UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2010

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 Number: 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.)

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

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

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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No 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	o		Accelerated filer	x
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 x

Number of shares of Common Stock, $0.01 par value, outstanding as of July 30, 2010: 100,192,127 shares.

OCWEN FINANCIAL CORPORATION
FORM 10-Q

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FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to the following:

- assumptions related to the sources of liquidity, our ability to fund advances and the adequacy of financial resources;
- estimates regarding prepayment speeds, float balances, delinquency rates, advances and other servicing portfolio characteristics;
- assumptions about our ability to grow our business;
- our plans to continue to sell our non-core assets;
- our ability to reduce our cost structure;
- our analysis in support of the decision to spin Ocwen Solutions as a separate company;
- our continued ability to successfully modify delinquent loans and sell foreclosed properties;
- estimates regarding our reserves, valuations and anticipated realization on assets; and
- expectations as to the effect of resolution of pending legal proceedings on our financial condition.

Forward-looking statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. Important factors that could cause actual results to differ include, but are not limited to, the risks discussed in “Risk Factors” below and the following:

- availability of adequate and timely sources of liquidity;
- delinquencies, advances and availability of servicing;
- general economic and market conditions;
- uncertainty related to government programs, regulations and policies; and
- uncertainty related to dispute resolution and litigation.

Further information on the risks specific to our business are detailed within this report and our other reports and filings with the Securities and Exchange Commission including our Annual report on Form 10-K for the year ended December 31, 2009, our quarterly reports on Form 10-Q and our current reports on Form 8-K. Forward-looking statements speak only as of the date they are made and should not be relied upon. Ocwen Financial Corporation undertakes no obligation to update or revise forward-looking statements.

PART I – FINANCIAL INFORMATION
ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	June 30, 2010	December 31, 2009
Assets		
Cash	$ 143,386	$ 90,919
Restricted cash – for securitization investors	1,012	—
Trading securities, at fair value:		
Auction rate	78,073	247,464
Subordinates and residuals	52	3,692
Loans held for resale, at lower of cost or fair value	30,696	33,197
Advances	150,870	145,914
Match funded advances	1,184,851	822,615
Loans, net – restricted for securitization investors	70,860	—
Mortgage servicing rights	126,668	117,802
Receivables, net	56,939	67,095
Deferred tax assets, net	117,253	132,683
Premises and equipment, net	3,528	3,325
Investments in unconsolidated entities	13,533	15,008
Other assets	99,808	89,636
Total assets	$ 2,077,529	$ 1,769,350
Liabilities and Equity		
Liabilities		
Match funded liabilities	$ 835,172	$ 465,691
Secured borrowings – owed to securitization investors	67,199	—
Lines of credit and other secured borrowings	100,667	55,810
Investment line	—	156,968
Servicer liabilities	1,970	38,672
Debt securities	82,554	95,564
Other liabilities	90,037	90,782
Total liabilities	1,177,599	903,487
Commitments and Contingencies (Note 25)		
Equity		
Ocwen Financial Corporation stockholders' equity		
Common stock, $.01 par value; 200,000,000 shares authorized; 100,192,127 and 99,956,833 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively	1,002	1,000
Additional paid-in capital	461,890	459,542
Retained earnings	444,370	405,198
Accumulated other comprehensive loss, net of income taxes	(7,572)	(129)
Total Ocwen Financial Corporation stockholders' equity	899,690	865,611
Non-controlling interest in subsidiaries	240	252
Total equity	899,930	865,863
Total liabilities and equity	$ 2,077,529	$ 1,769,350

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

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

For the periods ended June 30,	Three months		Six months	
	2010	2009	2010	2009
Revenue				
Servicing and subservicing fees	$ 65,936	$ 65,488	$ 132,416	$ 144,298
Process management fees	8,315	40,086	16,221	73,778
Other revenues	1,702	3,605	2,902	5,693
Total revenue	75,953	109,179	151,539	223,769
Operating expenses				
Compensation and benefits	13,089	27,254	25,866	55,799
Amortization of mortgage servicing rights	7,854	8,543	14,229	18,584
Servicing and origination	2,458	15,835	3,049	28,473
Technology and communications	6,191	4,481	11,855	9,289
Professional services	9,134	8,208	12,389	15,394
Occupancy and equipment	3,870	4,818	8,316	10,864
Other operating expenses	2,062	3,511	4,131	6,513
Total operating expenses	44,658	72,650	79,835	144,916
Income from operations	31,295	36,529	71,704	78,853
Other income (expense)				
Interest income	1,900	2,254	5,545	4,419
Interest expense	(13,359)	(17,300)	(25,830)	(33,963)
Gain (loss) on trading securities	(1,710)	5,435	(945)	5,055
Loss on loans held for resale, net	(1,049)	(2,987)	(2,087)	(7,541)
Equity in earnings (losses) of unconsolidated entities	343	(576)	1,078	(549)
Other, net	(4,158)	2,990	(4,758)	3,335
Other expense, net	(18,033)	(10,184)	(26,997)	(29,244)
Income from continuing operations before income taxes	13,262	26,345	44,707	49,609
Income tax expense (benefit)	(2,777)	9,472	7,797	17,509
Income from continuing operations	16,039	16,873	36,910	32,100
Income from discontinued operations, net of income taxes	—	1,052	—	864
Net income	16,039	17,925	36,910	32,964
Net income attributable to non-controlling interest in subsidiaries	(1)	(95)	(12)	(25)
Net income attributable to Ocwen Financial Corporation (OCN)	$ 16,038	$ 17,830	$ 36,898	$ 32,939
Basic earnings per share				
ncome from continuing operations attributable to OCN	$ 0.16	$ 0.25	$ 0.37	$ 0.49
ncome from discontinued operations attributable to OCN	—	0.01	—	0.02
Net income attributable to OCN	$ 0.16	$ 0.26	$ 0.37	$ 0.51
Diluted earnings per share				
ncome from continuing operations attributable to OCN	$ 0.15	$ 0.24	$ 0.35	$ 0.48
ncome from discontinued operations attributable to OCN	—	0.02	—	0.01
Net income attributable to OCN	$ 0.15	$ 0.26	$ 0.35	$ 0.49
Weighted average common shares outstanding				
Basic	100,168,953	67,316,446	100,072,950	65,045,842
Diluted	107,728,092	72,854,415	107,526,786	70,375,555

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

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

For the periods ended June 30,	Three months		Six months	
	2010	2009	2010	2009
Net income	$ 16,039	$ 17,925	$ 36,910	$ 32,964
Other comprehensive loss, net of income taxes:				
Unrealized foreign currency translation loss arising during the period (1)	(14)	(187)	(85)	(227)
Change in deferred loss on cash flow hedges arising during the period (2)	(7,383)	—	(7,383)	—
	(7,397)	(187)	(7,468)	(227)
Comprehensive income	8,642	17,738	29,442	32,737
Comprehensive loss attributable to non-controlling interests	4	(5)	12	97
Comprehensive income attributable to OCN	$ 8,646	$ 17,733	$ 29,454	$ 32,834

(1) Net of income tax benefit (expense) of $5 and $110 for the three months ended June 30, 2010 and 2009, respectively, and $35 and $133 for the six months ended June 30, 2010 and 2009, respectively.

(2) Net of tax benefit of $4,336 for the three and six months ended June 30, 2010.

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

OCWEN FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Dollars in thousands, except share data)

	OCN Shareholders						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Taxes	Non-controlling Interest in Subsidiaries	Total
	Shares	Amount					
Balance at December 31, 2009	99,956,833	$ 1,000	$ 459,542	$ 405,198	$ (129)	$ 252	$ 865,863
Adoption of ASC 810 (FASB Statement No. 167), net of tax	—	—	—	2,274	—	—	2,274
Net income	—	—	—	36,898	—	12	36,910
Exercise of common stock options	217,775	2	1,023	—	—	—	1,025
Issuance of common stock awards to employees	9,865	—	—	—	—	—	—
Equity-based compensation	7,654	—	1,325	—	—	—	1,325
Other comprehensive loss, net of income taxes	—	—	—	—	(7,443)	(24)	(7,467)
Balance at June 30, 2010	100,192,127	$ 1,002	$ 461,890	$ 444,370	$ (7,572)	$ 240	$ 899,930
Balance at December 31, 2008	62,716,530	$ 627	$ 201,831	$ 404,901	$ 1,876	$ 406	$ 609,641
Net income	—	—	—	32,939	—	25	32,964
Issuance of common stock	5,471,500	55	60,132	—	—	—	60,187
Repurchase of common stock	(1,000,000)	(10)	(10,990)	—	—	—	(11,000)
Exercise of common stock options	282,012	3	1,861	—	—	—	1,864
Issuance of common stock awards to employees	29,907	—	(138)	—	—	—	(138)
Equity-based compensation	12,147	—	1,379	—	—	—	1,379
Repurchase of 3.25% Convertible Notes	—	—	(4)	—	—	—	(4)
Other comprehensive loss, net of income taxes	—	—	—	—	(227)	(122)	(349)
Balance at June 30, 2009	67,512,096	$ 675	$ 254,071	$ 437,840	$ 1,649	$ 309	$ 694,544

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 six months ended June 30,	
	2010	**2009**
Cash flows from operating activities		
Net income	$ 36,910	$ 32,964
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of mortgage servicing rights	14,229	18,584
Premium amortization and discount accretion	—	1,445
Depreciation and other amortization	741	4,862
Write-off of investment in commercial real estate partnership	3,000	—
Reversal of valuation allowance on mortgage servicing assets	(101)	—
Reversal of valuation allowance on discontinued operations	—	(1,227)
Loss (gain) on trading securities	945	(5,055)
Loss on loans held for resale, net	2,087	7,541
Equity in (earnings) losses of unconsolidated entities	(1,078)	549
Decrease in deferred tax assets	12,838	12,590
Net cash provided by trading activities	168,453	2,000
Net cash provided by loans held for resale activities	849	2,738
Changes in assets and liabilities:		
Decrease in advances and match funded advances	153,997	164,979
Decrease in receivables and other assets, net	11,983	15,089
Decrease in servicer liabilities	(36,702)	(57,977)
Decrease in other liabilities	(11,178)	(5,626)
Other, net	3,822	(337)
Net cash provided by operating activities	360,795	193,119
Cash flows from investing activities		
Purchase of mortgage servicing rights	(23,425)	(10,241)
Acquisition of advances and other assets in connection with the purchase of mortgage servicing rights	(528,882)	—
Distributions of capital from unconsolidated entities	2,146	3,246
Additions to premises and equipment	(2,202)	(1,110)
Proceeds from sales of real estate	2,046	1,322
Increase in restricted cash – for securitization investors	743	—
Principal payments received on loans – restricted for securitization investors	2,223	396
Net cash used by investing activities	(547,351)	(6,387)
Cash flows from financing activities		
Proceeds from (repayment of) match funded liabilities	369,481	(195,226)
Repayment of secured borrowings – owed to securitization investors	(4,852)	—
Proceeds from lines of credit and other secured borrowings	96,657	102,106
Repayment of lines of credit and other secured borrowings	(53,904)	(83,685)
Repayment of investment line	(156,968)	(24,051)
Repurchase of debt securities	(11,659)	(24,602)
Repurchase of common stock	—	(11,000)
Issuance of common stock	—	60,187
Exercise of common stock options	935	1,515
Other	(667)	910
Net cash provided (used) by financing activities	239,023	(173,846)
Net increase in cash	52,467	12,886
Cash at beginning of period	90,919	201,025
Cash at end of period	$ 143,386	$ 213,911

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ocwen Financial Corporation (NYSE: OCN) (Ocwen or OCN), through its subsidiaries, is a leading provider of residential and commercial mortgage loan servicing, special servicing and asset management services. Ocwen is headquartered in West Palm Beach, Florida with offices in California, the District of Columbia, Florida, Georgia and global operations in India and Uruguay. Ocwen is a Florida corporation organized in February 1988. Ocwen Loan Servicing, LLC (OLS), a wholly-owned subsidiary of Ocwen, is a licensed mortgage servicer in all 50 states, the District of Columbia and two U.S. territories.

