporting agencies when the borrower is making timely reduced payments pursuant to a trial or other loan modification agreement. Servicer shall provide the borrower, prior to entering into a trial loan modification, with clear and conspicuous written information that adverse credit reporting consequences may result from the borrower making reduced payments during the trial period.

7. Where Servicer grants a loan modification, Servicer shall provide borrower with a copy of the fully executed loan modification agreement within 45 days of receipt of the executed copy from the borrower. All modifications shall be evidenced in writing.

8. Servicer shall not instruct, advise or recommend that borrowers go into default in order to qualify for loss mitigation relief.

9. Servicer shall not discourage borrowers from working or communicating with legitimate non-profit housing counseling services.

10. Servicer shall not, in the ordinary course, require a borrower to waive or release claims and defenses as a condition of approval for a loan modification program or other loss mitigation relief. However, nothing herein shall preclude Servicer from requiring a waiver or release of claims and defenses with respect to a loan modification offered in connection with the resolution of a contested claim, when the borrower would not otherwise be qualified for that loan modification under existing Servicer programs.

11. Servicer shall not charge borrower an application fee in connection with a request for a loan modification. Servicer shall provide borrower with a pre-paid overnight envelope or pre-paid address label for return of a loan modification application. However, if Servicer makes a copy of the loan modification application available free of charge via an internet portal, and allows for submission of the packet via electronic means, and the borrower elects to submit such documentation electronically, no pre-paid envelope or label shall be required.

12. Notwithstanding any other provision of this Agreement, and to minimize the risk of borrowers submitting multiple loss mitigation requests for the purpose of delay, Servicer shall not be obligated to evaluate requests for loss mitigation options from (a) borrowers who have already been evaluated or afforded a fair opportunity to be evaluated consistent with the requirements of HAMP or proprietary modification programs, or (b) borrowers who were evaluated after the date of implementation of this Agreement, consistent with this Agreement, unless there has been a material change in the borrower's financial circumstances that is documented by borrower and submitted to Servicer.

I. Proprietary First Lien Loan Modifications.

1. Servicer shall make publicly available information on its qualification processes, all required documentation and information necessary for a complete first lien loan modification application, and key eligibility factors for all proprietary loan modifications.

2. Servicer shall design proprietary first lien loan modification programs that are intended to produce sustainable modifications according to investor guidelines and previous results. Servicer shall design these programs with the intent of providing affordable payments for borrowers needing longer term or permanent assistance.

3. Servicer shall track outcomes and maintain records regarding characteristics and performance of proprietary first lien loan modifications. Servicer shall provide a description of modification waterfalls, eligibility criteria, and modification terms, on a publicly-available website.

4. Servicer shall not charge any application or processing fees for proprietary first lien loan modifications.

J. Proprietary Second Lien Loan Modifications.

1. Servicer shall make publicly available information on its qualification processes, all required documentation and information necessary for a complete second lien modification application.

2. Servicer shall design second lien modification programs with the intent of providing affordable payments for borrowers needing longer term or permanent assistance.

3. Servicer shall not charge any application or processing fees for second lien modifications.

4. When an eligible borrower with a second lien submits all required information for a second lien loan modification and the modification request is denied, Servicer shall promptly send a written non-approval notice to the borrower.

K. Short Sales.

1. Servicer shall make publicly available information on general requirements for the short sale process.

2. Servicer shall consider appropriate monetary incentives to underwater borrowers to facilitate short sale options.

3. Servicer shall develop a cooperative short sale process which allows the borrower the opportunity to engage with Servicer to pursue a short sale evaluation prior to putting home on the market.

4. Servicer shall send written confirmation of the borrower's first request for a short sale to the borrower or his or her agent within 10 business days of receipt of the request and proper written authorization from the borrower allowing Servicer to communicate with the borrower's agent. The confirmation shall include basic information about the short sale process and Servicer's requirements, and will state clearly and conspicuously that the Servicer may demand a deficiency payment if such deficiency claim is permitted by applicable law. No such confirmation shall be required if Servicer has already provided a written acceptance or rejection of the short sale request prior to the passage of 10 business days.

5. Servicer shall send borrower at borrower's address of record or to borrower's agent timely written notice of any missing required documents for consideration of short sale within 30 days of receiving borrower's request for a short sale.

6. Servicer shall review the short sale request submitted by borrower and communicate the disposition of borrower's request no later than 30 days after receipt of all required information and third-party consents.

7. If the short sale request is accepted, Servicer shall contemporaneously notify the borrower whether Servicer or investor will demand a deficiency payment or related cash contribution and the approximate amount of that deficiency, if such deficiency obligation is permitted by applicable law. If the short sale request is denied, Servicer shall provide reasons for the denial in the written notice. If Servicer waives a deficiency claim, it shall not sell or transfer such claim to a third-party debt collector or debt buyer for collection.

L. Loss Mitigation During Bankruptcy.

1. Servicer may not deny any loss mitigation option to eligible borrowers on the basis that the borrower is a debtor in bankruptcy so long as borrower and any trustee cooperates in obtaining any appropriate approvals or consents.

2. Servicer shall, to the extent reasonable, extend trial period loan modification plans as necessary to accommodate delays in obtaining bankruptcy court approvals or receiving full remittance of debtor's trial period payments that have been made to a chapter 13 trustee. In the event of a trial period extension, the debtor must make a trial period payment for each month of the trial period, including any extension month.

3. When the debtor is in compliance with a trial period or permanent loan modification plan, Servicer will not object to confirmation of the debtor's chapter 13 plan, move to dismiss the pending bankruptcy case, or file a MRS solely on the basis that the debtor paid only the amounts due under the trial period or permanent loan modification plan, as opposed to the non-modified mortgage payments.

M. Transfer of Servicing of Loans.

1. Ordinary Transfer of Servicing from Servicer to Successor Servicer or Subservicer.

The following shall apply to all transfers of servicing rights from Servicer to a third-party, including subservicing:

a. At the time of transfer or sale, Servicer shall inform the successor servicer (including a subservicer) whether a loss mitigation request is pending.

b. Any contract for the transfer or sale of servicing rights shall obligate the successor servicer to accept and continue processing pending loss mitigation requests.

c. Any contract for the transfer or sale of servicing rights shall obligate the successor servicer to honor trial and permanent loan modification agreements or other types of loss mitigation agreements entered into by prior servicer.

d. Any contract for transfer or sale of servicing rights shall designate that borrowers are third party beneficiaries under paragraphs IV.M.1.b and IV.M.1.c, above.

2. Transfer of Servicing to Servicer.

a. When Servicer acquires servicing rights from another servicer, Servicer shall ensure that it will accept, and continue to process pending loss mitigation requests from the prior servicer, and that it will honor trial and permanent loan modification agreements or other loss mitigation agreements entered into by the prior servicer, as evidenced by the prior servicer or the borrower. If the borrower provides a copy of a loss mitigation offer and the borrower has complied in good faith with the terms of the offer, that shall be deemed evidence of a loss mitigation agreement. A borrower making payments that conform to the payment

terms of the offer shall be deemed to be the borrower’s good faith compliance with the terms of the offer.

3. Transfer of Servicing with Pending Loss Mitigation.

a. Where a loan file indicates that a loss mitigation request was pending within 60 days of transfer or a borrower indicates the same, and Servicer lacks clear written evidence of a loss mitigation denial by the prior servicer, Servicer shall take all reasonable steps to obtain confirmation from the prior servicer of the status of any loss mitigation activity or review of a loss mitigation request, and shall:

i. Where the prior servicer’s review was not complete, complete the review of the borrower's prior loss mitigation request, after notifying the borrower of any necessary information missing from such application, and afford the borrower an opportunity to have the loss mitigation request reviewed through the independent evaluation and appeal processes under paragraphs IV.G.1 or

ii. Provide the borrower a written denial notice, in compliance with paragraph IV.G.2, and provide the borrower 30 days to request an appeal under paragraph IV.G.3.

b. The Servicer shall not commence, refer to, or proceed with foreclosure until the servicer has satisfied all requirements under paragraph 3.a. above.

4. Transfer of Servicing of Loans where the Borrower is in Bankruptcy.

a. The following shall apply to all transfers of servicing rights to a third party from Servicer, including subservicing:

i. At the time of transfer or sale, Servicer shall inform the successor servicer or subservicer whether a borrower is a debtor in a bankruptcy proceeding.

ii. Any contract for the transfer or sale of servicing rights shall obligate the successor servicer to ensure

that payments for borrowers in active chapter 13 bankruptcy cases continue to be applied consistent with Paragraph I.B.11.a-b.

b. The following shall apply to all transfers of servicing rights to Servicer from a third party including prior servicers or subservicers:

i. At the time of transfer or sale, Servicer shall identify whether a borrower is a debtor in a bankruptcy proceeding.

ii. In any POC, MRS, or other document filed by or on behalf of Servicer in a bankruptcy proceeding, Servicer shall not impose or collect fees or charges assessed by a prior servicer, unless Servicer has properly itemized and verified those fees and charges, and otherwise complied with the requirements of Paragraphs, I.D, III.B, and VI.

V. PROTECTIONS FOR MILITARY PERSONNEL.

A. Servicer shall comply with all applicable provisions of the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. Appx. § 501 *et seq*., and any applicable state law offering protections to servicemembers.

B. When a borrower states that he or she is or was within the preceding 9 months (or the then applicable statutory period under the SCRA) in active military service or has received and is subject to military orders requiring him or her to commence active military service, Lender shall determine whether the borrower may be eligible for the protections of the SCRA or for the protections of the provisions of paragraph V.F. If Servicer determines the borrower is so eligible, Servicer shall, until Servicer determines that such customer is no longer protected by the SCRA,

1. if such borrower is not entitled to a SPOC, route such customers to employees who have been specially trained about the protections of the SCRA to respond to such borrower’s questions, or

2. if such borrower is entitled to a SPOC, designate as a SPOC for such borrower a person who has been specially trained about the protections of the SCRA (Servicemember SPOC).

C. Servicer shall, in addition to any other reviews it may perform to assess eligibility under the SCRA, (i) before referring a loan for foreclosure, (ii) within seven days before a foreclosure sale, and (iii) the later of (A)

promptly after a foreclosure sale and (B) within three days before the regularly scheduled end of any redemption period, determine whether the secured property is owned by a servicemember covered under SCRA by searching the Defense Manpower Data Center (DMDC) for evidence of SCRA eligibility by either (a) last name and social security number, or (b) last name and date of birth.

D. When a servicemember provides written notice requesting protection under the SCRA relating to interest rate relief, but does not provide the documentation required by Section 207(b)(1) of the SCRA (50 USC Appx. § 527(b)(1)), Servicer shall accept, in lieu of the documentation required by Section 207(b)(1) of the SCRA, a letter on official letterheadfrom the servicemember's commanding officer including a contact telephone number for confirmation:

1. Addressed in such a way as to signify that the commanding officer recognizes that the letter will be relied on by creditors of the servicemember (a statement that the letter is intended to be relied upon by the Servicemember's creditors would satisfy this requirement);

2. Setting forth the full name (including middle initial, if any), Social Security number and date of birth of the servicemember;

3. Setting forth the home address of the servicemember; and

4. Setting forth the date of the military orders marking the beginning of the period of military service of the servicemember and, as may be applicable, that the military service of the servicemember is continuing or the date on which the military service of the servicemember ended.

E. Servicer shall notify customers who are 45 days delinquent that, if they are a servicemember, (a) they may be entitled to certain protections under the SCRA regarding the servicemember's interest rate and the risk of foreclosure, and (b) counseling for covered servicemembers is available at agencies such as Military OneSource, Armed Forces Legal Assistance, and a HUD-certified housing counselor. Such notice shall include a toll-free number that servicemembers may call to be connected to a person who has been specially trained about the protections of the SCRA to respond to such borrower's questions. Such telephone number shall either connect directly to such a person or afford a caller the ability to identify him-or herself as an eligible servicemember and be routed to such persons. Servicers hereby confirm that they intend to take reasonable steps to ensure the dissemination of such toll-free number to customers who may be eligible servicemembers.

F. Irrespective of whether a mortgage obligation was originated before or during the period of a servicemember's military service, if, based on the determination described in the last sentence and subject to Applicable Requirements, a servicemember's military orders (or any letter complying with paragraph V.D), together with any other documentation satisfactory to the Servicer, reflects that the servicemember is (a) eligible for Hostile Fire/Imminent Danger Pay and (b) serving at a location (i) more than 750 miles from the location of the secured property or (ii) outside of the United States, then to the extent consistent with Applicable Requirements, the Servicer shall not sell, foreclose, or seize a property for a breach of an obligation on real property owned by a servicemember that is secured by mortgage, deed of trust, or other security in the nature of a mortgage, during, or within 9 months after, the period in which the servicemember is eligible for Hostile Fire/Imminent Danger Pay, unless either (i) Servicer has obtained a court order granted before such sale, foreclosure, or seizure with a return made and approved by the court, or (ii) if made pursuant to an agreement as provided in section 107 of the SCRA (50 U.S.C. Appx. § 517). Unless a servicemember's eligibility for the protection under this paragraph can be fully determined by a proper search of the DMDC website, Servicer shall only be obligated under this provision if it is able to determine, based on a servicemember's military orders (or any letter complying with paragraph V.D), together with any other documentation provided by or on behalf of the servicemember that is satisfactory to the Servicer, that the servicemember is (a) eligible for Hostile Fire/Imminent Danger Pay and (b) serving at a location (i) more than 750 miles from the location of the secured property or (ii) outside of the United States.

G. Servicer shall not require a servicemember to be delinquent to qualify for a short sale, loan modification, or other loss mitigation relief if the servicemember is suffering financial hardship and is otherwise eligible for such loss mitigation. Subject to Applicable Requirements, for purposes of assessing financial hardship in relation to (i) a short sale or deed in lieu transaction, Servicer will take into account whether the servicemember is, as a result of a permanent change of station order, required to relocate even if such servicemember's income has not been decreased, so long as the servicemember does not have sufficient liquid assets to make his or her monthly mortgage payments, or (ii) a loan modification, Servicer will take into account whether the servicemember is, as a result of his or her military orders required to relocate to a new duty station at least seventy five mile from his or her residence/secured property or to reside at a location other than the residence/secured property, and accordingly is unable personally to occupy the residence and (a) the residence will continue to be occupied by his or her dependents, or (b) the residence is the only residential property owned by the servicemember.

H. Servicer shall not make inaccurate reports to credit reporting agencies when a servicemember, who has not defaulted before relocating under

military orders to a new duty station, obtains a short sale, loan modification, or other loss mitigation relief.

VI. RESTRICTIONS ON SERVICING FEES.

A. General Requirements.

1. All default, foreclosure and bankruptcy-related service fees, including third-party fees, collected from the borrower by Servicer shall be bona fide, reasonable in amount, and disclosed in detail to the borrower as provided in paragraphs I.B.10 and VI.B.1.

B. Specific Fee Provisions.

1. Schedule of Fees. Servicer shall maintain and keep current a schedule of common non-state specific fees or ranges of fees that may be charged to borrowers by or on behalf of Servicer. Servicer shall make this schedule available on its website and to the borrower or borrower's authorized representative upon request. The schedule shall identify each fee, provide a plain language explanation of the fee, and state the maximum amount of the fee or how the fee is calculated or determined.

2. Servicer may collect a default-related fee only if the fee is for reasonable and appropriate services actually rendered and one of the following conditions is met:

   a. the fee is expressly or generally authorized by the loan instruments and not prohibited by law or this Agreement;

   b. the fee is permitted by law and not prohibited by the loan instruments or this Agreement; or

   c. the fee is not prohibited by law, this Agreement or the loan instruments and is a reasonable fee for a specific service requested by the borrower that is collected only after clear and conspicuous disclosure of the fee is made available to the borrower.

3. Attorneys' Fees. In addition to the limitations in paragraph VI.B.2 above, attorneys' fees charged in connection with a foreclosure action or bankruptcy proceeding shall only be for work actually performed and shall not exceed reasonable and customary fees for such work. In the event a foreclosure action is terminated prior to the final judgment and/or sale for a loss mitigation option, a reinstatement, or payment in full, the borrower shall be liable only for reasonable and customary fees for work actually performed.

4. Late Fees.

a. Servicer shall not collect any late fee or delinquency charge when the only delinquency is attributable to late fees or delinquency charges assessed on an earlier payment, and the payment is otherwise a full payment for the applicable period and is paid on or before its due date or within any applicable grace period.

b. Servicer shall not collect late fees (i) based on an amount greater than the past due amount; (ii) collected from the escrow account or from escrow surplus without the approval of the borrower; or (iii) deducted from any regular payment.

c. Servicer shall not collect any late fees for periods during which (i) a complete loan modification application is under consideration; (ii) the borrower is making timely trial modification payments; or (iii) a written and binding short sale offer from a bona fide purchaser is being evaluated by Servicer.

C. Third-Party Fees.

1. Servicer shall not impose unnecessary or duplicative property inspection, property preservation or valuation fees on the borrower, including, but not limited to, the following:

a. No property preservation fees shall be imposed on eligible borrowers who have a pending application with Servicer for loss mitigation relief or are performing under a loss mitigation program, unless Servicer has a reasonable basis to believe that property preservation is necessary for the maintenance of the property, such as when the property is vacant or listed on a violation notice from a local jurisdiction;

b. No property inspection fee shall be imposed on a borrower any more frequently than the timeframes allowed under GSE or HUD guidelines unless Servicer has identified specific circumstances supporting the need for further property inspections; and

c. Servicer shall be limited to imposing property valuation fees (e.g., BPO) to once every 12 months, unless other valuations are requested by the borrower to facilitate a short sale or to support a loan modification as outlined in

paragraph IV.G.3.a, or required as part of the default or foreclosure valuation process.

2. Default, foreclosure and bankruptcy-related services performed by third parties shall be at reasonable market value.

3. Servicer shall not collect any fee for default, foreclosure or bankruptcy-related services by an affiliate unless the amount of the fee does not exceed the lesser of (a) any fee limitation or allowable amount for the service under applicable state law, and (b) the market rate for the service. To determine the market rate, Servicer shall obtain annual market reviews of its affiliates' pricing for such default and foreclosure-related services; such market reviews shall be performed by a qualified, objective, independent third-party professional using procedures and standards generally accepted in the industry to yield accurate and reliable results. The independent third-party professional shall determine in its market survey the price actually charged by third-party affiliates and by independent third party vendors.

4. Servicer shall be prohibited from collecting any unearned fee, or giving or accepting referral fees in relation to third-party default or foreclosure-related services.

5. Servicer shall not impose its own mark-ups on Servicer initiated third-party default or foreclosure-related services.

D. Certain Bankruptcy Related Fees.

1. Servicer must not collect any attorney's fees or other charges with respect to the preparation or submission of a POC or MRS document that is withdrawn or denied, or any amendment thereto that is required, as a result of a substantial misstatement by Servicer of the amount due.

2. Servicer shall not collect late fees due to delays in receiving full remittance of debtor's payments, including trial period or permanent modification payments as well as post-petition conduit payments in accordance with 11 U.S.C. § 1322(b)(5), that debtor has timely (as defined by the underlying Chapter 13 plan) made to a chapter 13 trustee.

VII. FORCE-PLACED INSURANCE.

A. General Requirements for Force-Placed Insurance.

1. Servicer shall not obtain force-placed insurance unless there is a reasonable basis to believe the borrower has failed to comply with

the loan contract's requirements to maintain property insurance. For escrowed accounts, Servicer shall continue to advance payments for the homeowner's existing policy, unless the borrower or insurance company cancels the existing policy.

For purposes of this section VII, the term "force-placed insurance" means hazard insurance coverage obtained by Servicer when the borrower has failed to maintain or renew hazard or wind insurance on such property as required of the borrower under the terms of the mortgage.

2. Servicer shall not be construed as having a reasonable basis for obtaining force-placed insurance unless the requirements of this section VII have been met.

3. Servicer shall not impose any charge on any borrower for force-placed insurance with respect to any property securing a federally related mortgage unless:

   a. Servicer has sent, by first-class mail, a written notice to the borrower containing:

      i. A reminder of the borrower's obligation to maintain hazard insurance on the property securing the federally related mortgage;

      ii. A statement that Servicer does not have evidence of insurance coverage of such property;

      iii. A clear and conspicuous statement of the procedures by which the borrower may demonstrate that the borrower already has insurance coverage;

      iv. A statement that Servicer may obtain such coverage at the borrower's expense if the borrower does not provide such demonstration of the borrower's existing coverage in a timely manner;

      v. A statement that the cost of such coverage may be significantly higher than the cost of the homeowner's current coverage;

      vi. For first lien loans on Servicer's primary servicing system, a statement that, if the borrower desires to maintain his or her voluntary policy, Servicer will offer an escrow account and advance the premium due on the voluntary policy if the borrower: (a) accepts the offer of the escrow account; (b) provides

a copy of the invoice from the voluntary carrier; (c) agrees in writing to reimburse the escrow advances through regular escrow payments; (d) agrees to escrow to both repay the advanced premium and to pay for the future premiums necessary to maintain any required insurance policy; and (e) agrees Servicer shall manage the escrow account in accordance with the loan documents and with state and federal law; and

vii. A statement, in the case of single interest coverage, that the coverage may only protect the mortgage holder's interest and not the homeowner's interest.

b. Servicer has sent, by first-class mail, a second written notice, at least 30 days after the mailing of the notice under paragraph VII.A.3.a that contains all the information described in each clause of such paragraph

c. Servicer has not received from the borrower written confirmation of hazard insurance coverage for the property securing the mortgage by the end of the 15-day period beginning on the date the notice under paragraph VII.A.3.b was sent by Servicer.

4. Servicer shall accept any reasonable form of written confirmation from a borrower or the borrower's insurance agent of existing insurance coverage, which shall include the existing insurance policy number along with the identity of, and contact information for, the insurance company or agent.

5. Servicer shall not place hazard or wind insurance on a mortgaged property, or require a borrower to obtain or maintain such insurance, in excess of the greater of replacement value, last-known amount of coverage or the outstanding loan balance, unless required by Applicable Requirements, or requested by borrower in writing.

6. Within 15 days of the receipt by Servicer of evidence of a borrower's existing insurance coverage, Servicer shall:

a. Terminate the force-placed insurance; and

b. Refund to the consumer all force-placed insurance premiums paid by the borrower during any period during which the borrower's insurance coverage and the force placed insurance coverage were each in effect, and any

related fees charged to the consumer's account with respect to the force-placed insurance during such period.

7. Servicer shall make reasonable efforts to work with the borrower to continue or reestablish the existing homeowner's policy if there is a lapse in payment and the borrower's payments are escrowed.

8. Any force-placed insurance policy must be purchased for a commercially reasonable price.

9. No provision of this section VII shall be construed as prohibiting Servicer from providing simultaneous or concurrent notice of a lack of flood insurance pursuant to section 102(e) of the Flood Disaster Protection Act of 1973.

VIII. GENERAL SERVICER DUTIES AND PROHIBITIONS.

A. Measures to Deter Community Blight.

1. Servicer shall develop and implement policies and procedures to ensure that REO properties do not become blighted.

2. Servicer shall develop and implement policies and procedures to enhance participation and coordination with state and local land bank programs, neighborhood stabilization programs, nonprofit redevelopment programs, and other anti-blight programs, including those that facilitate discount sale or donation of low-value REO properties so that they can be demolished or salvaged for productive use.

3. As indicated in I.A.18, Servicer shall (a) inform borrower that if the borrower continues to occupy the property, he or she has responsibility to maintain the property, and an obligation to continue to pay taxes owed, until a sale or other title transfer action occurs; and (b) request that if the borrower wishes to abandon the property, he or she contact Servicer to discuss alternatives to foreclosure under which borrower can surrender the property to Servicer in exchange for compensation.

4. When the Servicer makes a determination not to pursue foreclosure action on a property with respect to a first lien mortgage loan, Servicer shall:

   a. Notify the borrower of Servicer's decision to release the lien and not pursue foreclosure, and inform borrower about his or her right to occupy the property until a sale or other title transfer action occurs; and

b. Notify local authorities, such as tax authorities, courts, or code enforcement departments, when Servicer decides to release the lien and not pursue foreclosure.

B. Tenants' Rights.

1. Servicer shall comply with all applicable state and federal laws governing the rights of tenants living in foreclosed residential properties.

2. Servicer shall develop and implement written policies and procedures to ensure compliance with such laws.

C. Notification of Tax Consequences.

1. When the Servicer implements a loan modification, partial or complete lien forgiveness, or waives a deficiency resulting from a short sale or deed in lieu, the Servicer shall:

a. Notify the borrower that such action may have consequences with respect to the borrower's federal, state, or local tax liability, as well as eligibility for any public assistance benefits the borrower may receive;

b. Notify the borrower that the Servicer cannot advise the borrower on tax liability or any effect on public assistance benefits; and

c. Notify the borrower that the borrower may wish to consult with a qualified individual or organization about any possible tax or other consequences resulting from the loan modification, lien forgiveness, short sale, or deed in lieu deficiency waiver.

IX. GENERAL PROVISIONS, DEFINITIONS, AND IMPLEMENTATION.

A. Applicable Requirements.

1. The servicing standards and any modifications or other actions taken in accordance with the servicing standards are expressly subject to, and shall be interpreted in accordance with, (a) applicable federal, state and local laws, rules and regulations, (b) the terms of the applicable mortgage loan documents, (c) Section 201 of the Helping Families Save Their Homes Act of 2009, and
(d) the terms and provisions of the Servicer Participation Agreement with the Department of Treasury, any servicing agreement, subservicing agreement under which Servicer services for others, special servicing agreement, mortgage or bond

insurance policy or related agreement or requirements to which Servicer is a party and by which it or its servicing is bound pertaining to the servicing or ownership of the mortgage loans, including without limitation the requirements, binding directions, or investor guidelines of the applicable investor (such as Fannie Mae or Freddie Mac), mortgage or bond insurer, or credit enhancer (collectively, the "Applicable Requirements").

2. In the event of a conflict between the requirements of the Agreement and the Applicable Requirements with respect to any provision of this Agreement such that the Servicer cannot comply without violating Applicable Requirements or being subject to adverse action, including fines and penalties, Servicer shall document such conflicts and notify the Monitor and the Monitoring Committee that it intends to comply with the Applicable Requirements to the extent necessary to eliminate the conflict. Any associated Metric provided for in the Enforcement Terms will be adjusted accordingly.