At June 30, 2010, Ocwen owned all of the outstanding stock of its primary subsidiaries: OLS; Ocwen Financial Solutions, Private Limited (OFSPL); and Investors Mortgage Insurance Holding Company. OCN also holds a 45% interest in BMS Holdings, Inc. (BMS Holdings), a 25% interest in Ocwen Structured Investments, LLC (OSI) and an approximate 25% interest in Ocwen Nonperforming Loans, LLC (ONL) and Ocwen REO, LLC (OREO). While OCN continues to own 70% of Global Servicing Solutions, LLC (GSS) with the remaining 30% interest held by ML IBK Positions, Inc., GSS had no material operations during the first six months of 2010 and 2009 and no material assets as of June 30, 2010.

On August 10, 2009, we completed the distribution of our Ocwen Solutions line of business, except for BMS Holdings and GSS, via the spin-off of a separate publicly-traded company, Altisource Portfolio Solutions S.A. (Altisource). Altisource common stock is listed on the NASDAQ market under the ticker symbol “ASPS.” We distributed all of the shares of Altisource common stock to OCN’s shareholders of record as of August 4, 2009 (the Separation). We eliminated the assets and liabilities of Altisource from our Consolidated Balance Sheet effective at the close of business on August 9, 2009. Beginning August 10, 2009, the operating results of Altisource are no longer included in our operating results. We do not report the historical operating results of Altisource as a discontinued operation because of the significance of the continuing involvement between Altisource and Ocwen under the long-term services agreements described in Note 24. Accordingly, for periods prior to August 10, 2009, the historical operating results of Altisource are presented in continuing operations.

Principles of Consolidation

Our financial statements include the accounts of Ocwen and its majority-owned subsidiaries. We apply the equity method of accounting to investments when the entity is not a variable interest entity (VIE) and we are able to exercise significant influence, but not control, over the policies and procedures of the entity but own less than 50% of the voting securities. We have eliminated intercompany accounts and transactions in consolidation.

Variable Interest Entities

We evaluate each special purpose entity (SPE) for classification as a VIE. When an SPE meets the definition of a VIE and we determine that Ocwen is the primary beneficiary, we include the SPE in our consolidated financial statements.

We have determined that the SPEs created in connection with the match funded financing facilities discussed below are VIEs of which we are the primary beneficiary. We have also determined that we are the primary beneficiary for certain residential mortgage loan securitization trusts. The accounts of these SPEs are included in our consolidated financial statements.

Securitizations or Asset Backed Financing Arrangements

Ocwen or its subsidiaries have been a transferor in connection with a number of securitizations or asset-backed financing arrangements. As of January 1, 2010, we had continuing involvement with the financial assets of eight of these securitizations or asset-backed financing arrangements. We also hold residual interests in and are the servicer for three securitizations where we were not a transferor.

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.

Securitizations of Residential Mortgage Loans. In prior years, we securitized residential mortgage loans using certain trusts. These transactions were accounted for as sales even though we continued to be involved with the 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 trust. The beneficial interests we held consisted of both subordinate and residual securities that were either retained at the time of the securitization or acquired subsequently.

As a result of our adoption of Accounting Standards Update (ASU) No. 2009-16 (ASC 860, Transfers and Servicing) and ASU 2009-17 (ASC 810, Consolidation), we have included four of these trusts in our consolidated financial statements. The remaining trusts are currently excluded from our consolidated financial statements because we have determined that Ocwen is not the primary beneficiary.

We have determined that Ocwen is the primary beneficiary of the consolidated securitization trusts because:

1. as the servicer we have the right to direct the activities that most significantly impact the economic performance of the trusts through our ability to manage the delinquent assets of the trusts and

2. as holder of all or a portion of the residual tranches of the securities issued by the trust, we have the obligation to absorb losses of the trusts, to the extent of the value of our investment, and the right to receive benefits from the trust both of which could potentially be significant to the trusts.

Upon adoption of ASU 2009-17 (ASC 810, Consolidation) on January 1, 2010 we began consolidating the four trusts and recorded a $75,506 increase in total assets, a $73,232 increase in liabilities and a $2,274 increase in the opening balance of retained earnings. Included in these amounts were the following transition adjustments:

- Consolidation of $1,755 of cash held by the trusts (Restricted cash – for securitization investors);
- Consolidation of loans held by the trust with an unpaid principal balance (UPB) of $77,939 (Loans, net – restricted for securitization investors), including $14,780 of non-performing collateral;
- Recording of an allowance for loan losses of $4,461, not previously required, for the newly consolidated loans;
- Consolidation of $2,346 of real estate owned from the trusts (included in Other assets);
- Consolidation of $72,918 of certificates issued by the trusts (Secured borrowings – owed to securitization investors);
- Elimination of our $3,634 investment in trading securities that were issued by the newly consolidated trusts against $867 of the face amount of the related certificates and retained earnings;
- Recording of net deferred tax assets of $1,561, principally related to establishing an allowance for loan losses for the newly consolidated loans; and
- Recording of $1,181 of other liabilities representing accrued interest payable and the fair value of interest rate swap instruments entered into by one of the consolidated trusts.

The consolidation of the four trusts on January 1, 2010 did not affect Cash and, therefore, the transition adjustments are not reported in the Consolidated Statement of Cash Flows.

Our Consolidated Statement of Operations for the three and six months ended June 30, 2009 and our Consolidated Balance Sheet at December 31, 2009 have not been retroactively adjusted to reflect the effect of our adoption of ASU 2009-16 and ASU 2009-17. Therefore, current period results and balances will not be comparable to prior period amounts particularly with regard to the following:

- Trading securities (Subordinates and residuals)
- Loans, net – restricted for securitization investors
- Deferred tax assets, net
- Secured borrowings – owed to securitization investors
- Interest income
- Interest expense
- Gain (loss) on trading securities

Beginning January 1, 2010, interest income on the securities that we hold that were issued by the securitization trusts is eliminated in consolidation against the interest expense of the trusts.

Ocwen has no obligation to provide financial support to the trusts and has provided no such support. The creditors of the trusts can look only to the assets of the trusts themselves for satisfaction of the debt and have no recourse against the assets of Ocwen. Similarly, the general creditors of Ocwen have no claim on the assets of the trusts. Our exposure to loss as a result of our continuing involvement is limited to the carrying values of our investments in the residual and subordinate securities of the trusts, our mortgage servicing rights that are related to the trusts and our advances to the trusts.

The following table presents a summary of the involvement of Ocwen with seven unconsolidated securitization trusts and summary financial information for the trusts. Although we are the servicer for these trusts, the residual interests that we hold in these entities have little to no value. As a result, we are exposed to no loss from these holdings. Further, since our valuation of the residual interest is based on anticipated cash flows, we are unlikely to receive any benefits from these trusts.

For the periods ended June 30,	Three months		Six months	
	2010	2009	2010	2009
Total cash received on beneficial interests held	$ —	$ 8	$ —	$ 62
Total servicing and subservicing fee revenues	923	975	1,874	2,203

	As of	
	June 30, 2010	December 31, 2009
Total servicing advances	$ 17,545	$ 19,027
Total beneficial interests held at fair value (1)	52	58
Total mortgage servicing rights at amortized cost	1,466	1,659

(1) Includes investments in subordinate and residual securities that we retained in connection with the loan securitization transactions completed in prior years.

With regard to these unconsolidated securitization trusts, we have no obligation to provide financial support to the trusts and have provided no such support. Our exposure to loss as a result of our continuing involvement is limited to the carrying values of our investments in the residual and subordinate securities of the trusts, our mortgage servicing rights that are related to the trusts and our advances to the trusts. We consider the probability of loss arising from our advances to be remote because of their position ahead of most of the other liabilities of the trusts. See Note 5, Note 6, Note 7 and Note 9 for additional information regarding Trading securities, Advances, Match funded advances and Mortgage servicing rights.

Match Funded 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. These SPEs issue debt supported by collections on the transferred advances. We made these transfers under the terms of four advance facility agreements. These transfers do not qualify for sales accounting because we retain control over the transferred assets. As a result, we account for these transfers as financings and classify the transferred advances on our Consolidated Balance Sheet as Match funded advances and the related liabilities as Match funded liabilities. Collections on the advances pledged to the SP Es are used to repay principal and interest and to pay the expenses of the entity. Holders of the debt issued by these entities can look only to the assets of the entities themselves for satisfaction of the debt and have no recourse against OCN. However, OLS has guaranteed the payment of the obligations under the securitization documents of one of the entities, Ocwen Servicer Advance Funding (Wachovia), LLC (OSAFW). The maximum amount payable under the guarantee is limited to 10% of the notes outstanding at the end of the facility's revolving period on May 5, 2011. As of June 30, 2010, OSAFW had $250,000 of notes outstanding.

The following table summarizes the assets and liabilities of the SPEs formed in connection with our match funded advance facilities, at the dates indicated:

	June 30, 2010	December 31, 2009
Match funded advances	$ 1,184,851	$ 822,615
Other assets	48,776	19,343
Total assets	$ 1,233,627	$ 841,958
Match funded liabilities	$ 835,172	$ 465,691
Other liabilities	104,046	138,210
Total liabilities	$ 939,218	$ 603,901

Reclassification

Certain immaterial amounts in our 2009 consolidated financial statements have been reclassified to conform to the 2010 presentation. In the fourth quarter of 2009, we reclassified gains and losses on debt redemptions to Other, net on the Consolidated Statements of Operations. On the Consolidated Statements of Changes in Equity, we condensed share-based compensation amounts and associated excess tax benefits into one line item, Equity-based compensation. Within the operating activities section of the Consolidated Statements of Cash Flows we condensed several immaterial items to Other, net. Similarly, in the financing section of the Consolidated Statements of Cash Flows we condensed several immaterial items to Other.

NOTE 2 RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board (FASB) issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. This establishes the FASB Accounting Standards Codification (ASC) as the only source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP, with the exception of Statements of Financial Accounting Standards not yet included in the Codification.

ASU 2009-16 (ASC 860, Transfers and Servicing). This statement eliminates the exceptions for qualifying special purpose entities (QSPE) from the consolidation guidance (ASC 810) and clarifies that the objective of the standard is to determine whether a transferor and all of the entities included in the transferor's financial statements being presented have surrendered control over transferred financial assets. That determination must consider the transferor's continuing involvements in the transferred financial asset including all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. This sta tement modifies the financial-components approach currently used and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset.

This statement defines the term participating interest to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. If the transfer does not meet those conditions, a transferor should account for the transfer as a sale only if it transfers an entire financial asset or a group of entire financial assets and surrenders control over the entire transferred asset(s). This statement requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about trans fers of financial assets and a transferor's continuing involvement with transferred financial assets.

The provisions for guaranteed mortgage securitizations are removed to require those securitizations to be treated the same as any other transfer of financial assets within the scope of the standard. If such a transfer does not meet the requirements for sale accounting, the securitized mortgage loans should continue to be classified as loans in the transferor's statement of financial position.

We adopted this standard effective January 1, 2010 as a result of which, we reevaluated certain QSPEs with which we had ongoing relationships as further described under ASU 2009-17, below, and reassessed the adequacy of our disclosures with regard to our servicing assets and servicing liabilities.

ASU 2009-17 (ASC 810, Consolidation). This standard requires an enterprise to perform ongoing periodic assessments to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. We adopted this standard effective January 1, 2010. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics:

(a) The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance

(b) The obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

In addition to reintroducing the concept of control into the determination of the primary beneficiary of a VIE, this statement makes numerous other amendments to the current standards primarily to reflect the elimination of the concept of a QSPE under ASC 860 (above). This statement also amends the current standards to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a VIE. The additional disclosures required by this statement are included in Note 1—Summary of Significant Accounting Policies.

As also disclosed in Note 1—Securitizations of Residential Mortgage Loans, we previously excluded certain loan securitization trusts from our consolidated financial statements because each was a QSPE. Effective January 1, 2010, we reevaluated these QSPEs as well as all other potentially significant interests in other unconsolidated entities to determine if we should include them in our consolidated financial statements.

ASU No. 2010-06 (ASC 820, Fair Value Measurements and Disclosures). ASU 2010-06 revises two disclosure requirements concerning fair value measurements and clarifies two others. It requires separate presentation of significant transfers into and out of Levels 1 and 2 of the fair value hierarchy and disclosure of the reasons for such transfers. It will also require the presentation of purchases, sales, issuances and settlements within Level 3 on a gross basis rather than a net basis. The amendments also clarify that disclosures should be disaggregated by class of asset or liability and that disclosures about inputs and valuation techniques should be provided for both recurring and non-recurring fair value me asurements. These new disclosure requirements became effective for our financial statements for the period ending June 30, 2010, except for the requirement concerning gross presentation of Level 3 activity, which will become effective for fiscal years beginning after December 15, 2010. See Note 4 for our fair value disclosures related to financial instruments.

ASU No. 2010-20 (ASC 310, Receivables). On July 21, 2010, the FASB issued ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. This standard outlines specific disclosures required for the allowance for credit losses and all finance receivables, as defined. A finance receivable is defined as a contractual right to receive money on demand or on fixed or determinable dates that is recognized as an asset in the entity's statement of financial position. This definition includes instruments such as certain trade receivables, notes receivable and lease receivables as well as the instruments mo re traditionally associated with an allowance for credit loss, such as mortgage loans, auto loans, credit card loans and other consumer or commercial lending agreements.

A significant change from the current disclosure requirements will be to provide information for both the finance receivables and the related allowance for credit losses at disaggregated levels. The standard introduces two new defined terms that will govern the level of disaggregation. These include a "portfolio segment" and a "class" of financing receivable. A portfolio segment is defined as the level at which an entity determines its allowance for credit losses. For example, this may be by type of receivable, industry or risk. A class of financing receivable is defined as a group of finance receivables determined on the basis of their initial measurement attribute (i.e., amortized cost or purchased credit impaired), risk characteristics , and an entity's method for monitoring and assessing credit risk.

The new guidance requires an entity to provide the extensive disclosures or information for the reporting periods presented including, but not limited to:

Presented by portfolio segment: A rollforward schedule of the allowance for credit losses (with the ending allowance balance further disaggregated based on impairment methodology) together with the related ending balance of the finance receivables; and significant purchases and sales of financing receivables.

Presented by class: The credit quality of the financing receivables portfolio at the end of the reporting period; the aging of past due financing receivables at the end of the period; the nature and extent of troubled debt restructurings that occurred during the period and their impact on the allowance for credit losses; the nature and extent of troubled debt restructurings, that occurred within the last year, that have defaulted in the current reporting period, and their impact on allowance for credit losses; the nonaccrual status of financing receivables; and impaired financing receivables.

Disclosures of information as of the end of a reporting period will become effective for both interim and annual reporting periods ending after December 15, 2010. Specific items regarding activity that occurred prior to the issuance of the ASU, such as the allowance rollforward and modification disclosures will be required for periods beginning after December 15, 2010.

NOTE 3 PENDING ACQUISITION

On May 28, 2010, Barclays Bank PLC and Barclays Capital Real Estate Inc. (together the "Sellers"), OLS and Ocwen entered into an Asset Purchase Agreement pursuant to which, among other things, OLS has agreed to acquire the Sellers' U.S. non-prime mortgage servicing business known as "HomEq Servicing" including, but not limited to, the mortgage servicing rights and associated servicer advances of HomEq Servicing as well as the servicing platform.

The aggregate purchase price is approximately $1,300,000, payable in cash upon consummation of the acquisition. The purchase price is subject to adjustment mechanisms and repurchase rights in limited circumstances.

As part of the acquisition, the Sellers have agreed to provide OLS with approximately $1,045,000 in secured financing. In addition, OLS obtained a syndicated $350,000 five year senior secured term loan facility on July 29, 2010 that will be used in part to fund the acquisition. See Note 26 for additional information.

Consummation of the acquisition is subject to closing conditions, including, among other things, the absence of legal impediments or an injunction and the receipt of required consents. Unless agreed to by the parties, the acquisition will be consummated no earlier than 90 days from the signing of the Asset Purchase Agreement.

The transaction is expected to close on September 1, 2010. Through June 30, 2010, we have incurred approximately $1,250 of fees for professional services related to the acquisition which are included in operating expenses for the second quarter of 2010. Also included in operating expenses was approximately $1,500 of additional compensation, telecommunications and occupancy expenses related to the acquisition.

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and the estimated fair values of our financial instruments are as follows at the dates indicated:

	June 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Trading securities:				
Auction rate	$ 78,073	$ 78,073	$ 247,464	$ 247,464
Subordinates and residuals	52	52	3,692	3,692
Loans held for resale	30,696	30,696	33,197	33,197
Loans, net – restricted for securitization investors	70,860	69,341	—	—
Advances	1,335,721	1,335,721	968,529	968,529
Receivables, net	56,939	56,939	67,095	67,095
Financial liabilities:				
Match funded liabilities	$ 835,172	$ 758,024	$ 465,691	$ 463,716
Lines of credit and other secured borrowings	100,667	101,766	55,810	56,220
Secured borrowings – owed to securitization investors	67,199	66,325	—	—
Investment line	—	—	156,968	156,968
Servicer liabilities	1,970	1,970	38,672	38,672
Debt securities	82,554	76,807	95,564	84,551
Derivative financial instruments, net	$ (12,278)	$ (12,278)	$ 781	$ 781

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 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. The three broad categories are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly for substantially the full term of the financial instrument.

Level 3: Unobservable inputs for the asset or liability.

Where available, we utilize quoted market prices or observable inputs rather than unobservable inputs to determine fair value. We classify assets in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth assets and liabilities measured at fair value categorized by input level within the fair value hierarchy:

	Carrying value	Level 1	Level 2	Level 3
At June 30, 2010:				
Measured at fair value on a recurring basis:				
Trading securities (1):				
Auction rate	$ 78,073	$ —	$ —	$ 78,073
Subordinates and residuals (2)	52	—	—	52
Derivative financial instruments, net (3)	(12,278)	—	—	(12,278)
Measured at fair value on a non-recurring basis:				
Loans held for resale (4)	30,696	—	—	30,696
Mortgage servicing rights (5)	348	—	—	348
At December 31, 2009:				
Measured at fair value on a recurring basis:				
Trading securities (1):				
Auction rate	$ 247,464	$ —	$ —	$ 247,464
Subordinates and residuals (2)	3,692	—	—	3,692
Derivative financial instruments, net (3)	781	—	—	781
Measured at fair value on a non-recurring basis:				
Loans held for resale (4)	33,197	—	—	33,197
Mortgage servicing rights (5)	613	—	—	613

(1) Because our internal valuation model requires significant use of unobservable inputs, these securities are classified within Level 3 of the fair value hierarchy.

(2) Effective January 1, 2010, we eliminated our investment in trading securities that were issued by newly consolidated securitization trusts as more fully described in Note 1—Securitizations of Residential Mortgage Loans.

(3) The fair values of derivative financial instruments as of January 1, 2010 were adjusted to include $(826) related to an interest rate swap that is held by one of the newly consolidated securitization trusts. Derivative financial instruments consist of interest: rate caps that we use to protect against our exposure to rising interest rates on two of our match funded variable funding notes; interest rate swaps to protect against our exposure to rising interest rates on a third match funded facility and a match funded facility forecast in connection with the HomEq Servicing acquisition; the interest rate swap that is held by one of the newly consolidated loan securitization trusts; and foreign exchange forward contracts to protect against changes in the value of the Indian Rupee. See Note 18 for additional information on our deriva tive financial instruments.

(4) Loans held for resale are measured at fair value on a non-recurring basis. At June 30, 2010 and December 31, 2009, the carrying value of loans held for resale is net of a valuation allowance of $13,546 and $15,963, respectively. Current market illiquidity has reduced the availability of observable pricing data. Consequently, we classify loans within level 3 of the fair value hierarchy.

(5) The carrying value of MSRs at June 30, 2010 and December 31, 2009 is net of a valuation allowance for impairment of $2,853 and $2,954, respectively. The carrying value of the impaired stratum, net of the valuation allowance, was $348 and $613 at June 30, 2010 and December 31, 2009, respectively. The estimated fair value exceeded amortized cost for all other strata. See Note 9 for additional information on MSRs.

The following table sets forth a reconciliation of the changes in fair value of our Level 3 assets that we measure at fair value on a recurring basis:

	Fair value at beginning of period	Purchases, collections and settlements, net (1)	Total realized and unrealized gains and (losses) (2)(3)	Transfers in and/or out of Level 3	Fair value at June 30
For the three months ended June 30, 2010:					
Trading securities:					
Auction rate	$ 125,036	$ (45,260)	$ (1,703)	$ —	$ 78,073
Subordinates and residuals	59	—	(7)	—	52
Derivative financial instruments	(480)	76	(11,874)	—	(12,278)
For the three months ended June 30, 2009:					
Trading securities:					
Auction rate	$ 238,161	$ (900)	$ 6,024	$ —	$ 243,285
Subordinates and residuals	4,028	1	(589)	—	3,440
Derivative financial instruments	355	—	602	—	957
For the six months ended June 30, 2010:					
Trading securities:					
Auction rate	$ 247,464	$ (168,453)	$ (938)	$ —	$ 78,073
Subordinates and residuals	59	—	(7)	—	52
Derivative financial instruments	(45)	76	(12,309)	—	(12,278)
For the six months ended June 30, 2009:					
Trading securities:					
Auction rate	$ 239,301	$ (2,000)	$ 5,984	$ —	$ 243,285
Subordinates and residuals	4,369	—	(929)	—	3,440
Derivative financial instruments	193	—	764	—	957

(1) Purchases, collections and settlements, net, related to trading securities exclude interest received.

(2) Total gains and (losses) on auction rate securities for the second quarter include unrealized gains (losses) of $(53) and $6,024 on auction rate securities still held at June 30, 2010 and 2009, respectively. For the year to date periods, unrealized gains on auction rate securities still held at June 30, 2010 and 2009 were $559 and $5,984, respectively. The total gains and (losses) attributable to subordinates and residuals and derivative financial instruments were comprised principally of unrealized gains (losses) on assets held at June 30, 2010 and 2009.

(3) Total gains (losses) on derivatives for the three and six months ended June 30, 2010 include unrealized losses of $11,719 reported in changes in Other comprehensive loss. All other unrealized gains (losses) on derivatives for the 2010 and 2009 periods are reported in Other, net. The total gains and (losses) attributable to derivative financial instruments were comprised principally of unrealized gains (losses) on assets still held at June 30, 2010 and 2009.

The methodologies that we use and key assumptions that we make to estimate the fair value of instruments are described in more detail by instrument below:

Trading Securities

Auction Rate Securities. We estimated the fair value of the auction rate securities based on a combination of observable market inputs provided by actual orderly sales of similar auction rate securities and a discounted cash flow analysis. This discounted cash flow analysis incorporates expected future cash flows based on our best estimate of market participant assumptions. In periods of market illiquidity, the fair value of auction rate securities is determined after consideration of the credit quality of the securities held and the underlying collateral, market activity and general market conditions affecting auction rate securities.

The discounted cash flow analysis included the following range of assumptions at June 30, 2010:

● Expected term	18 months
● Illiquidity premium	0.61%
● Discount rate	1.50% – 3.67%

The expected term was based upon our best estimate of market participants' expectations of future successful auctions. The discount rate and illiquidity premium are consistent with prevailing rates for similar securities. Other significant assumptions that we considered in our analysis included the credit risk profiles of the issuers, the impact on the issuers of the increased debt service costs associated with the payment of penalty interest rates and the collateralization of the securitization trusts. We do not assume defaults in our valuation due to the high credit quality of both the securities we hold and the underlying collateral.

Subordinates and Residuals. Our subordinate and residual securities are not actively traded, and, therefore, we estimate the fair value of these securities based on the present value of expected future cash flows from the underlying mortgage pools. We use our best estimate of the key assumptions we believe are used by market participants. We calibrate our internally developed discounted cash flow models for trading activity when appropriate to do so in light of market liquidity levels. Key inputs include expected prepayment rates, delinquency and cumulative loss curves and discount rates commensurate with the risks. Where possible, we use observable inputs in the valuation of our securities. However, the s ubordinate and residual securities in which we invest typically trade infrequently and therefore have few or no observable inputs and little price transparency. Additionally, during periods of market dislocation, the observability of inputs is further reduced.