B. Definitions.

1. In each instance in this Agreement in which Servicer is required to ensure adherence to, or undertake to perform certain obligations, it is intended to mean that Servicer shall: (a) authorize and adopt such actions on behalf of Servicer as may be necessary for Servicer to perform such obligations and undertakings; (b) follow up on any material non-compliance with such actions in a timely and appropriate manner; and (c) require corrective action be taken in a timely manner of any material non-compliance with such obligations.

2. References to Servicer shall mean Ocwen Financial Corporation or Ocwen Loan Servicing, LLC ("Ocwen"), regardless of whether Ocwen is acting as a servicer, master servicer, or sub-servicer, and shall include Servicer's successors and assignees in the event of a sale of all or substantially all of the assets of Servicer or of Servicer's division(s) or major business unit(s) that are engaged as a primary business in customer-facing servicing of residential mortgages on owner-occupied properties.

EXHIBIT B

BORROWER PAYMENT AMOUNT

1. The Borrower Payment Amount shall be administered under the direction and control of the State members of the Monitoring Committee in the following manner.

2. Within thirty (30) days of the Effective Date of this Consent Judgment, the State members of the Monitoring Committee shall choose and retain a Settlement Administrator ("the Administrator") to administer the distribution of cash payments to individual borrowers under this Consent Judgment.

3. Ocwen shall provide to the Administrator all information already in its possession and readily available that is reasonably necessary for the administration of this Consent Judgment, within a reasonable time after receipt of the request for information. Ocwen is ordered herein to provide such information under 15 U.S.C. § 6802(e)(1)(A), (5) and (8) of the Gramm-Leach-Bliley Act. Such information pertaining to individual eligible borrowers, including names and other identifying information, may be provided to individual states, but only if the information is used solely for the purpose of contacting eligible borrowers, responding to inquiries from borrowers regarding their eligibility or concerning the award of borrower payments under this Consent Judgment, and/or complying with tax reporting and withholding obligations, if any. The Administrator shall utilize appropriate information security protocols to ensure the privacy of borrower information and otherwise comply with all applicable privacy laws. After the completion of the distribution of funds by the Administrator ("Borrower Payment Process"), the Administrator shall provide a report to Ocwen identifying which borrowers have received payment. In addition, Ocwen may request from the Administrator such interim reports as may be deemed reasonable by State

members of the Monitoring Committee, and such agreement, consent, or approval shall not be unreasonably withheld. Interim reports necessary to ensure that borrowers will not receive duplicate payments by virtue of litigation or otherwise hereby are deemed reasonable. Ocwen shall warrant to the State Members of the Monitoring Committee at the time of supplying information to the Administrator that the information is complete and accurate to the best of its knowledge and capability. Ocwen's duty to supply complete and accurate information, to the best of its knowledge and capability, regarding eligible borrowers shall continue throughout the administration process.

4. The Administrator shall permit reasonable onsite inspection by the State members of the Monitoring Committee on the premises of the Administrator to monitor the administration of this Consent Judgment.

5. As a condition to receipt of any payments pursuant to this process, borrowers must agree that such payment shall offset and operate to reduce any other obligation Ocwen has to the borrowers to provide compensation or other payments. However, borrowers shall not be required to release or waive any other right or legal claim as a condition of receiving such payments.

6. Any cash payment to individual borrowers awarded under the terms of this Consent Judgment is not and shall not be considered as forgiven debt.

7. The purposes of the payments described in this Exhibit B are remedial and relate to the reduction in the proceeds deemed realized by borrowers for tax purposes from the foreclosure sale of residential properties owned by the borrowers allegedly resulting from the allegedly unlawful conduct of Ocwen.

EXHIBIT C

Consumer Relief Requirements

A. Loan Modification Criteria

Ocwen shall satisfy the $2 billion Consumer Relief commitment set forth in Section IV.5 of the Consent Judgment through principal reduction loan modifications on first lien residential mortgage loans. Ocwen shall receive credit toward this obligation for every dollar reduction in a borrower's principal that lowers the loan-to-value ratio ("LTV") below 120%, including principal reductions under the Making Home Affordable Program (including the Home Affordable Modification Program ("HAMP") Tier 1 or Tier 2), except to the extent that state or federal funds paid to Ocwen in its capacity as an investor are the source of Ocwen's credit claim, provided that:

1. At the time the modification is offered, the borrower is at least 30 days delinquent or otherwise qualifies as being at imminent risk of default due to his or her financial situation;

2. The borrower's pre-modification LTV is greater than 100%;

3. The borrower's post-modification principal and interest payment is at least 10% lower than the pre-modification payment;

4. The borrower's post-modification payment is at or below a debt-to-income ratio ("DTI") of 31%, (or an affordability measurement consistent with HAMP guidelines), or in the case of a non-owner occupied property, an appropriate measure of affordability;

5. The borrower's payments under the modified terms are current as of 90 days following the implementation of the modification; and

6. The borrower's post-modification LTV is no greater than 120%, which may be determined in accordance with HAMP PRA.

Provided, however, that Ocwen will only receive credit for a principal reduction that is achieved through a deferral of principal instead of immediate forgiveness if the modification meets criteria 1 through 5 above, and:

7. The borrower's post-modification LTV, as calculated at the time of offer, is no greater than 95%; and

8. The modification's terms entitle the borrower to forgiveness of the entire amount of deferred principal over a period of no more than three years, with at least 1/3 of the deferred principal forgiven annually, so long as the borrower remains current in the mortgage.

B. Other Requirements

9. Ocwen shall not, in the ordinary course, require a borrower to waive or release legal claims and defenses as a condition of approval for a loan modification under these Consumer Relief Requirements. However, nothing herein shall preclude Ocwen from requiring a waiver or release of legal claims and defenses with respect to a loan modification offered in connection with the resolution of a contested claim, when the borrower would not otherwise have qualified for that loan modification under existing Servicer programs.

10. Ocwen shall be entitled to receive credits towards its $2 billion Consumer Relief commitment for modifications it undertakes pursuant to the Consumer Relief Requirements described above on or after November 3, 2013.

11. If Ocwen fails to meet the $2 billion Consumer Relief commitment as set forth in these Consumer Relief Requirements within three years of the date the Consent Judgment is entered, Ocwen shall pay a cash penalty in an amount equal to the unmet commitment amount, subject to the requirements in Paragraph 12.

12. In the event there is a material change in market conditions that Ocwen can demonstrate makes it unable to meet the $2 billion Consumer Relief commitment notwithstanding its good faith efforts to do so, the parties commit to engage in good faith discussions regarding an extension or other modification of the terms of this commitment.

13. Ocwen agrees that it will not implement any of the Consumer Relief Requirements described herein through policies that are intended to (a) disfavor a specific geography within or among states that are a party to the Consent Judgment or (b) discriminate against any protected class of borrowers. This provision shall not preclude the implementation of pilot programs in particular geographic areas.

14. Satisfaction of the Consumer Relief Requirements by Ocwen in accordance with this Agreement in connection with any residential mortgage loan is expressly subject to, and shall be interpreted in accordance with, as applicable, the terms and provisions of the Servicer Participation Agreement with the U.S. Department of Treasury, any servicing agreement, subservicing agreement under which Ocwen services for others, special servicing agreement, mortgage or bond insurance policy or related agreement or requirements to which Ocwen is a party and by which it or its servicing affiliates are bound pertaining to the servicing or ownership of the mortgage loans, including without limitation the requirements, binding directions, or investor guidelines of the applicable investor (such as Fannie Mae or Freddie

Mac), mortgage or bond insurer, or credit enhancer, provided, however, that the inability of Ocwen to offer a type, form or feature of the consumer relief payments by virtue of an Applicable Requirement as defined in Section IX.A.1 of Exhibit A shall not relieve Ocwen of its aggregate consumer relief obligations imposed by this Agreement, *i.e.*, Ocwen must satisfy such obligations through the offer of other types, forms or features of consumer relief payments that are not limited by such Applicable Requirement.

15. Ocwen shall not receive any credit under the Consumer Relief Requirements for any federal or state incentive payments received by Ocwen for modifications made under federal or proprietary programs.

EXHIBIT D

Enforcement Terms

A. Implementation Timeline. Ocwen (hereinafter "Servicer") anticipates that it will phase in the implementation of the Servicing Standards, using a grid approach that prioritizes implementation based upon: (i) the importance of the Servicing Standard to the borrower; and (ii) the difficulty of implementing the Servicing Standard. In addition to the Servicing Standards that have been implemented upon entry of this Consent Judgment, the period for implementation will be within 60 days of entry of this Consent Judgment. For Metrics 6.D.i, 30, and 31 in Schedule D-1 hereto, the period for implementation will be within 180 days of entry of this Consent Judgment. For Metrics 32 and 33 in schedule D-1 hereto, the period for implementation will be within 90 days of entry of this Consent Judgment. In the event that Servicer, using reasonable efforts, is unable to implement certain standards on the specified timetable, Servicer may apply to the Monitor for a reasonable extension of time to implement those standards or requirements.

B. Monitoring Committee. A committee comprising of representatives of the state Attorneys General, State Mortgage Regulators and the Consumer Financial Protection Bureau ("CFPB") shall monitor Servicer's compliance with this Consent Judgment (the "Monitoring Committee"). The Monitoring Committee may substitute representation, as necessary. Subject to Section F, the Monitoring Committee may share all Monitor Reports, as that term is defined in Section D.3 below, with any releasing party.

C. Monitor

Retention and Qualifications and Standard of Conduct

1. Pursuant to an agreement of the parties, Joseph A. Smith Jr. is appointed to the position of Monitor under the Consent Judgment. If the Monitor is at any time unable to complete his or her duties under the Consent Judgment, Servicer and the Monitoring Committee shall mutually agree upon a replacement in accordance with the process and standards set forth in this Section C and Paragraph V.7 of the Consent Judgment.

2. Such Monitor shall be highly competent and highly respected, with a reputation that will garner public confidence in his or her ability to perform the tasks required under this Consent Judgment. The Monitor shall have the right to employ an accounting firm or firms or other firm(s) with similar capabilities to support the Monitor in carrying out his or her duties under the Consent Judgment. Monitor and Servicer shall agree on the selection of a "Primary Professional Firm," which must have adequate capacity and resources to perform the work required under this agreement. The Monitor shall also have the right to engage one or more attorneys or other professional persons to represent or assist the Monitor in carrying

out the Monitor's duties under the Consent Judgment (each such individual, along with each individual deployed to the engagement by the Primary Professional Firm, shall be defined as a "Professional"). The Monitor and Professionals will collectively possess expertise in the areas of mortgage servicing, loss mitigation, business operations, compliance, internal controls, accounting, and foreclosure and bankruptcy law and practice. The Monitor and Professionals shall at all times act in good faith and with integrity and fairness towards all the Parties.

3. The Monitor and Professionals shall not have any prior relationships with the Parties that would undermine public confidence in the objectivity of their work and, subject to Section C.3(e), below, shall not have any conflicts of interest with any Party.

   (a) The Monitor and Professionals will disclose, and will make a reasonable inquiry to discover, any known current or prior relationships to, or conflicts with, any Party, any Party's holding company, any subsidiaries of the Party or its holding company, directors, officers, and law firms.

   (b) The Monitor and Professionals shall make a reasonable inquiry to determine whether there are any facts that a reasonable individual would consider likely to create a conflict of interest for the Monitor or Professionals. The Monitor and Professionals shall disclose any conflict of interest with respect to any Party.

   (c) The duty to disclose a conflict of interest or relationship pursuant to this Section C.3 shall remain ongoing throughout the course of the Monitor's and Professionals' work in connection with this Consent Judgment.

   (d) All Professionals shall comply with all applicable standards of professional conduct, including ethics rules and rules pertaining to conflicts of interest.

   (e) To the extent permitted under prevailing professional standards, a Professional's conflict of interest may be waived by written agreement of the Monitor and Servicer.

   (f) Servicer or the Monitoring Committee may move the Court for an order disqualifying any Professionals on the grounds that such Professional has a conflict of interest that has inhibited or could inhibit the Professional's ability to act in good faith and with integrity and fairness towards all Parties.

4. The Monitor must agree not to be retained by any Party, or its successors or assigns, for a period of two years after the conclusion of the terms of the engagement. Any Professionals who work on the engagement must

agree not to work on behalf of Servicer, or its successor or assigns, for a period of one year after the conclusion of the term of the engagement (the "Professional Exclusion Period"). Any Firm that performs work with respect to Servicer on the engagement must agree not to perform work on behalf of Servicer, or its successor or assigns, that consists of advising Servicer on a response to the Monitor's review during the engagement and for a period of six months after the conclusion of the term of the engagement (the "Firm Exclusion Period"). The Professional Exclusion Period, Firm Exclusion Period, and terms of exclusion may be altered on a case-by-case basis upon written agreement of Servicer and the Monitor. The Monitor shall organize the work of any Firms so as to minimize the potential for any appearance of, or actual, conflicts.

Monitor's Responsibilities

5. It shall be the responsibility of the Monitor to determine whether Servicer is in compliance with the Servicing Standards and whether Servicer has satisfied the Consumer Relief Requirements, in accordance with the authorities provided herein, and to report his or her findings as provided in Section D.3, below.

6. The manner in which the Monitor will carry out his or her compliance responsibilities under this Consent Judgment and, where applicable, the methodologies to be utilized shall be set forth in a work plan agreed upon by Servicer and the Monitor, and not objected to by the Monitoring Committee (the "Work Plan").