Discount rates for the subordinate and residual securities range are determined based upon an assessment of prevailing market conditions and prices for similar assets. We project the delinquency, loss and prepayment assumptions based on a comparison to actual historical performance curves adjusted for prevailing market conditions.

Derivative Financial Instruments

Exchange-traded derivative financial instruments are valued based on quoted market prices. If quoted market prices or other observable inputs are not available, fair value is based on estimates provided by third-party pricing sources.

Loans Held for Resale

Loans held for resale are reported at the lower of cost or fair value. We account for the excess of cost over fair value as a valuation allowance with changes in the valuation allowance included in Gain (loss) on loans held for resale, net, in the period in which the change occurs. All loans held for resale were measured at fair value because the cost of $44,242 exceeded the estimated fair value of $30,696 at June 30, 2010.

When we enter into an agreement to sell a loan to an investor at a set price, the loan is valued at the commitment price. The fair value of loans for which we do not have a firm commitment to sell is based upon a discounted cash flow analysis. We stratify our fair value estimate of uncommitted loans held for resale based upon the delinquency status of the loans. We base the fair value of our performing loans on the expected future cash flows discounted at a rate commensurate with the risk of the estimated cash flows. Significant assumptions include collateral and loan characteristics, prevailing market conditions and the creditworthiness of the borrower. The fair value of our non-performing loans is determined based upon the underlying collateral of the loan and the estimated period and cost of disposition.

Loans – Restricted for Securitization Investors

Loans – restricted for securitization investors are reported at cost, less an allowance for loan losses and are comprised of loans that are secured by first or second liens on one- to four-family residential properties. We base the fair value of our loans on the expected future cash flows discounted at a rate commensurate with the risk of the estimated cash flows. Significant assumptions include expected prepayment rates and delinquency and cumulative loss curves.

Mortgage Servicing Rights

We estimate the fair value of our MSRs by calculating the present value of expected future cash flows utilizing assumptions that we believe are used by market participants. The most significant assumptions used in our internal valuation are the speed at which mortgages prepay and delinquency experience both of which we derive from our historical experience and available market data. Other assumptions used in our internal valuation are:

- Cost of servicing
- Discount rate
- Interest rate used for computing the cost of servicing advances
- Interest rate used for computing float earnings
- Compensating interest expense

The significant components of the estimated future cash inflows for MSRs include servicing fees, late fees, prepayment penalties, float earnings and other ancillary revenues. Significant cash outflows include the cost of servicing, the cost of financing servicing advances and compensating interest payments. We derive prepayment speeds and delinquency assumptions from historical experience adjusted for prevailing market conditions. We develop the discount rate internally, 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. The more significant assumptions used in the June 30, 2010 valuation include prepayment speeds ranging from 14.03 % to 19.55% (depending on loan type) and delinquency rates ranging from 13.25% to 31.88% (depending on loan type). Other assumptions include an interest rate of 1-month LIBOR plus 4% for computing the cost of financing advances, an interest rate of 1-month LIBOR for computing float earnings and a discount rate of 20%.

We perform an impairment analysis based on the difference between the carrying amount and fair value after grouping our loans into the applicable strata based on one or more of the predominant risk characteristics of the underlying loans. The risk factors used to assign loans to strata include the credit score (FICO) of the borrower, the loan to value ratio and the default risk. Our strata include:

- Subprime
- ALT A
- High-loan-to-value
- Re-performing
- Special servicing
- Other

Advances

We value advances that we make on loans that we service for others at their carrying amounts because they 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

Borrowings not subject to a hedging relationship are carried at amortized cost. We base the fair value of our debt securities on quoted market prices. The carrying value of match funded liabilities and secured borrowings that bear interest at a rate that is adjusted regularly based on a market index approximates fair value. For other match funded or secured borrowings that bear interest at a fixed rate, we determine fair value by discounting the contractual future principal and interest repayments at a market rate commensurate with the risk of the estimated cash flows. We carry certain zero-coupon long-term secured borrowings with an implicit fixed rate at a discounted value and determine fair value by discounting the contractual future principal repayments at a market rate that is commensurate with the risk of the estimated cash flows.

Servicer Liabilities

The carrying value of servicer liabilities approximates fair value due to the short period of time the funds are held until they are deposited in collection accounts, paid directly to an investment trust or refunded to borrowers.

NOTE 5 TRADING SECURITIES

Trading securities consisted of the following at the dates indicated:

	June 30, 2010	December 31, 2009
Auction rate (Corporate Items and Other)	$ 78,073	$ 247,464
Subordinates and residuals:		
Loans and Residuals (1)	$ —	$ 3,634
Corporate Items and Other	52	58
	$ 52	$ 3,692

Gain (loss) on trading securities for the periods ended June 30, was comprised of the following:

	Three months		Six months	
	2010	2009	2010	2009
Unrealized gains (losses):				
Auction rate securities	$ (53)	$ 6,024	$ 969	$ 5,984
Subordinates and residuals (1)	(7)	(589)	(7)	(929)
	$ (60)	$ 5,435	$ 962	$ 5,055
Realized losses (2)	(1,650)	—	(1,907)	—
	$ (1,710)	$ 5,435	$ (945)	$ 5,055

(1) Effective January 1, 2010, we eliminated our investment in trading securities that were issued by newly consolidated securitization trusts as more fully described in Note 1—Securitizations of Residential Mortgage Loans, as well as the related unrealized gains and losses.

(2) The realized losses for the 2010 periods were incurred on sales of auction rate securities.

Auction Rate Securities

During the first quarter of 2008, we invested investment line borrowings (see Note 15) in auction rate securities backed by student loans originated under the U. S. Department of Education's Federal Family Education Loan Program (FFELP). Auction rate securities are long-term variable rate bonds tied to short-term interest rates that reset through an auction process that historically occurred every 7 to 35 days. The student loans underlying the auction rate securities carry a U.S Government guarantee of at least 97% of the unpaid principal balance in the event of default. The auction rate securities that we hold are in the senior-most position and are smaller in amount than the federally guaranteed portion of the underlying loans.

On January 21, 2010 and March 4, 2010, we negotiated settlements of two of our auction rate securities litigation actions. Under the terms of these settlements, the broker/dealers repurchased $103,625 par value of auction rate securities for cash proceeds of $92,745. On February 10, 2010, we sold auction rate securities with a par value of $33,350 for cash proceeds of $29,848.

Under the terms of the liquidity option agreement we entered into in October 2009, we have the right to sell specific securities for cash. We also have the right to repurchase the same following the initial sale at the same price. On February 11, 2010, we exercised a portion of our option to sell auction rate securities with a par value of $88,150 and received proceeds of $74,953. We recognized the sale as a secured borrowing because of our ability to repurchase the same securities until the maturity of the liquidity option in October 2012. On June 24, 2010, we repurchased $46,800 par value of these securities at the initial sale price of $40,504 and sold them for cash proceeds of $44,460. We continue to report on our Consolidated Balance Sheet the remaining $41 ,350 par value of these auction rate securities, with a fair value of $41,128 as of June 30, 2010. However, these securities are pledged to collateralize a $34,449 borrowing reflecting the proceeds received upon exercise of the option. We no longer receive cash interest income on the pledged securities nor do we pay cash interest on this secured borrowing. The remaining $2,400 par value of auction rate securities are not financed. See Note 14 for additional information on this secured borrowing.

Proceeds from the January 21, 2010 litigation settlement and the February 10, 2010 sale were used to pay down the investment line. On February 17, 2010, we used the proceeds from the February 11, 2010 exercise of the liquidity option and an additional $3,664 cash to repay the remaining balance of the investment line.

In June 2010, we sold auction rate securities with a par value of $35,000 under an agreement to repurchase and received proceeds of $21,704. We report repurchase agreements as collateralized financings and report the obligations to repurchase the assets sold as a liability on our Consolidated Balance Sheet. See Note 14 for additional details regarding the terms of the financing obligation. We report the auction rate securities underlying the repurchase agreement, which had a fair value of $34,635 at June 30, 2010, in our Consolidated Balance Sheet.

During the six months ended June 30, 2010, issuers also redeemed, at par, auction rate securities that we held that had a face value of $1,400.

Subordinates and Residuals

Through our investment in subordinate and residual securities, we support senior classes of securities. Principal from the underlying mortgage loans generally is allocated first to the senior classes with the most senior class having a priority right to the cash flow from the mortgage loans until its payment requirements are satisfied. To the extent that there are defaults and unrecoverable losses on the underlying mortgage loans, resulting in reduced cash flows, the most subordinate security will be the first to bear this loss.

NOTE 6 ADVANCES

Advances consisted of the following at the dates indicated:

	June 30, 2010	December 31, 2009
Servicing:		
Principal and interest	$ 62,184	$ 51,598
Taxes and insurance	46,191	52,813
Foreclosure and bankruptcy costs	24,260	28,021
Other	14,009	8,998
	146,644	141,430
Loans and Residuals	4,088	4,321
Corporate Items and Other	138	163
	$ 150,870	$ 145,914

During any period in which the 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, pay property taxes and insurance premiums and process foreclosures. We also advance funds to maintain, repair and market foreclosed real estate properties on behalf of investors.

Servicing advances of $64,466 and $72,670 were pledged as collateral under the terms of the term reimbursement advance borrowing as of June 30, 2010 and December 31, 2009, respectively.

NOTE 7 MATCH FUNDED ADVANCES

Match funded advances on residential loans we service for others, as more fully described in Note 1—Principles of Consolidation-Match Funded Advances on Loans Serviced for Others, are comprised of the following at the dates indicated:

	June 30, 2010	December 31, 2009
Principal and interest	$ 562,895	$ 345,924
Taxes and insurance	441,570	332,326
Foreclosure and bankruptcy costs	81,529	72,385
Real estate servicing costs	64,225	49,446
Other	34,632	22,534
	$ 1,184,851	$ 822,615

NOTE 8 LOANS – RESTRICTED FOR SECURITIZATION INVESTORS

Loans – restricted for securitization investors are held by four securitization trusts that we include in our consolidated financial statements under the provisions of ASC 810, Consolidation, as more fully described in Note 1—Securitizations of Residential Mortgage Loans. Loans – restricted for securitization investors consisted of the following at June 30, 2010:

Single family residential loans (1)	$	74,245
Allowance for loans losses		(3,385)
	$	70,860

(1) Includes nonperforming loans of $14,108.

We report loans held by the consolidated securitization trusts at cost, less an allowance for loan losses. We consider loans held by the trusts to be nonperforming if they are delinquent greater than 89 days or if the loan is in foreclosure or in bankruptcy. We do not accrue for interest on nonperforming loans. In situations where the trusts foreclose upon the collateral, we classify the loans as real estate, a component of Other assets. We report as Other, net the losses that are realized by the trusts on loans or real estate resolved through repayment of less than the unpaid principal balance of the loan in full plus any costs incurred by the servicer to resolve the loan or real estate.

We maintain an allowance for loan losses for loans and real estate held by the trusts at a level that, based upon our evaluation of known and inherent risks in the collateral of the trusts, we consider to be adequate to provide for probable losses. We base our ongoing evaluation of the allowance for loan losses upon an analysis of the collateral of the trusts, historical loss experience, economic conditions and trends, collateral values and other relevant factors.

At June 30, 2010, the trusts held 1,670 loans that are secured by first or second liens on one- to four-family residential properties. These loans have a weighted average coupon rate of 9.56% and a weighted average remaining life of 140 months.

NOTE 9 MORTGAGE SERVICING RIGHTS

Servicing Assets. The following table summarizes the activity in the carrying value of residential servicing assets for the six months ended June 30, 2010:

Carrying value at December 31, 2009	$	117,802
Purchases		23,425
Servicing transfers and adjustments		(29)
Decrease in impairment valuation allowance		101
Amortization		(14,631)
Carrying value at June 30, 2010	$	126,668

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 purchased mortgage servicing rights while subservicing generally represents all other mortgage servicing rights.

	Residential	Commercial	Total
UPB of Assets Serviced:			
June 30, 2010:			
Servicing	$ 32,121,983	$ —	$ 32,121,983
Subservicing (1)	23,122,593	315,661	23,438,254
	$ 55,244,576	$ 315,661	$ 55,560,237
December 31, 2009:			
Servicing	$ 27,408,436	$ —	$ 27,408,436
Subservicing (1)	22,571,641	211,603	22,783,244
	$ 49,980,077	$ 211,603	$ 50,191,680

(1) Includes non-performing loans serviced for Freddie Mac.

MSRs are an intangible asset representing the right to service a portfolio of mortgage loans. We generally obtain MSRs by purchasing them from the owners of the mortgage loans. Residential assets serviced consist principally of mortgage loans, primarily subprime, but also include real estate. Assets serviced for others are not included on our Consolidated Balance Sheet.

Custodial accounts, which hold funds representing collections of principal and interest we receive from borrowers, are escrowed with an unaffiliated bank and excluded from our Consolidated Balance Sheet. Custodial accounts amounted to approximately $322,895 and $234,100 at June 30, 2010 and December 31, 2009, respectively.

Valuation Allowance for Impairment. During 2008, we established a valuation allowance for impairment of $3,624 on the high-loan-to-value stratum of our mortgage servicing rights as the estimated fair value was less than the carrying value. Changes in the valuation allowance for impairment are reflected in Servicing and origination expenses in our Consolidated Statement of Operations. Net of the valuation allowance of $2,853, the carrying value of this stratum was $348 at June 30, 2010. For all other strata, the fair value was above the carrying value at June 30, 2010.

Estimated fair value of MSRs:		
June 30, 2010	$	153,641
December 31, 2009	$	127,268

Servicing Liabilities. We recognize a servicing liability for those agreements that we do not expect to compensate us adequately for performing the servicing. Servicing liabilities were $2,477 and $2,878 at June 30, 2010 and December 31, 2009, respectively, and are included in Other liabilities. During the first six months of 2010, amortization of servicing liabilities exceeded the amount of charges we recognized to increase servicing liability obligations by $401, and we have reported this net amount as a reduction of Amortization of mortgage servicing rights in our Consolidated Statement of Operations.

NOTE 10 RECEIVABLES

Receivables consisted of the following at the dates indicated:

	June 30, 2010	December 31, 2009
Accounts receivable by segment:		
Servicing (1)	$ 28,764	$ 41,940
Loans and Residuals	844	845
Asset Management Vehicles	106	334
Corporate Items and Other	1,909	1,795
	31,623	44,914
Other receivables:		
Income taxes	19,312	17,865
Receivable from Altisource	3,790	3,310
Other	2,214	1,006
	$ 56,939	$ 67,095

(1) The balances at June 30, 2010 and December 31, 2009 primarily include reimbursable expenditures due from investors. The total balance of receivables for this segment is net of reserves of $579 and $547 at June 30, 2010 and December 31, 2009, respectively. The balances at June 30, 2010 and December 31, 2009 include $16,958 and $37,226, respectively, due from Freddie Mac in connection with loans we service under a subservicing agreement.

NOTE 11 OTHER ASSETS

Other assets consisted of the following at the dates indicated:

	June 30, 2010	December 31, 2009
Debt service accounts (1)	$ 42,445	$ 50,221
Interest earning collateral deposits (2)	23,408	8,671
Debt issuance costs, net (3)	12,079	8,223
Term note (4)	5,600	7,000
Real estate, net	4,566	8,133
Other	11,710	7,388
	$ 99,808	$ 89,636

(1) Under our four 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 balance also includes amounts that have been set aside from the proceeds of our four match funded advance facilities to provide for possible shortfalls in the funds available to pay certain expenses and interest. These funds are held in interest earning accounts.

(2) The balance at June 30, 2010 includes $15,732 of cash collateral held by the counterparties to certain of our interest rate swap agreements.

(3) Issuance costs are amortized to the earliest contractual maturity date of the debt.

(4) In March 2009, we issued a note receivable, maturing on April 1, 2014, in connection with advances funded by the Ocwen Servicer Advance Funding, LLC (OSAF) term note pledged as collateral, as described in Note 14. We receive 1-Month LIBOR plus 300 basis points (bps) under the terms of this note receivable. Under the terms of the note, repayments of $1,400 per year are required beginning April 1, 2010. We are obligated to pay 1-Month LIBOR plus 350 bps under the terms of a five-year note payable to the same counterparty. We do not have a contractual right to offset these payments.

NOTE 12 MATCH FUNDED LIABILITIES

Match funded liabilities are comprised of the following at the dates indicated:

Borrowing Type	Interest Rate	Maturity (1)	Amortization Date (1)	Unused Borrowing Capacity (2)	Balance Outstanding	
					June 30, 2010	December 31, 2009
Advance Receivable Backed Note Series2009-3 (3)	4.14%	Jul. 2023	Jul. 2012	$ —	$ 210,000	$ 210,000
Variable Funding Note Series 2009-2 (4)	1-Month LIBOR + 350 bps	Nov. 2023	Nov. 2012	—	28,000	—
Variable Funding Note Series 2009-1 (5)	Commercial paper rate + 200 bps	Dec. 2022	Feb. 2011	248,170	51,830	—
Advance Receivable Backed Note Series2010-1 (3)	3.59%	Sep. 2023	Feb. 2011	—	200,000	—
Variable Funding Note (6)	Commercial paper rate + 150 bps	Dec. 2013	Dec. 2010	164,933	85,067	158,412
Advance Receivable Backed Notes	1-Month LIBOR + 400 bps	Mar. 2020	Mar. 2011	89,725	10,275	27,421
Advance Receivable Backed Notes (7)	1-Month LIBOR + 200 bps	May 2012	May 2011	250,000	250,000	69,858
				$ 752,828	$ 835,172	$ 465,691

(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 all but one advance facility, there is a single note outstanding. For each of these facilities, 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) Our unused borrowing capacity is available to us provided that we have additional eligible collateral to pledge. Collateral may only be pledged to one facility.

(3) These notes were issued under the Term Asset-Backed Securities Loan Facility (TALF) program administered by the Federal Reserve Bank of New York.

(4) Under the terms of the note purchase agreement, the purchaser had no obligation to fund borrowings under this note until January 2010 at which time the maximum funding obligation was $28,000. The maximum funding obligation increases to $88,000 in November 2010 and to $100,000 in November 2011.

(5) The interest rate for this note is determined using a commercial paper rate that reflects the borrowing costs of the lender plus a margin of 200 bps.

(6) The interest rate for this note is determined using a commercial paper rate that reflects the borrowing costs of the lender plus a margin of 150 bps which has approximated 1-Month LIBOR plus 150 bps over time.

(7) Under the terms of the facility, we pay interest on drawn balances at 1-Month LIBOR plus 200 bps. In addition, we pay, in twelve monthly installments, a facility fee of 1.30% of the maximum borrowing capacity of $500,000.

NOTE 13 SECURED BORROWINGS – OWED TO SECURITIZATION INVESTORS

Secured borrowings – owed to securitization investors of $67,199 at June 30, 2010 consist of certificates that represent beneficial ownership interests in four securitization trusts that we include in our consolidated financial statements under the provisions of ASC 810, Consolidations, as more fully described in Note 1—Securitizations of Residential Mortgage Loans. The holders of these certificates have no recourse against the assets of Ocwen.

As disclosed in Note 8, the trusts consist principally of mortgage loans that are secured by first and second liens on one- to four-family residential properties. Except for the residuals, the certificates generally pay interest based on 1-Month LIBOR plus a margin of from 8 to 250 basis points. Interest rates on the certificates are generally capped at the weighted average of the net mortgage rates of the mortgage loans in the respective loan pools.

NOTE 14 LINES OF CREDIT AND OTHER SECURED BORROWINGS

Secured lines of credit from various unaffiliated financial institutions are as follows:

Borrowings	Collateral	Interest Rate	Maturity	Unused Borrowing Capacity	Balance Outstanding June 30, 2010	Balance Outstanding December 31, 2009
Servicing:						
Fee reimbursement advance	Term note (1)	Zero coupon	March 2014	$ —	$ 48,000	$ 60,000
Term note (2)	Advances	1-Month LIBOR + 350 basis points	March 2014	—	5,600	7,000
				—	53,600	67,000
Corporate Items and Other						
Securities sold with an option to repurchase (3)	Auction rate securities	(3)	October 2012	—	34,449	—
Securities sold under an agreement to repurchase (4)	Auction rate securities	1-Month LIBOR + 135 basis points	(4)	—	21,704	—
				—	56,153	—
					109,753	67,000
Discount (1)				—	(9,086)	(11,190)
				$ —	$ 100,667	$ 55,810

(1) This advance is secured by the pledge to the lender of our interest in a $60,000 term note issued by OSAF on March 31, 2009. The OSAF note, in turn, is secured by advances on loans serviced for others, similar to match funded advances and liabilities. The fee reimbursement advance is payable annually in five installments of $12,000. The advance does not carry a stated rate of interest. However, we are compensating the lender for the advance of funds by forgoing the receipt of fees due from the lender over the five-year term of the advance. Accordingly, we recorded the advance as a zero-coupon bond issued at an initial implied discount of $14,627. We used an implicit market rate to compute the discount that we are amortizing to interest expense over the five-year term of the advance.

(2) This note was issued by OSAF and is secured by advances on loans serviced for others, similar to match funded advances and liabilities. The lender has pledged its interest in this note to us as collateral against the $7,000 term note receivable. See Note 11 additional information.

(3) In October 2009, we entered into a liquidity option related to $92,850 face amount of auction rate securities. Under the terms of this agreement, we have the right to sell specific securities for cash. We also have the right to repurchase the same following the initial sale at the same price. In February 2010, we exercised a portion of our option to sell auction rate securities with a par value of $88,150 and received proceeds of $74,953. We recognized the sale as a secured borrowing because of our ability to repurchase the same securities until the maturity of the liquidity option. In June 2010, we repurchased $46,800 par value of these securities at the initial sale price of $40,504 and reduced the liability. We no longer receive cash interest income on the pledged securities nor do we pay cash interest on the secured borrowing. We continue to retain a liquidity option in respect of $2,400 par value of auction rate securities.

(4) In June 2010, we obtained financing under a repurchase agreement for auction rate securities with a face value of $35,000. This agreement has no stated credit limit and lending is determined for each transaction based on the acceptability of the securities presented as collateral. Borrowings mature and are renewed monthly.

NOTE 15 INVESTMENT LINE

The investment line term note was secured by our investment in auction rate securities. Under the term note, we received the interest on the auction rate securities while the proceeds from the redemption or sale of auction rate securities were applied to the outstanding balance. On April 30, 2009, we negotiated a one-year extension of the term note maturity to June 30, 2010. Proceeds from the settlement of a litigation action related to auction rate securities on January 21, 2010 were used to pay down the investment line. Proceeds from the sale of auction rate securities on February 10, 2010 were also used to pay down the investment line. On February 11, 2010, we exercised a portion of our option to sell auction rate securities with a par value of $88,150 and us ed the proceeds from this exercise and an additional $3,664 of cash to repay the remaining outstanding balance of the investment line on February 17, 2010. As of December 31, 2009, the outstanding balance of the investment line was $156,968.

NOTE 16 DEBT SECURITIES

Debt securities consisted of the following at the dates indicated:

	June 30, 2010	December 31, 2009
3.25% Contingent Convertible Unsecured Senior Notes due August 1, 2024	$ 56,435	$ 56,435
10.875% Capital Trust Securities due August 1, 2027	26,119	39,129
	$ 82,554	$ 95,564

Convertible Notes. In July 2004, Ocwen issued $175,000 aggregate principal amount of 3.25% Convertible Notes due 2024. The Convertible Notes are senior general unsecured obligations not guaranteed by any of our subsidiaries and bear interest at the rate of 3.25% per year.