Internal Review Group

7. Servicer will designate an internal quality control group that is independent from the line of business whose performance is being measured (the "Internal Review Group") to perform compliance reviews each calendar quarter ("Quarter") in accordance with the terms and conditions of the Work Plan (the "Compliance Reviews") and in satisfaction of the Consumer Relief Requirements after the (A) end of each calendar year (and, in the discretion of the Servicer, any Quarter) and B) earlier of the Servicer's assertion that it has satisfied its obligations thereunder and the third anniversary of the Start Date (the "Satisfaction Review"). For the purposes of this provision, a group that is independent from the line of business shall be one that does not perform operational work on mortgage servicing, and ultimately reports to a Chief Risk Officer, Chief Audit Executive, Chief Compliance Officer, or another employee or manager who has no direct operational responsibility for mortgage servicing.

8. The Internal Review Group shall have the appropriate authority, privileges, and knowledge to effectively implement and conduct the reviews and metric assessments contemplated herein and under the terms and conditions of the Work Plan.

9. The Internal Review Group shall have personnel skilled at evaluating and validating processes, decisions, and documentation utilized through the implementation of the Servicing Standards. The Internal Review Group may include non-employee consultants or contractors working at Servicer's direction.

10. The qualifications and performance of the Internal Review Group will be subject to ongoing review by the Monitor. Servicer will appropriately remediate the reasonable concerns of the Monitor as to the qualifications or performance of the Internal Review Group.

Work Plan

11. Servicer's compliance with the Servicing Standards shall be assessed via metrics identified and defined in Schedule D-1 hereto, as supplemented by and consistent with the metrics provided in the National Mortgage Settlement 2012 Consent Judgment and any additional metrics that may be developed in accordance with Section C.22 below ("the "Metrics"). The threshold error rates for the Metrics are set forth in Schedule D-1 (as supplemented from time to time in accordance with Section C.22, below, the "Threshold Error Rates"). The Internal Review Group shall perform test work to compute the Metrics each Quarter, and report the results of that analysis via the Compliance Reviews. The Internal Review Group shall perform test work to assess the satisfaction of the Consumer Relief Requirements within 45 days after the (A) end of each calendar year (and, in the discretion of the Servicer, any Quarter) and (B) earlier of (i) the end of the Quarter in which Servicer asserts that it has satisfied its obligations under the Consumer Relief Provisions and (ii) the Quarter during which the third anniversary of the Start Date occurs, and report that analysis via the Satisfaction Review.

12. Servicer and the Monitor shall reach agreement on the terms of the Work Plan within 90 days of the entry of the Consent Judgment, which time can be extended for good cause by agreement of Servicer and the Monitor. If such Work Plan is not objected to by the Monitoring Committee within 20 days, the Monitor shall proceed to implement the Work Plan. In the event that Servicer and the Monitor cannot agree on the terms of the Work Plan within 90 days or the agreed upon terms are not acceptable to the Monitoring Committee, Servicer and Monitoring Committee or the Monitor shall jointly petition the Court to resolve any disputes. If the Court does not resolve such disputes, then the Parties shall submit all

remaining disputes to binding arbitration before a panel of three arbitrators. The Servicer and the Monitoring Committee shall each appoint one arbitrator, and those two arbitrators shall appoint a third. The Servicer may submit a Work Plan that will satisfy the terms of this Consent Judgment and the terms of the National Mortgage Settlement 2012 Consent Judgment.

13. The Work Plan may be modified from time to time by agreement of the Monitor and Servicer. If such amendment to the Work Plan is not objected to by the Monitoring Committee within 20 days, the Monitor shall proceed to implement the amendment to the Work Plan. To the extent possible, the Monitor shall endeavor to apply the Servicing Standards uniformly across all Servicers.

14. The following general principles shall provide a framework for the formulation of the Work Plan:

    (a) The Work Plan will set forth the testing methods and agreed procedures that will be used by the Internal Review Group to perform the test work and compute the Metrics for each Quarter.

    (b) The Work Plan will set forth the testing methods and agreed procedures that will be used by Servicer to report on its compliance with the Consumer Relief Requirements of this Consent Judgment, including, incidental to any other testing, confirmation of state-identifying information used by Servicer to compile state-level Consumer Relief information as required by Section D.2.

    (c) The Work Plan will set forth the testing methods and procedures that the Monitor will use to assess Servicer's reporting on its compliance with the Consumer Relief Requirements of this Consent Judgment.

    (d) The Work Plan will set forth the methodology and procedures the Monitor will utilize to review the testing work performed by the Internal Review Group.

    (e) The Compliance Reviews and the Satisfaction Review may include a variety of audit techniques that are based on an appropriate sampling process and random and risk-based selection criteria, as appropriate and as set forth in the Work Plan.

    (f) In formulating, implementing, and amending the Work Plan, Servicer and the Monitor may consider any relevant information relating to patterns in complaints by borrowers, issues or

deficiencies reported to the Monitor with respect to the Servicing Standards, and the results of prior Compliance Reviews.

(g) The Work Plan should ensure that Compliance Reviews are commensurate with the size, complexity, and risk associated with the Servicing Standard being evaluated by the Metric.

(h) Following implementation of the Work Plan, Servicer shall be required to compile each Metric beginning in the first full Quarter after the period for implementing the Servicing Standards associated with the Metric, or any extension approved by the Monitor in accordance with Section A, has run.

Monitor's Access to Information

15. So that the Monitor may determine whether Servicer is in compliance with the Servicing Standards, Servicer shall provide the Monitor with its regularly prepared business reports analyzing Executive Office servicing complaints (or the equivalent); access to all Executive Office servicing complaints (or the equivalent) (with appropriate redactions of borrower information other than borrower name and contact information to comply with privacy requirements); and, if Servicer tracks additional servicing complaints, quarterly information identifying the three most common servicing complaints received outside of the Executive Office complaint process (or the equivalent). In the event that Servicer substantially changes its escalation standards or process for receiving Executive Office servicing complaints (or the equivalent), Servicer shall ensure that the Monitor has access to comparable information.

16. So that the Monitor may determine whether Servicer is in compliance with the Servicing Standards, Servicer shall notify the Monitor promptly if Servicer becomes aware of reliable information indicating Servicer is engaged in a significant pattern or practice of noncompliance with a material aspect of the Servicing Standards.

17. Servicer shall provide the Monitor with access to all work papers prepared by the Internal Review Group in connection with determining compliance with the Metrics or satisfaction of the Consumer Relief Requirements in accordance with the Work Plan.

18. If the Monitor becomes aware of facts or information that lead the Monitor to reasonably conclude that Servicer may be engaged in a pattern of noncompliance with a material term of the Servicing Standards that is reasonably likely to cause harm to borrowers or with any of the Consumer Relief Requirements, the Monitor shall engage Servicer in a review to determine if the facts are accurate or the information is correct.

19. Where reasonably necessary in fulfilling the Monitor's responsibilities under the Work Plan to assess compliance with the Metrics or the satisfaction of the Consumer Relief Requirements, the Monitor may request information from Servicer in addition to that provided under Sections C.16-19. Servicer shall provide the requested information in a format agreed upon between Servicer and the Monitor.

20. Where reasonably necessary in fulfilling the Monitor's responsibilities under the Work Plan to assess compliance with the Metrics or the satisfaction of the Consumer Relief Requirements, the Monitor may interview Servicer's employees and agents, provided that the interviews shall be limited to matters related to Servicer's compliance with the Metrics or the Consumer Relief Requirements, and that Servicer shall be given reasonable notice of such interviews.

Monitor's Powers

21. Where the Monitor reasonably determines that the Internal Review Group's work cannot be relied upon or that the Internal Review Group did not correctly implement the Work Plan in some material respect, the Monitor may direct that the work on the Metrics (or parts thereof) be reviewed by Professionals or a third party other than the Internal Review Group, and that supplemental work be performed as necessary.

22. If the Monitor becomes aware of facts or information that lead the Monitor to reasonably conclude that Servicer may be engaged in a pattern of noncompliance with a material term of the Servicing Standards that is reasonably likely to cause harm to borrowers or tenants residing in foreclosed properties, the Monitor shall engage Servicer in a review to determine if the facts are accurate or the information is correct. If after that review, the Monitor reasonably concludes that such a pattern exists and is reasonably likely to cause material harm to borrowers or tenants residing in foreclosed properties, the Monitor may propose an additional Metric and associated Threshold Error Rate relating to Servicer's compliance with the associated term or requirement. Any additional Metrics and associated Threshold Error Rates (a) must be similar to the Metrics and associated Threshold Error Rates contained in Schedule D-1, (b) must relate to material terms of the Servicing Standards, (c) must either (i) be outcomes-based (but no outcome-based Metric shall be added with respect to any Mandatory Relief Requirement) or (ii) require the existence of policies and procedures required by the Servicing Standards, in a manner similar to Metrics 5.B-E, and (d) must be distinct from, and not overlap with, any other Metric or Metrics. Notwithstanding the foregoing, the Monitor may add a Metric that satisfies (a)-(c) but does not

satisfy (d) of the preceding sentence if the Monitor first asks the Servicer to propose, and then implement, a Corrective Action Plan, as defined below, for the material term of the Servicing Standards with which there is a pattern of noncompliance and that is reasonably likely to cause material harm to borrowers or tenants residing in foreclosed properties, and the Servicer fails to implement the Corrective Action Plan according to the timeline agreed to with the Monitor.

23. If Monitor proposes an additional Metric and associated Threshold Error Rate pursuant to Section C.22, above, Monitor, the Monitoring Committee, and Servicer shall agree on amendments to Schedule D-1 to include the additional Metrics and Threshold Error Rates provided for in Section C.22, above, and an appropriate timeline for implementation of the Metric. If Servicer does not timely agree to such additions, any associated amendments to the Work Plan, or the implementation schedule, the Monitor may petition the court for such additions.

24. Any additional Metric proposed by the Monitor pursuant to the processes in Sections C.22 or C.23 and relating to provision VIII.B.1 of the Servicing Standards shall be limited to Servicer's performance of its obligations to comply with (1) the federal Protecting Tenants at Foreclosure Act and state laws that provide comparable protections to tenants of foreclosed properties; (2) state laws that govern relocation assistance payments to tenants ("cash for keys"); and (3) state laws that govern the return of security deposits to tenants.

D. Reporting

Quarterly Reports

1. Following the end of each Quarter, Servicer will report the results of its Compliance Reviews for that Quarter (the "Quarterly Report"). The Quarterly Report shall include: (i) the Metrics for that Quarter; (ii) Servicer's progress toward meeting its payment obligations under this Consent Judgment; and (iii) general statistical data on Servicer's overall servicing performance described in Schedule Y. Except where an extension is granted by the Monitor, Quarterly Reports shall be due no later than 45 days following the end of the Quarter and shall be provided to: (1) the Monitor, and (2) the Board of Servicer or a committee of the Board designated by Servicer. The first Quarterly Report shall cover the first full Quarter after this Consent Judgment is entered.

2. Following the end of each Quarter, Servicer will transmit to each state a report (the "State Report") including general statistical data on Servicer's servicing performance, such as aggregate and state-specific information regarding the number of borrowers assisted and credited activities

conducted pursuant to the Consumer Relief Requirements as set forth in Schedule Y. The State Report will be delivered simultaneous with the submission of the Quarterly Report to the Monitor. Servicer shall provide copies of such State Reports to the Monitor and Monitoring Committee.

Monitor Reports

3. The Monitor shall report on Servicer's compliance with this Consent Judgment in periodic reports setting forth his or her findings (the "Monitor Reports"). The first three Monitor Reports will each cover two Quarterly Reports. If the first three Monitor Reports do not find Potential Violations (as defined in Section E.1, below), each successive Monitor Report will cover four Quarterly Reports, unless and until a Quarterly Report reveals a Potential Violation (as defined in Section E.1, below). In the case of a Potential Violation, the Monitor may (but retains the discretion not to) submit a Monitor Report after the filing of each of the next two Quarterly Reports, provided, however, that such additional Monitor Report(s) shall be limited in scope to the Metric or Metrics as to which a Potential Violation has occurred.

4. Prior to issuing any Monitor Report, the Monitor shall confer with Servicer and the Monitoring Committee regarding its preliminary findings and the reasons for those findings. Servicer shall have the right to submit written comments to the Monitor, which shall be appended to the final version of the Monitor Report. Final versions of each Monitor Report shall be provided simultaneously to the Monitoring Committee and Servicers within a reasonable time after conferring regarding the Monitor's findings. The Monitor Reports shall be filed with the Court overseeing this Consent Judgment and shall also be provided to the Board of Servicer or a committee of the Board designated by Servicer.

5. The Monitor Report shall: (i) describe the work performed by the Monitor and any findings made by the Monitor during the relevant period, (ii) list the Metrics and Threshold Error Rates, (iii) list the Metrics, if any, where the Threshold Error Rates have been exceeded, (iv) state whether a Potential Violation has occurred and explain the nature of the Potential Violation, (v) state whether any Potential Violation has been cured, and (vi) state whether the Servicer has complied with the Other Requirements set forth in Sections B.9 and 12 of Exhibit C of this Consent Judgment. In addition, following each Satisfaction Review, the Monitor Report shall report on the Servicer's satisfaction of the Consumer Relief Requirements, including regarding the number of borrowers assisted and number and dollar amount of credited loan modifications conducted pursuant to the Consumer Relief Requirements, and identify any material inaccuracies identified in prior State Reports. Except as otherwise provided herein, the

Monitor Report may be used in any court hearing, trial, or other proceeding brought pursuant to the Consent Judgment pursuant to Section J, below, and shall be admissible in evidence in a proceeding brought under the Consent Judgment pursuant to Section I, below. Such admissibility shall not prejudice Servicer's right and ability to challenge the findings and/or the statements in the Monitor Report as flawed, lacking in probative value, or otherwise. The Monitor Report with respect to a particular Potential Violation shall not be admissible or used for any purpose if Servicer cures the Potential Violation pursuant to Section E, below.

Satisfaction of Payment Obligations

6. Upon the satisfaction of any category of payment obligation under this Consent Judgment, Servicer, at its discretion, may request that the Monitor certify that Servicer has discharged such obligation. Provided that the Monitor is satisfied that Servicer has met the obligation, the Monitor may not withhold and must provide the requested certification. Any subsequent Monitor Report shall not include a review of Servicer's compliance with that category of payment obligation.

Compensation

7. Within 120 days of entry of this Consent Judgment, the Monitor shall, in consultation with the Monitoring Committee and Servicer, prepare and present to Monitoring Committee and Servicer an annual budget providing its reasonable best estimate of all fees and expenses of the Monitor to be incurred during the first year of the term of this Consent Judgment, including the fees and expenses of Professionals and support staff (the "Monitoring Budget"). On a yearly basis thereafter, the Monitor shall prepare an updated Monitoring Budget providing its reasonable best estimate of all fees and expenses to be incurred by Ocwen during that year. Absent an objection within 20 days, a Monitoring Budget or updated Monitoring Budget shall be implemented. Consistent with the Monitoring Budget, Servicer shall pay all fees and expenses of the Monitor, including the fees and expenses of Professionals and support staff. The fees, expenses, and costs of the Monitor, Professionals, and support staff shall be reasonable. Servicer may apply to the Court to reduce or disallow fees, expenses, or costs that are unreasonable.

E. Potential Violations and Right to Cure

1. A "Potential Violation" of this Consent Judgment occurs if the Servicer has exceeded the Threshold Error Rate set for a Metric in a given Quarter. In the event of a Potential Violation, Servicer shall meet and confer with

the Monitoring Committee within 15 days of the Quarterly Report or Monitor Report indicating such Potential Violation.

2. Servicer shall have a right to cure any Potential Violation.

3. Subject to Section E.4, a Potential Violation is cured if (a) a corrective action plan approved by the Monitor (the "Corrective Action Plan") is determined by the Monitor to have been satisfactorily completed in accordance with the terms thereof; and (b) a Quarterly Report covering the Cure Period reflects that the Threshold Error Rate has not been exceeded with respect to the same Metric and the Monitor confirms the accuracy of said report using his or her ordinary testing procedures. The "Cure Period" shall be the first full quarter after completion of the Corrective Action Plan or, if the completion of the Corrective Action Plan occurs within the first month of a Quarter and if the Monitor determines that there is sufficient time remaining, the period between completion of the Corrective Action Plan and the end of that Quarter.

4. If after Servicer cures a Potential Violation pursuant to the previous section, another violation occurs with respect to the same Metric, then the second Potential Violation shall immediately constitute an uncured violation for purposes of Section I.3, provided, however, that such second Potential Violation occurs in either the Cure Period or the Quarter immediately following the Cure Period.

5. In addition to the Servicer's obligation to cure a Potential Violation through the Corrective Action Plan, Servicer must remediate any material harm to particular borrowers identified through work conducted under the Work Plan. In the event that a Servicer has a Potential Violation that so far exceeds the Threshold Error Rate for a metric that the Monitor concludes that the error is widespread, Servicer shall, under the supervision of the Monitor, identify other borrowers who may have been harmed by such noncompliance and remediate all such harms to the extent that the harm has not been otherwise remediated.

6. In the event a Potential Violation is cured as provided in Sections E.3, above, then no Party shall have any remedy under the Consent Judgment (other than the remedies in Section E.5) with respect to such Potential Violation.

F. Confidentiality

1. These provisions shall govern the use and disclosure of any and all information designated as "CONFIDENTIAL," as set forth below, in documents (including email), magnetic media, or other tangible things provided by the Servicer to the Monitor in this case, including the subsequent disclosure by the Monitor to the Monitoring Committee of

such information. In addition, it shall also govern the use and disclosure of such information when and if provided to the Plaintiff States, State Mortgage Regulators, or the CFPB.

2. The Monitor may, at his discretion, provide to the Monitoring Committee or to a participating state, State Mortgage Regulator, or the CFPB any documents or information received from the Servicer related to a Potential Violation or related to the review described in Section C.19; provided, however, that any such documents or information so provided shall be subject to the terms and conditions of these provisions. Nothing herein shall be construed to prevent the Monitor from providing documents received from the Servicer and not designated as "CONFIDENTIAL" to a participating state or the CFPB.

3. The Servicer shall designate as "CONFIDENTIAL" that information, document or portion of a document or other tangible thing provided by the Servicer to the Monitor, the Monitoring Committee or to any participating state, State Mortgage Regulator, or the CFPB that Servicer believes contains a trade secret or confidential research, development, or commercial information subject to protection under applicable state or federal laws (collectively, "Confidential Information"). These provisions shall apply to the treatment of Confidential Information so designated.

4. Except as provided by these provisions, all information designated as "CONFIDENTIAL" shall not be shown, disclosed or distributed to any person or entity other than those authorized by these provisions. Participating states, State Mortgage Regulators, and the CFPB agree to protect Confidential Information to the extent permitted by law.

5. This agreement shall not prevent or in any way limit the ability of a participating state, State Mortgage Regulator, or the CFPB to comply with any subpoena, Congressional demand for documents or information, court order, request under the Right to Financial Privacy Act, or a state or federal public records or state or federal freedom of information act request; provided, however, that in the event that a participating state or the CFPB receives such a subpoena, Congressional demand, court order or other request for the production of any Confidential Information covered by this Order, the state, State Mortgage Regulator, or CFPB shall, unless prohibited under applicable law or unless the state or CFPB would violate or be in contempt of the subpoena, Congressional demand, or court order, (1) notify the Servicer of such request as soon as practicable and in no event more than ten (10) calendar days of its receipt or three calendar days before the return date of the request, whichever is sooner, and (2) allow the Servicer ten (10) calendar days from the receipt of the notice to obtain a protective order or stay of production for the documents or information

sought, or to otherwise resolve the issue, before the state, State Mortgage Regulator, or CFPB discloses such documents or information. In all cases covered by this Section, the state, State Mortgage Regulator, or CFPB shall inform the requesting party that the documents or information sought were produced subject to the terms of these provisions.

G. Dispute Resolution Procedures. Servicer, the Monitor, and the Monitoring Committee will engage in good faith efforts to reach agreement on the proper resolution of any dispute concerning any issue arising under the Consent Judgment, including any dispute or disagreement related to the withholding of consent, the exercise of discretion, or the denial of any application. Subject to Section I, below, in the event that a dispute cannot be resolved, Servicer, the Monitor, or the Monitoring Committee may petition the Court for resolution of the dispute. Where a provision of this agreement requires agreement, consent of, or approval of any application or action by a Party or the Monitor, such agreement, consent or approval shall not be unreasonably withheld.

H. Consumer Complaints. Nothing in this Consent Judgment shall be deemed to interfere with existing consumer complaint resolution processes, and the Parties are free to bring consumer complaints to the attention of Servicer for resolution outside the monitoring process. In addition, Servicer will continue to respond in good faith to individual consumer complaints provided to it by the Consumer Financial Protection Bureau, State Attorneys General or State Mortgage Regulators in accordance with the routine and practice existing prior to the entry of this Consent Judgment, whether or not such complaints relate to Covered Conduct released herein.

I. Enforcement

1. **Consent Judgment.** This Consent Judgment shall be filed in the U.S. District Court for the District of Columbia and shall be enforceable therein. Servicer and the Releasing Parties shall waive their rights to seek judicial review or otherwise challenge or contest in any court the validity or effectiveness of this Consent Judgment. Notwithstanding such waiver, any State Party may bring an action in that Party's state court to enforce the Judgment. Servicer and the Releasing Parties agree not to contest any jurisdictional facts, including the Court's authority to enter this Consent Judgment.

2. **Enforcing Authorities.** Servicer's obligations under this Consent Judgment shall be enforceable in the U.S. District Court for the District of Columbia or in the state court of any State Party that brings an action to enforce the Judgment. An enforcement action under this Consent Judgment may be brought by any Party to this Consent Judgment or the Monitoring Committee. Monitor Report(s) and Quarterly Report(s) shall not be admissible into evidence by a Party to this Consent Judgment,

except in an action in the Court or state court to enforce this Consent Judgment. In addition, unless immediate action is necessary in order to prevent irreparable and immediate harm, prior to commencing any enforcement action, the CFPB, the State Mortgage Regulator of one of the Plaintiff States that are parties to this Consent Judgment, or the Attorney General of one of the Plaintiff States that are parties to this Consent Judgment must provide notice to the Monitoring Committee of its intent to bring an action to enforce this Consent Judgment. The members of the Monitoring Committee shall have no more than 21 days to determine whether to bring an enforcement action. If the members of the Monitoring Committee decline to bring an enforcement action, the Party must wait 21 additional days after such a determination by the members of the Monitoring Committee before commencing an enforcement action.

3. **Enforcement Action.** In the event of an action to enforce the obligations of Servicer and to seek remedies for an uncured Potential Violation for which Servicer's time to cure has expired, the sole relief available in such an action will be:

(a) Equitable Relief. An order directing non-monetary equitable relief, including injunctive relief, directing specific performance under the terms of this Consent Judgment, or other non-monetary corrective action.

(b) Civil Penalties. The Court or state court may award as civil penalties an amount not more than $1 million per uncured Potential Violation; or, in the event of a second uncured Potential Violation of Metrics 1.a, 1.b, or 2.a (*i.e.*, a Servicer fails the specific Metric in a Quarter, then fails to cure that Potential Violation, and then in subsequent Quarters fails the same Metric again in a Quarter and fails to cure that Potential Violation again in a subsequent Quarter), where the final uncured Potential Violation involves widespread noncompliance with that Metric, the Court or state court may award as civil penalties an amount not more than $5 million for the second uncured Potential Violation.

Nothing in this Section shall limit the availability of remedial compensation to harmed borrowers as provided in Section E.5.

(c) Any penalty or payment owed by Servicer pursuant to the Consent Judgment shall be paid to the clerk of the Court or state court or as otherwise agreed by the Monitor and the Servicer and distributed by the Monitor as follows:

1. In the event of a penalty based on a violation of a term of the Servicing Standards, the penalty shall be allocated, first,

to cover the costs incurred by any party in prosecuting the violation.

2. In the event of a payment due under Paragraph B.11 of Exhibit C, one-third of the payment shall be allocated to the CFPB, one-third shall be allocated to the Plaintiff State Attorneys General to this Consent Judgment, and one-third shall be allocated to the State Mortgage Regulators that are parties to the separate Stipulation and Consent Agreement with Ocwen identified in this Consent Judgment.

J. **Sunset.** This Consent Judgment and all Exhibits shall retain full force and effect for three years from the date it is entered (the "Term"), unless otherwise specified in the Exhibit. Servicer shall submit a final Quarterly Report for the last quarter or portion thereof falling within the Term, and shall cooperate with the Monitor's review of said report, which shall be concluded no later than six months following the end of the Term, after which time Servicer shall have no further obligations under this Consent Judgment.

Servicing Standards Quarterly Compliance Metrics

Executive Summary

Sampling: (a) A random selection of the greater of 100 loans and a statistically significant sample. (b) Sample will be selected from the population as defined in column E

Review and Reporting Period: Results will be reported Quarterly and 45 days after the end of the quarter.

Errors Definition: An error is a measurement in response to a test question related to the Servicing Standards that results in the failure of the specified outcome. Errors in response to multiple questions with respect to a single outcome would be treated as only a single error.

Metrics Tested

A	B	C	D	E	F
Metric	**Measurements**	**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
1. Outcome Creates Significant Negative Customer Impact					
A. Foreclosure sale in error	Customer is in default, legal standing to foreclose, and the loan is not subject to active trial, or BK.	n/a	1%	**Population Definition**: Foreclosure Sales that occurred in the review period. A. **Sample** :# of Foreclosure Sales in the review period that were tested. B. **Error Definition**: # of loans that went to foreclosure sale in error due to failure of any one of the test questions for this metric. Error Rate = B/A	**1.** Did the foreclosing party have legal standing to foreclose? **2.** Was the borrower in an active trial period plan (unless the servicer took appropriate steps to postpone sale?) **3.** Was the borrower offered a loan modification fewer than 14 days before the foreclosure sale date (unless the borrower declined the offer or the servicer took appropriate steps to postpone the sale)? **4.** Was the borrower not in default (unless the default is cured to the satisfaction of the Servicer or investor within 10 days before the foreclosure sale date and the Servicer took appropriate stops to postpone sale)? **5.** Was the borrower protected from foreclosure by Bankruptcy (unless Servicer had notice of such protection fewer than 10 days before the foreclosure sale date and Servicer took appropriate steps to postpone sale)?