Interest expense on the Convertible Notes for the first six months of 2009 includes amortization of debt discount of $1,471 and cash interest expense of $987 at the contractual rate. We amortized the debt discount over the period from the date of issuance to August 1, 2009, the first date at which holders could require us to repurchase their notes. We recognized interest on the debt at an effective annual rate of 8.25% from the date of issuance to August 1, 2009. Since August 1, 2009, the effective interest rate on the debt is the coupon rate of 3.25%.

In February 2009, we repurchased $25,910 of our Convertible Notes in the open market at a price equal to 95% of the principal amount and recognized total gains of $534, net of the write-off of unamortized issuance costs and debt discount. We did not repurchase any of our Convertible Notes during the first six months of 2010.

Holders may convert all or a portion of their notes into shares of our common stock under the following circumstances: (1) at any time during any calendar quarter (and only during such calendar quarter) commencing after December 31, 2004, if the closing sale price of our common stock for at least 20 consecutive trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than 125% of the conversion price per share of common stock on such last day; (2) subject to certain exceptions, during the five business day period after any five-consecutive-trading-day period in which the trading price per $1 principal amount of the notes for each day of the five-consecutive-trading-day period was less tha n 98% of the product of the closing sale price of our common stock and the number of shares issuable upon conversion of $1,000 (actual dollars) principal amount of the notes; (3) if the notes have been called for redemption; or (4) upon the occurrence of specified corporate transactions.

The conversion rate is 82.1693 shares of our common stock per $1,000 (actual dollars) principal amount of the notes, subject to adjustment. Events that may cause the conversion rate to be adjusted primarily relate to cash dividends or other distributions to holders of our common stock. Upon conversion, we may, at our option, choose to deliver, in lieu of our common stock, cash or a combination of cash and common stock. At June 30, 2010 and December 31, 2009, the if-converted value of the Convertible Notes was $47,253 and $44,378, respectively.

Beginning August 1, 2009, we may redeem all or a portion of the notes for cash for a price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any.

Capital Trust Securities. In August 1997, Ocwen Capital Trust (OCT) issued $125,000 of 10.875% Capital Securities (the Capital Trust Securities). OCT invested the proceeds from issuance of the Capital Trust Securities in 10.875% Junior Subordinated Debentures issued by Ocwen. The Junior Subordinated Debentures, which represent the sole assets of OCT, will mature on August 1, 2027. For financial reporting purposes, we treat OCT as a subsidiary and, accordingly, the accounts of OCT are included in our consolidated financial statements. We consolidate OCT because we own all of the Common Securities that were issued by OCT and have repurchased 79% of the Capital Trust Securities that were originally issued. We eliminate intercompany balances and transactions with OCT, including the balance of Junior Subordinated Debentures outstanding, in our consolidated financial statements.

In January 2010, we repurchased $12,930 of the Capital Securities and recognized a gain of $717 on these repurchases, net of the write-off of unamortized issuance costs. In June 2010, we repurchased an additional $80 of the Capital Securities and recognized a net gain of $6.

Holders of the Capital Trust Securities are entitled to receive cumulative cash distributions accruing from the date of original issuance and payable semiannually in arrears on February 1 and August 1 of each year at an annual rate of 10.875% of the liquidation amount of $1,000 (actual dollars) per Capital Security. Ocwen guarantees payment of distributions out of monies held by OCT and payments on liquidation of OCT or the redemption of Capital Trust Securities to the extent OCT has funds available. If Ocwen does not make principal or interest payments on the Junior Subordinated Debentures, OCT will not have sufficient funds to make distributions on the Capital Trust Securities in which event the guarantee shall not apply to such distributions until OCT has suf ficient funds available.

We have the right to defer payment of interest on the Junior Subordinated Debentures at any time or from time to time for a period not exceeding 10 consecutive semiannual periods (an Extension Period), provided that no Extension Period may extend beyond the stated maturity of the Junior Subordinated Debentures. Upon the termination of any such Extension Period and the payment of all amounts then due on any interest payment date, we may elect to begin a new Extension Period. Accordingly, there could be multiple Extension Periods of varying lengths throughout the term of the Junior Subordinated Debentures. If we defer interest payments on the Junior Subordinated Debentures, distributions on the Capital Trust Securities will also be deferred, and we may not, nor ma y any of our subsidiaries, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, their capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities that rank pari passu with or junior to the Junior Subordinated Debentures. During an Extension Period, interest on the Junior Subordinated Debentures will continue to accrue at the rate of 10.875% per annum, compounded semiannually.

We may redeem the Junior Subordinated Debentures before maturity at our option subject to the receipt of any necessary prior regulatory approval, in whole or in part at the redemption prices (expressed as a percentage of the principal amount) set forth below, plus accrued interest thereon, if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

	Percentages	
2010	103.806	%
2011	103.263	
2012	102.719	
2013	102.175	
2014	101.631	
2015	101.088	
2016	100.544	
2017 to maturity	100.000	

We may also redeem the Junior Subordinated Debentures at any time upon the occurrence and continuation of a special event (defined as a tax event, regulatory capital event or an investment company event) at 100%. The Capital Trust Securities are subject to mandatory redemption upon repayment of the Junior Subordinated Debentures in an amount equal to the amount of the related Junior Subordinated Debentures maturing or being redeemed and at a redemption price equal to the redemption price of the Junior Subordinated Debentures, plus accumulated and unpaid distributions thereon to the date of redemption.

NOTE 17 OTHER LIABILITIES

The following table sets forth the components of Other liabilities at the dates indicated:

	June 30, 2010	December 31, 2009
Accrued expenses	$ 23,154	$ 21,381
Checks held for escheat	13,062	12,827
Fair value of derivatives	12,360	—
Deferred income	11,975	13,599
Liability for selected tax items (1)	6,978	15,326
Payable to Altisource	3,563	10,655
Accrued interest payable	3,234	3,588
Servicing liability	2,477	2,878
Other	13,234	10,528
	$ 90,037	$ 90,782

(1) On December 31, 2009, we recorded a reserve against a tax receivable of $8,489 related to the wind-down and liquidation of an advance financing structure. In connection with the process of finalizing this structure, we reversed this reserve during the second quarter of 2010. See Note 21 for additional information on the liability for selected tax items.

NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS

Because 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.

In our Servicing segment, we have entered into interest rate caps to hedge our exposure to rising interest rates. In connection with our issuance of a match funded variable funding note in December 2007 with a variable rate of interest and a $250,000 maximum borrowing capacity, we entered into interest rate caps with a notional amount of $250,000. We designated this cap as a cash flow hedge but de-designated it as of March 31, 2008 because of ineffectiveness. In connection with our renewal of a match funded variable funding note in February 2008 that carries a variable interest rate and a maximum borrowing capacity of $100,000, we entered into an interest rate cap with an original notional amount of $200,000. This cap began amortizing at the rate of $8,333 per m onth in February 2009. The notional balance at June 30, 2010 is $58,333. We did not designate this cap as a hedge. Under the terms of these caps, we receive payments when 1-Month LIBOR exceeds 6.5%. We have not received any payments under the terms of these caps.

In April 2010, we entered into a $250,000 interest rate swap to hedge against the effects of a change in 1-Month LIBOR on borrowing of $250,000 under a $500,000 advance funding facility that carries a variable interest rate. Under the terms of the swap, we pay a fixed rate of 2.059% and receive a variable rate equal to 1-Month LIBOR. Settlements under the terms of this swap commence in July 2010. Projected net settlements for the next twelve months total approximately $3,900 of payments to the counterparty. We designated this swap as a cash flow hedge.

In June 2010, we entered into two interest rate swaps totaling $637,201 to hedge against the effect of changes in interest rates on an $840,000 advance funding facility in connection with the HomEq Servicing acquisition. The terms of the facility are the lender’s commercial paper rate plus 3.5–7.5%. Under the terms of the two swaps, we pay fixed rates of 1.575% and 1.5275%, respectively, and receive a variable rate equal to 1-Month LIBOR. Settlements under the terms of these swaps commence in September 2010. Projected net settlements for the next twelve months total approximately $4,300 of payments to the counterparty. We designated these swaps as cash flow hedges.< /div>

In our Loans and Residuals segment, effective January 1, 2010 we include certain securitization trusts under the provisions of ASC 810, Consolidation, as more fully described in Note 1—Securitizations of Residential Mortgage Loans. As a result, we report in our Loans and Residuals segment the fair value of an interest rate swap that is held by one of the securitization trusts. Under the terms of the swap, the trust pays a fixed rate of 4.935% and receives a variable rate equal to 1-Month LIBOR. This swap is not designated as a hedge.

We also entered into foreign exchange forward contracts during the second quarter of 2010 to hedge against the effect of changes in the value of the India Rupee on amounts payable to our subsidiary in India, OFSPL. We did not designate these contracts as hedges.

The following table summarizes the use of derivatives during the six months ended June 30, 2010:

	Foreign Exchange Forwards	Interest Rate Caps	Interest Rate Swaps
Notional balance at December 31, 2009	$ —	$ 358,333	$ —
Opening balance adjustment (1)	—	—	17,800
Additions	19,200	—	887,201
Maturities	(3,200)	(50,000)	(4,300)
Notional balance at June 30, 2010 (1)	$ 16,000	$ 308,333	$ 900,701
Fair value (2):			
June 30, 2010 (1)	$ (5)	$ 82	$ (12,324)
December 31, 2009 (1)	$ —	$ 781	$ —
Maturity	July 2010 to April 2011	January 2011 and December 2013	November 2011 to August 2013

(1) As a result of including four securitization trusts in our consolidated financial statements under the provisions of ASC 810, Consolidations, as more fully described in Note 1—Securitizations of Residential Mortgage Loans, we recognized opening balance adjustments as of January 1, 2010 that included the $(826) fair value of the interest swap held by one of the trusts. This swap, which had a notional amount of $13,500 and a fair value of $(572) at June 30, 2010, was not designated as a hedge.

(2) The fair values of derivatives are reported in Other assets or in Other liabilities.

Net realized and unrealized gains (losses) included in Other income (expense), net related to derivative financial instruments were $(154) and $603 for the second quarter of 2010 and 2009, respectively, including $32 of expense in the second quarter of 2010 arising from ineffectiveness of one of the interest rate swaps that we designated as a cash flow hedge. Year to date, the net realized and unrealized gains were $(588) and $764 for 2010 and 2009, respectively. Included in Other comprehensive loss during the second quarter of 2010 were $11,719 of deferred unrealized losses, before taxes of $4,336, on the swaps that we designated as cash flow hedges. There were no accumulated gains or losses on cash flow hedges included in Accumulated other comprehensive loss a t December 31, 2009.

NOTE 19 SERVICING AND SUBSERVICING FEES

The following table presents the components of Servicing and subservicing fees for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Loan servicing and subservicing fees	$ 47,347	$ 42,515	$ 93,260	$ 88,615
Late charges	7,235	5,382	15,415	16,080
Loan collection fees	2,113	1,822	—	3,918
Custodial accounts (float earnings) (1)	960	1,191	1,448	3,041
Receivables management and recovery fees (2)	—	11,899	4,256	24,860
Other	8,281	2,679	18,037	7,784
	$ 65,936	$ 65,488	$ 132,416	$ 144,298

(1) For the for the three months ended June 30, 2010 and 2009, float earnings included $137 and $1,103, respectively, of interest income from our investment in auction rate securities. For the six-month periods, interest income from auction rate securities included in float earnings was $619 and $2,934 for 2010 and 2009, respectively.

(2) These fees were earned by the Financial Services segment which we distributed as part of the Separation. See Note 23 for additional information regarding this former business segment.

NOTE 20 INTEREST EXPENSE

The following table presents the components of Interest expense for each category of our interest-bearing liabilities for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Match funded liabilities	$ 11,962	$ 9,881	$ 22,458	$ 18,703
Lines of credit and other secured borrowings	81	3,989	108	8,207
Secured borrowings – owed to securitization investors	34	—	224	—
Investment line	—	622	376	1,238
Debt securities:				
Convertible Notes	459	1,237	917	2,662
Capital Trust Securities	712	1,451	1,534	2,902
Other	111	120	213	251
	$ 13,359	$ 17,300	$ 25,830	$ 33,963

NOTE 21 INCOME TAXES

The components of income tax expense (benefit) were as follows for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Current:				
Federal	$ (5,272)	$ 3,685	$ (5,605)	$ 3,864
State	163	201	152	412
Foreign	298	295	480	690
	(4,811)	4,181	(4,973)	4,966
Deferred:				
Federal	1,670	5,275	11,915	12,521
State	(116)	239	481	783
Foreign	480	(223)	374	(761)
	2,034	5,291	12,770	12,543
Total	$ (2,777)	$ 9,472	$ 7,797	$ 17,509

Income tax expense (benefit) differs from the amounts computed by applying the U.S. Federal corporate income tax rate of 35% as follows for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Expected income tax expense (benefit) at statutory rate	$ 4,642	$ 9,221	$ 15,647	$ 17,363
Differences between expected and actual income tax expense (benefit):				
Indefinite deferral on earnings of non-U.S. affiliates	(235)	(772)	(1,195)	(1,234)
State tax (after Federal tax benefit)	47	440	642	1,633
Reversal of liability for selected tax items	(8,182)	—	(8,348)	—
Foreign tax	778	72	855	(70)
Other	173	511	196	(183)
Actual income tax expense (benefit)	$ (2,777)	$ 9,472	$ 7,797	$ 17,509

Net deferred tax assets were comprised of the following at the dates indicated:

	June 30, 2010	December 31, 2009
Deferred tax assets:		
Tax residuals and deferred income on tax residuals	$ 3,382	$ 3,415
State taxes	2,894	3,311
Accrued incentive compensation	1,996	3,739
Valuation allowance on real estate	2,103	1,712
Bad debt and allowance for loan losses	6,667	7,220
Mortgage servicing rights amortization	44,822	50,065
Net operating loss carryforward	21,093	22,098
Partnership losses	10,660	10,245
Foreign deferred assets	2,838	3,211
Net unrealized gains and losses on securities	9,667	16,742
Deferred income or loss on service advance receivables	2,965	—
Interest rate swaps	4,102	—
Foreign basis differences	—	8,489
Other	4,139	2,511
	117,328	132,758
Deferred tax liabilities:		
Deferred interest income on loans	75	75
Net deferred tax assets	$ 117,253	$ 132,683

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.

We adopted ASC 740 effective January 1, 2007. We recognized total interest and penalties of $397 through June 30, 2010. We classify interest and penalties as a component of income tax expense. As of June 30, 2010, we had a total liability for selected tax items of approximately $6,978. The total decrease reflected in the year to date amount is predominantly related to the wind down and liquidation of an advance financing structure.

A reconciliation of the beginning and ending amount of the liability for selected tax items is as follows for the six months ended June 30, 2010:

Balance at January 1, 2010	$ 15,326
Additions for tax positions of prior years	416
Reductions for tax positions of prior years	(8,738)
Other	(26)
Balance at June 30, 2010	$ 6,978

NOTE 22 BASIC AND DILUTED EARNINGS PER SHARE

Basic EPS excludes common stock equivalents and is calculated by dividing net income (loss) attributable to OCN by the weighted average number of common shares outstanding during the year. We calculate diluted EPS by dividing net income attributable to OCN, as adjusted to add back interest expense net of income tax on the 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 and the Convertible Notes. The following is a reconciliation of the calculation of basic EPS to diluted EPS for the periods indicated:

The following is a reconciliation of the calculation of basic EPS to diluted EPS for the three and six months ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Basic EPS:				
Net income attributable to OCN	$ 16,038	$ 17,830	$ 36,898	$ 32,939
Weighted average shares of common stock	100,168,953	67,316,446	100,072,950	65,045,842
Basic EPS	$ 0.16	$ 0.26	$ 0.37	$ 0.51
Diluted EPS:				
Net income attributable to OCN	$ 16,038	$ 17,830	$ 36,898	$ 32,939
Interest expense on Convertible Notes, net of income tax (1)	302	773	603	1,664
Adjusted net income attributable to OCN	$ 16,340	$ 18,603	$ 37,501	$ 34,603
Weighted average shares of common stock	100,168,953	67,316,446	100,072,950	65,045,842
Effect of dilutive elements:				
Convertible Notes (1)	4,637,224	4,638,046	4,637,224	4,638,046
Stock options (2) (3)	2,921,915	887,720	2,813,837	680,292
Common stock awards	—	12,203	2,775	11,375
Dilutive weighted average shares of common stock	107,728,092	72,854,415	107,526,786	70,375,555
Diluted EPS	$ 0.15	$ 0.26	$ 0.35	$ 0.49
Stock options excluded from the computation of diluted EPS:				
Anti-dilutive (2)	12,391	749,810	12,391	1,106,029
Market-based (3)	1,770,000	5,130,000	1,770,000	5,130,000

(1) The effect of our Convertible Notes on diluted EPS is computed using the if-converted method. Interest expense and related amortization costs applicable to the Convertible Notes, net of income tax, are added back to net income. Conversion of the Convertible Notes into shares of common stock is assumed for purposes of computing diluted EPS unless the effect would be anti-dilutive. The effect is anti-dilutive whenever interest expense on the Convertible Notes, net of income tax, per common share obtainable on conversion exceeds basic EPS.

(2) These stock options were anti-dilutive because their exercise price was greater than the average market price of our stock.

(3) Shares that are issuable upon the achievement of certain performance criteria related to OCN's stock price and an annualized rate of return to investors. On August 10, 2009, the market performance criterion was met for 3,420,000 of these options.

NOTE 23 BUSINESS SEGMENT REPORTING

Prior to the Separation on August 10, 2009, we managed our business through two distinct lines of business, Ocwen Asset Management and Ocwen Solutions. Ocwen Asset Management includes our core residential servicing business, equity investments in asset management vehicles and our remaining investments in subprime loans and residual securities. Ocwen Solutions, our knowledge-based business process outsourcing (BPO) operation, included our residential fee-based loan processing businesses, all of our technology platforms, our unsecured collections business and our equity interest in BMS Holdings. Due to the Separation, as of August 10, 2009, neither the assets and liabilities, nor the subsequent operations of the Ocwen Solutions line of business comprising the Mort gage Services, Financial Services and Technology Products segments, except for BMS Holdings and GSS, are included in our results.

Our business segments reflect the internal reporting that we have used to evaluate operating performance and to assess the allocation of our resources. Our segments are based upon our organizational structure that focuses primarily on the products and services offered. Segment results for prior periods have been restated to conform to the current segment structure.

A brief description of our current and former business segments is as follows:

Ocwen Asset Management

- *Servicing.* This segment provides loan servicing for a fee, including asset management and resolution services, primarily to owners of subprime residential mortgages. Subprime loans represent residential loans we service that were made to borrowers who generally did not qualify under guidelines of Fannie Mae and Freddie Mac (nonconforming loans). This segment is primarily comprised of our core residential servicing business.

- *Loans and Residuals.* This segment includes our trading and investing activities and our former subprime loan origination operation. Our trading and investing activities include our investments in subprime residual mortgage backed trading securities as well as the results of our whole loan purchase and securitization activities. Effective January 1, 2010, the Loans and Residuals segment includes the four securitization trusts that we include in our consolidated financial statements under the provisions of ASC 810, Consolidation.

- *Asset Management Vehicles.* This segment is comprised of our 25% equity investment in OSI and approximately a 25% equity investment in ONL and affiliates, unconsolidated entities engaged in the management of residential assets.

Ocwen Solutions (distributed as part of the Separation, except for BMS Holdings and GSS)

- *Mortgage Services.* This segment provided due diligence, valuation, real estate sales, default processing services, property inspection and preservation services, homeowner outreach, closing and title services and knowledge process outsourcing services. Services provided spanned the lifecycle of a mortgage loan from origination through the disposition of real estate properties. Prior to August 10, 2009, this segment also includes international servicing for commercial loans which we conducted through GSS.

- *Financial Services.* This segment comprised our asset recovery management and customer relationship management offerings to the financial services, consumer products, telecommunications and utilities industries. The primary sources of revenues for this segment were contingency collections and customer relationship management for credit card issuers and other consumer credit providers. Effective June 6, 2007, this segment included the operations of NCI, a receivables management company specializing in contingency collections and customer relationship management for credit card issuers and other consumer and credit providers.

- *Technology Products.* This segment included revenues from the REAL suite of applications that support our Servicing business as well as the servicing and origination businesses of external customers. These products include REALServicing™, REALResolution™, REALTrans℠, REALSynergy™ and REALRemit™. REALServicing is the core residential loan servicing application used by OCN. This segment also earned fees from providing technology support services to OCN that cover IT enablement, call center services and third-party applications. Prior to August 10, 2009, the results of our 45% equity investment in BMS Holdings, which provides technology-based case management solutions to trustees, law firms and debtor companies that administer cases in the federal bankruptcy system, is also included in this segment.

Corporate Items and Other. We report 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 and the related costs of financing these investments and certain other corporate expenses in Corporate Items and Other. Our Convertible Notes and Capital Trust Securities are also included in Corporate Items and Other. Beginning August 10, 2009, the results of BMS and GSS are also included in Corporate Items and Other.

We allocate interest income and expense to each business segment for funds raised or funding of investments made. We also allocate expenses generated by corporate support services to each business segment.

Financial information for our segments is as follows:

	Ocwen Asset Management			Ocwen Solutions					
	Servicing	Loans and Residuals	Asset Management Vehicles	Mortgage Services	Financial Services	Technology Products	Corporate Items and Other	Corporate Eliminations	Business Segments Consolidate
Results of Operations									
For the three months ended June 30, 2010									
Revenue (1) (2)	$ 75,759	$ —	$ 176	$ —	$ —	$ —	$ 425	$ (407)	$ 75
Operating expenses (1) (3)	41,241	1,369	443	—	—	—	1,817	(212)	44
Income (loss) from operations	34,518	(1,369)	(267)	—	—	—	(1,392)	(195)	31
Other income (expense), net:									
Interest income	48	2,107	—	—	—	—	(255)	—	1
Interest expense	(13,017)	(39)	—	—	—	—	(303)	—	(13
Other (1) (2)	(124)	(1,619)	149	—	—	—	(5,175)	195	(6
Other income (expense), net	(13,093)	449	149	—	—	—	(5,733)	195	(18
Income (loss) from continuing operations before income taxes	$ 21,425	$ (920)	$ (118)	$ —	$ —	$ —	$ (7,125)	$ —	$ 13
For the three months ended June 30, 2009:									
Revenue (1) (2)	$ 62,726	$ —	$ 460	$ 24,165	$ 16,471	$ 12,108	$ 112	$ (6,863)	$ 109
Operating expenses (1) (3)	32,955	747	1,016	16,017	17,557	7,121	3,830	(6,593)	72
Income (loss) from operations	29,771	(747)	(556)	8,148	(1,086)	4,987	(3,718)	(270)	36
Other income (expense), net:									
Interest income	19	1,991	—	1	—	—	243	—	2
Interest expense	(15,982)	(519)	—	(11)	(667)	(118)	(3)	—	(17
Other (1) (2)	1,695	(3,568)	(846)	710	20	66	6,515	270	4
Other income (expense), net	(14,268)	(2,096)	(846)	700	(647)	(52)	6,755	270	(10
Income (loss) from continuing operations before income taxes	$ 15,503	$ (2,843)	$ (1,402)	$ 8,848	$ (1,733)	$ 4,935	$ 3,037	$ —	$ 26