A	B	C	D	E	F
Metric	**Measurements**	**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
B. Incorrect Mod denial	Program eligibility, all documentation received, DTI test, NPV test.	5% On income errors	5%	**Population Definition:** Modification Denied In the Review Period. **Error Definition:** # of loans that were denied a modification as a result of failure of anyone of the test questions for this metric.	1. Was the evaluation of eligibility Inaccurate (as per HAMP, Fannie, Freddie or proprietary modification criteria)? 2. Was the income calculation inaccurate? 3. Were the inputs used in the decision tool (NPV and Waterfall test) entered in error or inconsistent with company policy? 4. Was the loan NPV positive? 5. Was there an inaccurate determination that the documents received were incomplete?
2. Integrity of Critical Sworn Documents					
A. Was AOI properly prepared	Based upon personal knowledge, properly notarized, amounts agree to system of record within tolerance if overstated.	Question 1, Y/N; Question 2, Amounts overstated (or, for question on Escrow Amounts, understated) by the greater of $99 or 1% of the Total Indebtedness Amount	5%	**Population Definition:** Affidavits of indebtedness filed in the review period. **Error Definition:** For question 1, yes; for question 2, the # of Loans where the sum of errors exceeds the allowable threshold.	1. Taken as a whole and accounting for contrary evidence provided by the Servicer, does the sample indicate systemic issues with either affiants lacking personal knowledge or improper notarization? 2. Verify all the amounts outlined below against the system of record: a. Was the correct principal balance used Was the correct interest amount (and per diem) used? b. Was the escrow balance correct? c. Were correct other fees used? d. Was the correct corporate advance balance used? e. Was the correct late charge balance used? f. Was the suspense balance correct? g. Was the total indebtness amount on the Affidavit correct?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
B. POC	Accurate statement of pre-petition arrearage to system of record.		Amounts over stated by the greater of $50 or 3% of the correct Pre-Petition Arrearage	5%	**Population Definition:** POCs filed in the review period. **Error Definition:** # of Loans where sum of errors exceeds the allowable threshold.	1. Are the correct amounts set forth in the form, with respect to pre-petition missed payments, fees, expenses charges, and escrow shortages or deficiencies?
C. MRS Affidavits	Customer is in default and amount of arrearage is within tolerance.		Amounts overstated (or for escrows amounts, understated) by the greater of $50 or 3% of the correct Post Petition Total Balance	5%	**Population Definition:** Affidavits supporting MRS's filed in the review period **Error Definition:** # of Loans where the sum of errors exceeds the allowable threshold.	1. Verify against the system of record, within tolerance if overstated: a. the post-petition default amount; b. the amount of fees or charges applied to such pre-petition default amount or post-petition amount since the later of the date of the petition or the preceding statement; and c. escrow shortages or deficiencies.

A	B	C	D	E	F
Metric	**Measurements**	**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
3. Pre-foreclosure Initiation					
A. Pre Foreclosure Initiation	Accuracy of Account information.	Amounts over stated by the greater of $99 or 1% of the Total balance	5%	**Population Definition:** Loans with a Foreclosure referral date in the review period. **Error Definition:** # of Loans that were referred to foreclosure with an error in any one of the foreclosure initiation test questions**.**	** Verify all the amounts outlined below against the system of record. 1. Was the loan delinquent as of the date the first legal action was filed? 2. Was information contained the Account Statement completed accurately? a. The total amount needed to reinstate or bring the account current, and the amount of the principal b. The date through which the borrower's obligation is paid; c. The date of the last full payment; d. The current interest rate in effect for the loan; e. The date on which the interest rate may next reset or adjust; f. The amount of any prepayment fee to be charged, if any; g. A description of any late payment fees; and h. A telephone number or electronic mail address that may be used by the obligor to obtain information regarding the mortgage.

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
B. Pre Foreclosure Initiation Notifications	Notification sent to the customer supporting right to foreclosure along with: Applicable information upon customers request, Account statement information, Ownership statement, and Loss Mitigation statement. Notifications required before 14 days prior to referral to foreclosure.		N/A	5%	**Population Definition:** Loans with a Foreclosure referral date in the review period. **Error Definition:** # of Loans that were referred to foreclosure with an error in any one of the foreclosure initiation test questions.	1. Were all the required notification statements mailed no later than 14 days prior to first Legal Date (i) Account Statement; (ii) Ownership Statement; and (iii) Loss Mitigation Statement? 2. Did the Ownership Statement accurately reflect that the servicer or investor has the right to foreclosure? 3. Was the Loss Mitigation Statement complete and did it accurately state that: a. The borrower was ineligible (if applicable); or b. The borrower was solicited, was the subject of right party contact routines, and that any timely application submitted by the borrower was evaluated?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
4. Accuracy and Timeliness of Payment Application and Appropriateness of Fees						
A. Fees adhere to guidance (Preservation fees, Valuation fees and Attorney's fees)	Services rendered, consistent with loan instrument, within applicable requirements.		Amounts over stated by the greater of $50 or 3% of the Total Default Related Fees Collected	5%	**Population Definition:** Defaulted loans (60+) with borrower payable default related fees* collected. **Error Definition:** # of loans where the sum of default related fee errors exceeds the threshold. * Default related fees are defined as any fee collected for a default-related service after the agreement date.	For fees collected in the test period: 1. Was the frequency of the fees collected (in excess of what is consistent with state guidelines or fee provisions in servicing standards? 2. Was amount of the fee collected higher than the amount allowable under the Servicer's Fee schedule and for which there was not a valid exception?
B. Adherence to customer payment processing	Payments posted timely (within 2 business days of receipt) and accurately.		Amounts understated by the greater $50.00 or 3% of the scheduled payment	5%	**Population Definition:** All subject payments posted within review period. **Error Definition:** # of loans with an error in any one of the payment application test questions.	1. Were payments posted to the right account number? 2. Were payments posted in the right amount? 3. Were properly identified conforming payments posted within 2 business days of receipt and credited as of the date of receipt? 4. Did servicer accept payments within $50.00 of the scheduled payment, including principal and interest and where applicable taxes and insurance as required by the servicing standards? 5. Were partial payments credited to the borrower's account as of the date that the funds cover a full payment? 6. Were payments posted to principal interest and escrow before fees and expenses?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
C. Reconciliation of certain waived fees (I.b.11.C)	Appropriately updating the Servicer's systems of record in in connection with the reconciliation of payments as of the date of dismissal of a debtor's Chapter 13 bankruptcy case, entry of an order granting Servicer relief from the stay under Chapter 13, or entry of an order granting the debtor a discharge under Chapter 13, to reflect the waiver of any fee, expense or charge pursuant to paragraphs III.B.1.c.i or III.B.1.d of the Servicing Standards **(within applicable tolerances)**.		Amounts over stated by the greater of $50 or 3 % of the correct reconciliation amount	5%	**Population Definition:** All accounts where in line reconciliation routine is completed within review period. **Error Definition:** # of loans with an error in the reconciliation routine resulting in overstated amounts remaining on the borrower account.	1. Were all required waivers of Fees, expense or charges applied and/or corrected accurately as part of the reconciliation?
D. Late fees adhere to guidance	Late fees are collected only as permitted under the Servicing Standards (**within applicable tolerances**). .		Y/N	5%	**Population Definition:** All late fees collected within the review period. **Error Definition:** # of loans with an error on any one of the test questions.	1. Was a late fee collected with respect to a delinquency attributable solely to late fees or delinquency charges assessed on an earlier payment?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
5. Policy/Process Implementation						
A. Third Party Vendor Management	Is periodic third party review process in place? Is there evidence of remediation of identified issues?		Y/N	N	Quarterly review of a vendors providing Foreclosure Bankruptcy, Loss mitigation and other Mortgage services. **Error Definition:** Failure on any one of the test questions for this metric.	1. Is there evidence of documented oversight policies and procedures demonstrating compliance with vendor oversight provisions: (i) adequate due diligence procedures, (ii) adequate enforcement procedures (iii) adequate vendor performance evaluation procedures (iv) adequate remediation procedures?[3] 2. Is there evidence of periodic sampling and testing of foreclosure documents (including notices of default and letters of reinstatement) and bankruptcy documents prepared by vendors on behalf of the servicer? 3. Is there evidence of periodic sampling of fees and costs assessed by vendors to; (i) substantiate services were rendered (ii) fees are in compliance with servicer fee schedule (iii) Fees are compliant with state law and provisions of the servicing standards? 4. Is there evidence of vendor scorecards used to evaluate vendor performance that include quality metrics (error rate etc)? 5. Evidence of remediation for vendors who fail metrics set forth in vendor scorecards and/or QC sample tests consistent with the servicer policy and procedures?
B. Customer Portal	**Implementation of a customer portal**.		**Y/N**	N	**A Quarterly testing review of Customer Portal.**	1. Does the portal provide loss mitigation status updates?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate [2]**	**Test Loan Population and Error Definition**	**Test Questions**
C. SPOC	Implement single point of contact ("SPOC").		Y/N 5% For Ques Tion 4	N For Que stio n #4: 5%	Quarterly review of SPOC program per provisions in the servicing standard. **Population Definition (for Question 4):** Potentially eligible borrowers who were identified as requesting loss mitigation assistance. **Error Definition:** Failure on any one of the test questions for this metric.	1. Is there evidence of documented policies and procedures demonstrating compliance with SPOC program provisions? 2. Is there evidence that a single point of contact is available for applicable borrowers? 3. Is there evidence that relevant records relating to borrower's account are available to the borrower's SPOC? 4. Is there evidence that the SPOC has been identified to the borrower and the method the borrower may use to contact the SPOC has been communicated to the borrower?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error** [1]	**Threshold Error Rate** [2]	**Test Loan Population and Error Definition**	**Test Questions**
D. Workforce Management	Training and staffing adequacy requirements.		Y/N	N	Loss mitigation, SPOC and Foreclosure Staff. **Error Definition:** Failure on any one of the test questions for this metric.	1. Is there evidence of documented oversight policies and procedures demonstrating effective forecasting, capacity planning, training and monitoring of staffing requirements for foreclosure operations? 2. Is there evidence of periodic training and certification of employees who prepare Affidavits sworn statements or declarations.

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error[1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
E. Affidavit of Indebtedness Integrity.	Affidavits of Indebtedness are signed by affiants who have personal knowledge of relevant facts and properly review the affidavit before signing it.		Y/N	N	Annual Review of Policy.	1. Is there evidence of documented policies and procedures sufficient to provide reasonable assurance that affiants have personal knowledge of the matters covered by affidavits of indebtedness and have reviewed affidavit before signing it?
F. Account Status Activity.	System of record electronically documents key activity of a foreclosure, loan modification, or bankruptcy.		Y/N	N	Annual Review of Policy.	1. Is there evidence of documented policies and procedures designed to ensure that the system of record contains documentation of key activities?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
6. Customer Experiences						
A. Complaint response timeliness	Meet the requirements of Regulator complaint handling.		N/A	5%	**Population Definition: Government submitted complaints and inquiries from individual borrowers who are in default and/or have applied for loan modifications** received during the three months prior to 40 days prior to the review period. (To allow for response period to expire). **Error Definition:** # of loans that exceeded the required response timeline.	1. Was written acknowledgment regarding complaint/inquires sent within 10 business days of complaint/inquiry receipt?** 2. Was a written response ("Forward Progress") sent within 30 calendar days of complaint/inquiry receipt?** ** receipt= from the Attorney General, state financial regulators, the Executive Office for United States Trustees/regional offices of the United States Trustees, and the federal regulators and documented within the System of Record.
B. Loss Mitigation						
i. Loan Modification Document Collection timeline compliance			N/A	5%	**Population Definition:** Loan modifications and loan modification requests (packages) that that were missing documentation at receipt and received more than **40** days prior to the end of the review period. **Error Definition:** The total # of loans processed outside the allowable timelines as defined under each timeline requirement tested.	1. Did the Servicer notify borrower of any known deficiency in borrower's initial submission of information, no later than 5 business days after receipt, including any missing information or documentation? 2. Was the Borrower afforded 30 days from the date of Servicer's notification of any missing information or documentation to supplement borrower's submission of information prior to making a determination on whether or not to grant an initial loan modification?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
ii. Loan Modification Decision/Notification timeline compliance				10%	**Population Definition:** Loan modification requests (packages) that are denied or approved in the review period. **Error Definition:** The total # of loans processed outside the allowable timelines as defined under each timeline requirement tested.	1. Did the servicer respond to request for a modification within 30 days of receipt of all necessary documentation? 2. Denial Communication: Did the servicer notify customers within 10 days of denial decision?
iii. Loan Modification Appeal timeline compliance				10%	**Population Definition:** Loan modification requests (packages) that are borrower appeals in the review period. **Error Definition:** The total # of loans processed outside the allowable timeline tested.	1. Did Servicer respond to a borrowers request for an appeal within 30 days of receipt?
iv. Short Sale Decision timeline compliance				10%	**Population Definition:** Short sale requests (packages) that are complete in the three months prior to 30 days prior to the end of the review period. (to allow for short sale review to occur). **Error Definition:** The total # of loans processed outside the allowable timeline tested.	1. Was short sale reviewed and a decision communicated within 30 days of borrower submitting completed package?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
v. Short Sale Document Correction timeline compliance				5%	**Population Definition:** Short sale requests (packages) missing documentation that are received in the three months prior to 30 days prior to the end of the review period (to allow for short sale review to occur). **Error Definition:** The total # of loans processed outside the allowable timeline tested.	1. Did the Servicer provide notice of missing documents within 30 days of the request for the short sale?
vi. Charge of application fees for Loss Mitigation				1%	**Population Definition:** Loss mitigation requests (packages) that are Incomplete, denied, approved and borrower appeals in the review period. (Same as 6.B.i) **Error Definition:** The # of loss mitigation applications where servicer collected a processing fee.	1. Did the servicer assess a fee for processing a loss mitigation request?
vii. Short Sales						
a. Inclusion of notice of whether or not a deficiency will be required	Provide information related to any required deficiency claim.		n/a	5%	**Population Definition:** Short sales approved in the review period. **Error Definition:** The # of short sales that failed any one of the deficiency test questions	1. If the short sale was accepted, did borrower receive notification that deficiency or cash contribution will be needed? 2. Did borrower receive in this notification approximate amounts related to deficiency or cash contribution?
viii. Dual Track						

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
a. Referred to foreclosure in violation of Dual Track Provisions	Loan was referred to foreclosure in error.		n/a	5%	**Population Definition:** Loans with a first legal action date in the review period. **Error Definition:** The # of loans with a first legal filed in the review period that failed any one of the dual tracking test questions.	1. Was the first legal action taken while the servicer was in possession of an active, complete loan modification package (as defined by the Servicing Standards) that was not decisioned as required by the standards? 2. Was the first legal commenced while the borrower was approved for a loan modification but prior to the expiration of the borrower acceptance period, borrower decline of offer or while in an active trial period plan?
b. Failure to postpone foreclosure proceedings in violation of Dual Track Provisions	Foreclosure proceedings allowed to proceed in error.		n/a	5%	**Population Definition:** Active foreclosures during review period. **Error Definition**: # of active foreclosures that went to judgment as a result of failure of any one on of the active foreclosure dual track test question.	1. Did the servicer proceed to judgment or order of sale upon receipt of a complete loan modification package within 30 days of the Post-Referral to Foreclosure Solicitation Letter?** **Compliance of Dual tracking provisions for foreclosure sales are referenced in 1.A
C. Forced Placed Insurance						
i. Timeliness of notices	Notices sent timely with necessary information.		n/a	5%	**Population Definition:** Loans with forced placed coverage initiated in review period. **Error Definition**: # of loans with active force place insurance resulting from an error in any one of the force-place insurance test questions.	1. Did Servicer send all required notification letters (ref. V 3a i-vii) notifying the customer of lapse in insurance coverage? 2. Did the notification offer the customer the option to have the account escrowed to facilitate payment of all insurance premiums and any arrearage by the servicer prior to obtaining force place insurance? 3. Did the servicer assess forced place insurance when there was evidence of a valid policy?
ii Termination of Force place Insurance	Timely termination of force placed insurance.			5%	**Population Definition:** Loans with forced placed coverage terminated in review period. **Error Definition**: # of loans terminated force place insurance with an error in any one of the force-place insurance test questions.	1. Did Servicer terminate FPI within 15 days of receipt of evidence of a borrower's existing insurance coverage and refund the prorated portion to the borrower's escrow account?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error R ate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
D. Transfer of Servicing Rights						
i. Transfer of servicing to Servicer	Accept, and continue to process pending loan modification requests from the prior servicer and honor loan modification agreements entered into by the prior servicer.		n/a	5%	**Population Definition:** Loans or loan servicing rights sold or transferred to the servicer during the review period, including for subservicing, with a pending loan modification request (in process) or a trial or permanent modification at the time of sale or transfer. **Error Definition:** # of loans with an error in any one of the transfer or servicing test questions.	1. Did the Servicer accept and continue to process pending loan modification request of the prior servicer? 2. Did the Servicer honor trial and permanent loan modification agreements entered into by the prior servicer?

A	B		C C C	D D	E E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error R ate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
# 30						
Standards: N/A	Loan Modification Process		Y/N for Questions 1 -3	5%	**Population Definition:** 1st lien borrowers declined in the review period for incomplete or missing documents in their loan modification application.[4] **Error Definition:** Loans where the answer to any one of the test questions is a No.	1. Is there evidence Servicer or the assigned SPOC notified the borrower in writing of the documents required for an initial application package for available loan modification programs? 2. Provided the borrower timely submitted all documents requested in initial notice of incomplete information ("5 day letter") or earlier ADRL letters, did the Servicer afford the borrower at least 30 days to submit the documents requested in the Additional Document Request Letter ("ADRL") before declining the borrower for incomplete or missing documents? 3. Provided the borrower timely submitted all documents requested in the initial notice of incomplete information ("5-day letter") and earlier ADRL letters, did the Servicer afford the borrower at least 30 days to submit any additional required documents from the last ADRL before referring the loan to foreclosure or proceeding to foreclosure sale?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
# 31						
Standards: IV.C.4.g IV.G.2.a	Loan Modification Denial Notice Disclosure		Y/N for Questions 1 -2	5%	**Population Definition:** 1st lien borrowers declined in the review period for a loan modification application. **Error Definition:** Loans where the answer to any one of the test questions is a No.	1. Did first lien loan modification denial notices sent to the borrower provide: a. the reason for denial; b. the factual information considered by the Servicer; and c. a timeframe for the borrower to provide evidence that the eligibility determination was in error? 2. Following the Servicer's denial of a loan modification application, is there evidence the Servicer or the assigned SPOC communicated the availability of other loss mitigation alternatives to the borrower in writing?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error [1]**	**Threshold Error Rate[2]**	**Test Loan Population and Error Definition**	**Test Questions**
# 32						
Standards: IV.C.2	SPOC Implementation and Effectiveness		Y/N for Questions 1 -3	5% for Question 1 Y/N for Questions 2 -3	**Population Definition:** For Question 1: 1st lien borrowers who were reassigned a SPOC for loss mitigation assistance in the review period For Question 2 and 3: Quarterly review of policies or procedures **Error Definition:** Failure on any one of the test questions for this Metric.	1. Is there evidence that Servicer identified and provided updated contact information to the borrower upon assignment of a new SPOC if a previously designated SPOC is unable to act as the primary point of contact? 2. Is there evidence of implementation of management routines or other processes to review the results of departmental level SPOC scorecards or other performance evaluation tools? [5] 3. Is there evidence of the use of tools or management routines to monitor remediation, when appropriate, for the SPOC program if it is not achieving targeted program metrics?

A	B		C	D	E	F
Metric	**Measurements**		**Loan Level Tolerance for Error** [1]	**Threshold Error Rate**[2]	**Test Loan Population and Error Definition**	**Test Questions**
# 33						
Standards: I.B.5	Billing Statement Accuracy		For test question 1: Amounts overstated by the greater of $99 or 1% of the correct unpaid principal balance. For test questions 2 and 3: Amounts overstated by the greater of $50 or 3% of the total balance for the test question	5%	**Population Definition:** Monthly billing statements sent to borrowers in the review period. [6] **Error Definition:** The # of Loans where the net sum of errors on any one of the test questions exceeds the applicable allowable tolerance.	1. Does the monthly billing statement accurately show, as compared to the system of record at the time of the billing statement, the unpaid principal balance? 2. Does the monthly billing statement accurately show as compared to the system of record at the time of the billing statement each of the following: a. total payment amount due; and, b. fees and charges assessed for the relevant time period? 3. Does the monthly billing statement accurately show as compared to the system of record at the time of the billing statement the allocation of payments, including a notation if any payment has been posted to a “suspense or unapplied funds account”?

[1] Loan Level Tolerance for Error: This represents a threshold beyond which the variance between the actual outcome and the expected outcome on a single test case is deemed reportable

[2]Threshold Error Rate: For each metric or outcome tested if the total number of reportable errors as a percentage of the total number of cases tested exceeds this limit then the Servicer will be determined to have failed that metric for the reported period.

[3] For purposes of determining whether a proposed Metric and associated Threshold Error Rate is similar to those contained in this Schedule, this Metric 5.A shall be excluded from consideration and shall not be treated as representative.

[4] The population includes only borrowers who submitted the first document on or before the day 75 days before the scheduled or expected foreclosure sale date.

This Metric is subject to applicable investor rule requirements.

Nothing in this Metric shall be deemed to prejudice the right of a Servicer to decline to evaluate a borrower for a modification in accordance with IV.H.12. Specifically, Servicer shall not be obligated to evaluate requests for loss mitigation options from (a) borrowers who have already been evaluated or afforded a fair opportunity to be evaluated consistent with the requirements of HAMP or proprietary modification programs, or (b) borrowers who were evaluated after the date of implementation of this Agreement, consistent with this Agreement, unless there has been a material change in the borrower's financial circumstances that is documented by borrower and submitted to Servicer.

[5] The following evidence is considered appropriate using a qualitative assessment:

- Documents that provide an overview of the program, policy or procedures related to periodic performance evaluations, including the frequency thereof; or
- Sample departmental level SPOC scorecard or other performance evaluation tools that reflect performance and quality metrics, evidence of the use of thresholds to measure non-performance, identifiers when remediation is required and evidence that such remediation was identified by management, when appropriate.

[6] This Metric is N/A for borrowers in bankruptcy or borrowers who have been referred to or are going through foreclosure.

EXHIBIT E

CFPB RELEASE

WHEREAS, this Release ("Release") is entered into between the Consumer Financial Protection Bureau (the "Bureau" or "CFPB"), and the Released Parties (hereafter the CFPB and the Released Parties are collectively referred to as "the Parties"), through their authorized representatives.

WHEREAS, the Released Parties shall include Ocwen Financial Corporation and Ocwen Loan Servicing LLC (collectively "Ocwen"), and Ocwen's current and former parent corporations, divisions, affiliates, direct and indirect subsidiaries, agents, advisors, shareholders, managers, members, partners, directors, officers, and employees. The Released Parties shall also include Homeward Residential Holdings Inc., Litton Loan Servicing LP, WL Ross & Co. LLC, and The Goldman Sachs Group, Inc., and each of their respective current and former, direct and indirect parent entities, divisions, affiliates, direct and indirect subsidiaries, shareholders, as well as each of the current and former agents, advisors, managers, members, investors, partners, directors, officers, and employees of each of the foregoing, but only as to liability for the Mortgage Servicing Practices of Homeward Residential Holdings, Inc. and its direct and indirect subsidiaries or Litton Loan Servicing, LP and its direct and indirect subsidiaries. Additionally, the term Released Parties shall not include Altisource Portfolio Solutions, SA and its subsidiaries or Homeloan Servicing Solutions, LTD and its subsidiaries.

WHEREAS, notwithstanding any of the foregoing, this Release does not release any claims against OneWest Bank, Morgan Stanley, or any other entity not a party hereto regarding conduct relating to loans for which the servicing was acquired by Ocwen from OneWest Bank in

the second half of 2013, or regarding loans acquired by Ocwen in the transaction wherein Ocwen Financial Corporation purchased substantial assets of Saxon Mortgage Services, Inc., from Morgan Stanley on April 2, 2012.

WHEREAS, the CFPB contends that it has certain civil claims against Ocwen based on the mortgage servicing practices described in the complaint.

WHEREAS, to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of the Consent Judgment, the Parties agree and covenant as follows:

A. Among other things, the Consent Judgment requires Ocwen to pay or cause to be paid $127,300,000.00 (the "Borrower Payment Amount") by electronic funds transfer no later than ten (10) days of receiving notice from the Administrator appointed under Exhibit B. Ocwen shall also undertake, for the purposes specified in the Consent Judgment, certain consumer relief activities as set forth in Exhibit C to such Consent Judgment, and will be obligated to make certain payments (the "Consumer Relief Payments") in the event that it does not or they do not complete the Consumer Relief Requirements set forth in Exhibit C to the Consent Judgment. This Release shall become effective upon payment of the Borrower Payment Amount. The CFPB may declare this Release null and void if Ocwen does not make the Consumer Relief Payments required under this Consent Judgment and fails to cure such non-payment within thirty (30) days of written notice by the CFPB, except that the Released Parties, other than Ocwen, are released upon the payment of the Borrower Payment Amount, at which time this nullification provision is only operative against Ocwen.

B. Subject to the exceptions in Paragraph C (concerning excluded claims) below, the CFPB fully and finally releases the Released Parties from all potential liability that has been or might have been asserted by the CFPB relating to mortgage servicing practices described in the complaint (the "Mortgage Servicing Practices") that have taken place as of 11:59 p.m., Eastern Standard Time, on December 18, 2013.

C. Notwithstanding any other term of this Release, the CFPB specifically reserves and does not release any liability for conduct other than conduct related to the Mortgage Servicing Practices asserted or that might have been asserted in the complaint. Furthermore, the CFPB specifically reserves and does not release any liability arising under any provision of the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, or any other statute or law that prohibits discrimination of persons based on race, color, national origin, gender, disability, or any other protected status.

D. The Released Parties waive and shall not assert any claim for fees, costs or expenses against the CFPB, or any of its agents or employees, and any other governmental entity, related in any way to this enforcement matter or the Consent Judgment, whether arising under common law or under the terms of any statute, including, but not limited to the Equal Access to Justice Act and the Small Business Regulatory Enforcement Fairness Act of 1996; for these purposes, the Parties agree that neither the Released Parties nor the CFPB is the prevailing party in this action because the Parties have reached a good faith settlement.

E. Nothing in this Release shall limit the CFPB's authority with respect to the Released Parties, except to the extent the CFPB has herein expressly released claims.

F. This Release is intended to be and shall be for the benefit only of the Parties and entities identified in this Release, specifically including the Released Parties, and no other party or entity shall have any rights or benefits hereunder. This Release is binding on, and inures to the benefit of, Ocwen and its successors, and assigns.

G. This Release is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute arising out of matters covered by this Release is the United States District Court for the District of Columbia. For purposes of construing this Release, this Release shall be deemed to have been drafted by all the Parties and shall not, therefore, be construed against any party for that reason in any subsequent dispute.

EXHIBIT F

State Release

I. Covered Conduct

For purposes of this Release, the term “Covered Conduct” means residential mortgage loan servicing and residential mortgage foreclosure services, as defined below. For the purposes of this Release, Released Parties shall include Ocwen Financial Corporation and Ocwen Loan Servicing LLC (collectively “Ocwen”) and Ocwen’s current and former parent corporations, divisions, affiliates, direct and indirect subsidiaries, agents, advisors, shareholders, managers, members, partners, directors, officers, and employees. The Released Parties shall also include Homeward Residential Holdings, Inc., Litton Loan Servicing LP, WL Ross & Co. LLC, and The Goldman Sachs Group, Inc., and each of their respective current and former, direct and indirect parent entities, divisions, affiliates, direct and indirect subsidiaries, shareholders, as well as each of the current and former agents, advisors, managers, members, investors, partners, directors, officers, and employees of each of the foregoing, but only as to liability for the Covered Conduct of Homeward Residential Holdings, Inc. and its direct and indirect subsidiaries or Litton Loan Servicing, LP and its direct and indirect subsidiaries. Additionally, the term Released Parties shall not include Altisource Portfolio Solutions, SA and its subsidiaries or Homeloan Servicing Solutions, LTD and its subsidiaries.

For purposes of this Section I only, the Released Parties are released from liability for the covered conduct acts of their agents (including, without limitation, third-party vendors). This Release does not release the agents (including, without limitation, third-party vendors) themselves for any of their conduct. For purposes of this Release, the term “residential mortgage loans” means loans secured by one-to four-family residential

properties, irrespective of usage, whether in the form of a mortgage, deed of trust, or other security interest creating a lien upon such property or any other property described therein that secures the related mortgage note. Notwithstanding any of the foregoing, this Release does not release any claims against OneWest Bank, Morgan Stanley, or any entity not a party hereto, regarding conduct relating to either (1) loans for which the servicing was acquired by Ocwen from OneWest Bank in the second half of 2013, or (2) loans acquired by Ocwen in the transaction wherein Ocwen Financial Corporation purchased substantial assets of Saxon Mortgage Services, Inc., from Morgan Stanley on April 2, 2012. Moreover, this Release does not release claims by the Commonwealth of Massachusetts for the obligations of Homeward Residential Holdings, Inc. pursuant to the Settlement Agreement entered into between American Home Mortgage Servicing, Inc. and the Commonwealth of Massachusetts with an effective date of November 6, 2011.

For purposes of this Release, the term “residential mortgage loan servicing” means all actions, errors or omissions of the Released Parties, arising out of or relating to servicing (including subservicing and master servicing) of residential mortgage loans from and after the closing of such loans, whether for the Released Parties’ account or for the account of others, including, but not limited to, the following: (1) Loan modification and other loss mitigation activities, including, without limitation, extensions, forbearances, payment plans, short sales and deeds in lieu of foreclosure, and evaluation, approval, denial, and implementation of the terms and conditions of any of the foregoing; (2) Communications with borrowers relating to borrower accounts, including, without limitation, account statements and disclosures provided to borrowers; (3) Handling and resolution of inquiries, disputes or complaints by or on behalf of borrowers; (4) Collection activity related to

delinquent borrower accounts; (5) Acceptance, rejection, application or posting of payments made by or on behalf of borrowers, including, without limitation, assessment and collection of fees or charges, placement of payments in suspense accounts and credit reporting; (6) Maintenance, placement or payment (or failure to make payment) of any type of insurance or insurance premiums, or claims activity with respect to any such insurance; (7) Payment of taxes, homeowner association dues, or other borrower obligations, and creation and maintenance of any escrow accounts; (8) Use, conduct or supervision of vendors, agents and contract employees, whether affiliated or unaffiliated, including, without limitation, subservicers and foreclosure and bankruptcy attorneys, in connection with servicing, loss mitigation, and foreclosure activities; (9) Adequacy of staffing, training, systems, data integrity or security of data that is related to the servicing of residential mortgage loans, foreclosure, bankruptcy, and property sale and management services; (10) Securing, inspecting, repairing, maintaining, or preserving properties before and after foreclosure or acquisition or transfer of title; (11) Servicing of residential mortgage loans involved in bankruptcy proceedings; (12) Obtaining, executing, notarizing, endorsing, recording, providing, maintaining, registering (including in a registry system), and transferring promissory notes, mortgages, or mortgage assignments or other similar documents, or transferring interests in such documents among and between servicers and owners, and custodial functions or appointment of officers relating to such documents; (13) Decisions on disposition of residential mortgage loans, including, without limitation, whether to pursue foreclosure on properties, whether to assert or abandon liens and other claims and actions taken in respect thereof, and whether to pursue any particular loan modification or other form of loss mitigation; (14) Servicing of residential mortgage loans of borrowers who are

covered by federal or state protections due to military status; (15) Licensing or registration of employees, agents, vendors or contractors, or designation of employees as agents of another entity; (16) Quality control, quality assurance, compliance, audit testing, oversight, reporting, or certification or registration requirements related to the foregoing; and (17) Trustee functions related to the servicing of residential mortgage loans. For purposes of this Release, the term “residential mortgage foreclosure services” means all actions, errors or omissions of the Released Parties arising out of or relating to foreclosures on residential mortgage loans, whether for the Released Parties’ own account or for the account of others, including, but not limited to, the following: (1) Evaluation of accounts for modification or foreclosure referral; (2) Maintenance, assignment, recovery and preparation of documents that have been filed or otherwise used to initiate or pursue foreclosures, and custodial actions related thereto; (3) Drafting, review, execution and notarization of documents (including, but not limited to, affidavits, notices, certificates, substitutions of trustees, and assignments) prepared or filed in connection with foreclosures or sales of acquired properties, or in connection with remediation of improperly filed documents; (4) Commencement, advancement and finality of foreclosures, including, without limitation, any issues relating to standing, fees, or notices; (5) Acquisition of title post-foreclosure or in lieu of foreclosure; (6) Pursuit of pre-and post-foreclosure claims by the Released Parties, including, without limitation, the seeking of deficiency judgments when permitted by law, acts or omissions regarding lien releases, and evictions and eviction proceedings; (7) Management, maintenance, and disposition of properties in default or properties owned or controlled by the Released Parties, whether prior to or during the foreclosure process or after foreclosure, and executing, notarizing, or recording any documents related to the sale of acquired

properties; (8) Quality control, quality assurance, compliance, audit testing, oversight, reporting, or certification or registration requirements related to the foregoing; and (9) Trustee functions related to the foreclosure of residential mortgage loans.

II. Release of Covered Conduct

By their execution of this Consent Judgment, the Attorneys General of the Plaintiff States that are parties to this Consent Judgment release and forever discharge the Released Parties from the following: any civil or administrative claim, of any kind whatsoever, direct or indirect, that an Attorney General has or may have or assert, including, without limitation, claims for damages, fines, injunctive relief, remedies, sanctions, or penalties of any kind whatsoever based on, arising out of, or resulting from the Covered Conduct occurring on or before the Effective Date, except for claims and the other actions set forth in Section IV below (collectively, the "Released Claims").

This Release does not release any claims against any entity other than the Released Parties as defined in Section I above.

III. Covenants by Ocwen

1. Ocwen waives and shall not assert any defenses Ocwen may have to any criminal prosecution based on the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Release bars a remedy sought in such criminal prosecution.

2. Ocwen agrees to cooperate with an Attorney General's investigation of individuals and entities not released in this Release. For purposes of this covenant,

cooperation shall not include any requirement that Ocwen waive the attorney-client privilege or any other applicable privileges or protection, included but not limited to the attorney work product doctrine. Upon reasonable notice, Ocwen agrees not to impair the reasonable cooperation of its directors, officers and employees, and shall use its reasonable efforts to make available and encourage the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Ocwen agrees to waive objections to service for subpoenas from the Attorneys General of the Plaintiff States seeking documents and other information from Ocwen provided the subpoenas are served on Ocwen's registered agent.

3. These provisions are intended to supplement and do not supplant or in any way restrict the Attorney General Offices' subpoena power and investigatory authority under any state law.

IV. Claims and Other Actions Exempted from Release

Notwithstanding the foregoing and any other term of this Consent Judgment, the following claims are hereby not released and are specifically reserved:

1. Securities and securitization claims based on the offer, sale, or purchase of securities, or other conduct in connection with investors or purchasers in or of securities, regardless of the factual basis of the claim, including such claims of the state or state entities asan owner, purchaser, or holder of whole loans, securities, derivatives or similar investments, including, without limitation, mortgage backed securities, collateralized debt obligations, or structured investment vehicles, and including, but not limited to, such claims based on the following:

a. the creation, formation, solicitation, marketing, assignment, transfer, offer, sale or substitution of securities, derivatives, or other similar investments, including, without limitation, mortgage backed securities, collateralized debt obligations, collateralized loan obligations, or structured investment vehicles;

b. representations, warranties, certifications, or claims made regarding such securities or investments, such as representations, warranties, certifications or claims regarding origination, funding, and underwriting activities, and including the eligibility, characteristics, or quality of the mortgages or the mortgagors;

c. the transfer, sale, conveyance, or assignment of mortgage loans to, and the purchase and acquisition of such mortgage loans by, the entity creating, forming and issuing the securities, derivatives or other similar investments relating to such mortgage loans;

d. all servicing-, foreclosure-, and origination-related conduct, but solely to the extent that such claims are based on the offer, sale, or purchase of securities,

or other conduct in connection with investors or purchasers in or of securities; and

e. all Covered Conduct, but solely to the extent that such claims are based on the offer, sale, or purchase of securities, or other conduct in connection with investors or purchasers in or of securities.

For avoidance of doubt, securities and securitization claims based on the offer, sale, or purchase of securities, or other conduct in connection with investors or purchasers in or of securities, that are based on any source of law, including, but not limited to, false claims acts or equivalent laws, securities laws, and common law breach of fiduciary duty, are not released.

2. Claims against a trustee or custodian or an agent thereof based on or arising out of the conduct of the trustee, custodian or such agent related to the pooling of residential mortgage loans in trusts, mortgage backed securities, collateralized debt obligations, collateralized loan obligations, or structured investment vehicles, including, but not limited to, the performance of trustee or custodial functions in such conduct.

3. Liability based on Ocwen's obligations created by this Consent Judgment.

4. Claims against Mortgage Electronic Registration Systems, Inc. or MERSCORP, INC.

5. Claims arising out of alleged violations of fair lending laws that relate to discriminatory conduct in lending.

6. Claims of state, county and local pension or other governmental funds as investors (whether those claims would be brought directly by those pension or other governmental funds or by the Office of the Attorney General as attorneys representing the pension or other governmental funds).

7. Tax claims, including, but not limited to, claims relating to real estate transfer taxes.

8. Claims of county and local governments and claims of state regulatory agencies having specific regulatory jurisdiction that is separate and independent from the regulatory and enforcement jurisdiction of the Attorney General.

9. Criminal enforcement of state criminal laws.

10. Claims of county recorders, city recorders, town recorders or other local government officers or agencies (or, for Hawaii only, where a statewide recording system is applicable and operated by the state, claims by Hawaii; and for Maryland, where the recording system is the joint responsibility of the counties or Baltimore City and the state, claims of the counties or Baltimore City and the state), for fees relating to the recordation or registration process of mortgages or deeds of trust, including assignments, transfers, and conveyances, regardless of whether those claims would be brought directly by such local government officers or agencies or through the Office of the Attorney General as attorneys representing such local government officers or agencies.

11. Claims and defenses asserted by third parties, including individual mortgage loan borrowers on an individual or class basis.

12. Claims seeking injunctive or declaratory relief to clear a cloud on title where the Covered Conduct has resulted in a cloud on title to real property under state law; provided, however, that the Attorneys General shall not otherwise take actions seeking to invalidate past mortgage assignments or foreclosures in connection with loans serviced and/or owned by the Released Parties. For the avoidance of doubt, nothing in this paragraph 13 releases, waives or bars any legal or factual argument related to the validity of past mortgage assignments or foreclosures that could be made in support of claims not released herein,

including, without limitation, all claims preserved under paragraphs 1 through 15 of Section IV of this Release.

13. Authority to resolve consumer complaints brought to the attention of Ocwen for resolution outside of the monitoring process, as described in Section H of the Enforcement Terms (Exhibit D).

14. Claims against Ocwen for reimbursement to mortgage borrowers:

a. That represent: (i) a fee imposed upon and collected from a mortgage borrower by Ocwen and retained by Ocwen which fee is later determined to have been specifically prohibited by applicable state law (an "Unauthorized Fee"), provided that such determination of impermissibility is not predicated, directly or indirectly, on a finding of a violation of any federal law, rule, regulation, agency directive or similar requirement; and (ii) an actual overpayment by a borrower resulting from a clear and demonstrable error in calculation of amounts due from said borrower; and

b. That are not duplicative of any prior voluntary or involuntary payment to the affected loan borrower by Ocwen, whether directly or indirectly, from any State Payment or other source.