	Ocwen Asset Management			Ocwen Solutions					
	Servicing	Loans and Residuals	Asset Manage-ment Vehicles	Mortgage Services	Financial Services	Technology Products	Corporate Items and Other	Corporate Elimina-tions	Busi Segn Consol
Results of Operations									
For the six months ended June 30, 2010									
Revenue (1) (2)	$ 151,212	$ —	$ 364	$ —	$ —	$ —	$ 774	$ (811)	$
Operating expenses (1) (3)	72,028	2,561	910	—	—	—	4,740	(404)	
Income (loss) from operations	79,184	(2,561)	(546)	—	—	—	(3,966)	(407)	
Other income (expense), net:									
Interest income	110	4,948	—	—	—	—	487	—	
Interest expense	(24,154)	(228)	—	—	—	—	(1,448)	—	
Other (1) (2)	(1,209)	(3,206)	671	—	—	—	(3,375)	407	
Other income (expense), net	(25,253)	1,514	671	—	—	—	(4,336)	407	
Income (loss) from continuing operations before income taxes	$ 53,931	$ (1,047)	$ 125	$ —	$ —	$ —	$ (8,302)	$ —	$
For the six months ended June 30, 2009									
Revenue (1) (2)	$ 137,421	$ —	$ 997	$ 42,182	$ 33,787	$ 22,682	$ 365	$ (13,665)	$
Operating expenses (1) (3)	67,173	1,309	1,778	28,909	35,706	15,294	7,813	(13,066)	
Income (loss) from operations	70,248	(1,309)	(781)	13,273	(1,919)	7,388	(7,448)	(599)	
Other income (expense), net:									
Interest income	78	3,875	—	2	—	—	464	—	
Interest expense	(31,484)	(1,149)	—	(22)	(1,138)	(250)	80	—	
Other (1) (2)	1,858	(8,398)	(1,148)	742	23	121	6,503	599	
Other income (expense), net	(29,548)	(5,672)	(1,148)	722	(1,115)	(129)	7,047	599	
Income (loss) from continuing operations before income taxes	$ 40,700	$ (6,981)	$ (1,929)	$ 13,995	$ (3,034)	$ 7,259	$ (401)	$ —	$
Total Assets									
June 30, 2010	$ 1,550,231	$ 112,891	$ 13,562	$ —	$ —	$ —	$ 400,845	—	$
December 31, 2009	$ 1,191,212	$ 48,690	$ 15,271	$ —	$ —	$ —	$ 514,177	$ —	$
June 30, 2009	$ 1,233,929	$ 54,138	$ 21,653	$ 4,958	$ 61,773	$ 8,660	$ 649,420	$ (246)	$

(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. Intersegment billings are as follows:

	Servicing	Asset Management Vehicles	Technology Products	Business Segments Consolidated
For the three months ended June 30, 2010	$ 363	$ 44	$ —	$ 407
For the three months ended June 30, 2009	1,982	115	8,160	10,257
For the six months ended June 30, 2010	720	91	—	811
For the six months ended June 30, 2009	4,365	256	16,553	21,174

(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	Mortgage Services	Financial Services	Technology Products	Corporate Items and Other	Business Segments Consolidated
For the three months ended June 30, 2010:						
Depreciation expense	$ 16	$ —	$ —	$ —	$ 331	$ 347
Amortization of MSRs	7,854	—	—	—	—	7,854
For the three months ended June 30, 2009:						
Depreciation expense	$ 14	$ 7	$ 117	$ 1,245	$ 336	$ 1,719
Amortization of MSRs	8,543	—	—	—	—	8,543
Amortization of intangibles	—	—	669	—	—	669
For the six months ended June 30, 2010:						
Depreciation expense	$ 29	$ —	$ —	$ —	$ 712	$ 741
Amortization of MSRs	14,229	—	—	—	—	14,229
For the six months ended June 30, 2009:						
Depreciation expense	$ 29	$ 15	$ 234	$ 2,576	$ 672	$ 3,526
Amortization of MSRs	18,584	—	—	—	—	18,584
Amortization of intangibles	—	—	1,336	—	—	1,336

NOTE 24 RELATED PARTY TRANSACTIONS

For purposes of governing certain of the ongoing relationships between Ocwen and Altisource after the Separation, and to provide for an orderly transition to the status of two independent companies, we entered into certain agreements with Altisource. A brief description of these agreements follows.

- *Separation Agreement.* This agreement provides for, among other things, the principal corporate transactions required to effect the Separation and certain other agreements relating to the continuing relationship between Altisource and Ocwen after the Separation.
- *Transition Services Agreement.* Under this agreement, Altisource and Ocwen provide to each other services in such areas as human resources, vendor management, corporate services, six sigma, quality assurance, quantitative analytics, treasury, accounting, risk management, legal, strategic planning, compliance and other areas where we, and Altisource, may need transition assistance and support following the Separation.
- *Tax Matters Agreement.* This agreement sets out each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state, local or foreign taxes for periods before and after the Separation and related matters such as the filing of tax returns and the conduct of Internal Revenue Service and other audits.
- *Employee Matters Agreement.* This agreement provides for the transition of employee benefit plans and programs sponsored by us for employees of Altisource.
- *Services Agreement.* This agreement provides for Altisource's offering of certain services to us in connection with our business following the Separation for an initial term of eight years, subject to renewal, with pricing terms intended to reflect market rates. Services provided to us under this agreement include residential property valuation, residential property preservation and inspection services, title services and real estate sales.
- *Technology Products Services Agreement*. This agreement provides for Altisource's offering of certain technology products and support services to us in connection with our business, also for an initial term of eight years, subject to renewal, with pricing terms intended to reflect market rates. Technology products provided to us under this agreement include the REAL suite of applications that support our Servicing business.

- *Intellectual Property Agreement.* This agreement provides for the transfer of intellectual property assets to Altisource.

- *Data Center and Disaster Recovery Services Agreement.* This agreement provides for Altisource's offering of certain data center and disaster recovery services in connection with our business.

Our business is currently dependent on many of the services and products provided under these long-term contracts which are effective for up to eight years with renewal rights. Certain services provided by Altisource under these contracts are charged to the borrower and/or loan investor. Accordingly, such services, while derived from our loan servicing portfolio, are not presented as expenses to Ocwen. 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.

For the three and six months ended June 30, 2010, we generated revenues of $3,843 and $7,034, respectively, under our agreements with Altisource, principally from fees for providing referral services to Altisource. We also incurred expenses of $4,899 and $9,581 for the three and six months ended June 30, 2010, respectively, principally for technology products and support services including the REAL suite of products that support our Servicing business. At June 30, 2010, the net receivable from Altisource was $227.

NOTE 25 COMMITMENTS AND CONTINGENCIES

Litigation

The liability, if any, for the claims noted below against Ocwen Federal Bank FSB (the Bank) has been assumed by OLS as successor in interest under an Assignment and Assumption Agreement, dated June 28, 2005, whereby OLS assumed all of the Bank's remaining assets and liabilities, including contingent liabilities, in connection with its voluntary termination of its status as a federal savings bank.

We have been included as a defendant in multiparty lawsuits brought by borrowers in various federal and state courts challenging the defendants' mortgage servicing practices, including charging improper or unnecessary fees, misapplying borrower payments, and similar allegations. In April 2004, defendants' petition was granted to transfer and consolidate a number of such lawsuits into a single proceeding pending in the United States District Court for the Northern District of Illinois (the MDL Proceeding). Additional lawsuits similar to the MDL Proceeding have subsequently been brought in other courts, some of which have been or may be transferred to and consolidated in the MDL Proceeding. The borrowers in many of these lawsuits seek class action certification. Others have brought individual actions. No class has been certified in the MDL Proceeding or any related lawsuits. In April 2005, the trial court in the MDL Proceeding entered a partial summary judgment in favor of defendants holding that plaintiffs' signed loan contracts authorized the collection of certain fees by Ocwen as servicer for the related mortgages. In May 2006, plaintiffs filed an amended complaint containing various claims under several federal statutes, state deceptive trade practices statutes and common law. No specific amounts of damages are asserted, however, plaintiffs may amend the complaint to seek damages should the matter proceed to trial. In June 2007, the United States Court of Appeals for the Seventh Circuit issued an opinion holding that many of the claims were preempted or failed to satisfy the pleading requirements of the applicable rules of procedure and directing the trial judge to seek clarification from the plaintiffs so as to properly determine which particular claims must be dismissed. In March 2009, the trial court struck the amended complaint in its entirety on the grounds of vagueness. In April 2009, plaintiffs filed a third amended complaint which defendants moved to dismiss. The motion is fully briefed and pending decision by the trial court. We believe the allegations in the MDL Proceeding are without merit. However, in the interests of obtaining finality and cost certainty with regard to this complex and protracted litigated matter, in July 2010, defendants, including Ocwen, have reached an agreement in principle with plaintiffs' counsel with respect to a class settlement. Ocwen's portion of the proposed settlement would be $5,163 plus certain other non-cash consideration. Specific terms remain to be negotiated and any final settlement agreement would be subject to definitive written settlement documents and court approval. If a final settlement is not reached and approved by the court, we will continue to vigorously defend the MDL Proceeding.

In November 2004, a final judgment was entered in litigation brought by Cartel Asset Management, Inc. (Cartel) against OCN, the Bank and Ocwen Technology Xchange, Inc. (OTX), a subsidiary that has been dissolved. This matter involved allegations of misappropriation of trade secrets and contract-related claims brought by a former vendor. Initially, a jury verdict awarded damages of $9,320. However, the November 2004 judgment by the trial court awarded $520 against OTX and nominal damages of two dollars against the Bank. Additionally, the Bank was assessed a statutory award to Cartel for attorneys' fees in an additional amount of $170. The Bank and OTX were further assessed costs in the amount of $9. In September 2007, the United States Court of Appeals for the Tenth Circuit upheld the damage award against OTX and remanded the case f or a new trial on damages against the Bank. In December 2007, we paid the full amount of the judgment against OTX, including accrued interest. In March 2008, the trial court entered an order joining OLS, as the Bank's successor-in-interest, and OCN, as guarantor of the Bank's obligations, as additional defendants. The trial court has set a date of September 13, 2010 for the new trial against the Bank, OLS and OCN. Cartel seeks approximately $26,000 in compensatory damages plus punitive damages and attorneys' fees. We do not believe that Cartel is entitled to additional damages, if any, in an amount that would be material to our financial condition, results of operations or cash flows. The parties have agreed to participate in a non-binding meditation before a third-party neutral mediator, currently scheduled for August 26, 2010, in an attempt to resolve this matter. If after the mediation no resolution is reached, we intend to continue to vigorously defend against this matter.

In September 2006, the Bankruptcy Trustee in Chapter 7 proceedings involving American Business Financial Services, Inc. (ABFS) brought an action against multiple defendants, including OLS, in Bankruptcy Court. The action arises out of Debtor-in-Possession financing to ABFS by defendant Greenwich Capital Financial Products, Inc. and the subsequent purchases by OLS of MSRs and certain residual interests in mortgage-backed securities previously held by ABFS. OLS brought a separate action against the Trustee seeking damages of approximately $2,500 arising out of the ABFS MSRs purchase transaction. OLS' separate action against the Trustee was dismissed by agreement without prejudice with the right to replead such claims or otherwise file a separate action should the Trustee's action be dismissed. In February 2007, the court grante d OLS' motion to dismiss some claims but refused to dismiss others. The Trustee filed an amended complaint in March 2007. This complaint sets forth claims against all of the original defendants. The claims against OLS include turnover, fraudulent transfers, accounting, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, breach of contract, fraud, civil conspiracy and conversion. The Trustee seeks compensatory damages in excess of $100,000 and punitive damages jointly and severally against all defendants. In March 2008, the court denied OLS' motion to dismiss. In April 2008, OLS filed an answer denying all charges and a counterclaim for breach of contract, fraud, negligent misrepresentation and indemnification in connection with the MSR purchase transaction. Fact discovery is complete and both Ocwen and the Trustee have filed motions for partial summary judgment. We believe that the Trustee's allegations against OLS are without merit and intend to continue to vigorously d efend against this matter.

OCN commenced separate arbitrations before the Financial Industry Regulatory Authority against certain Broker/Dealers primarily alleging fraud, breach of duty and statutory violations arising out of the sale of AAA-rated student loan auction rate securities (SLARS) backed by the Federal Family Education Loan Program. In the first quarter of 2010, we settled the remaining arbitration proceedings for cash proceeds.

OCN is subject to various other pending legal proceedings. In our opinion, the resolution of those proceedings will not have a material effect on our financial condition, results of operations or cash flows.

Tax matters

On December 28, 2006, the India tax authorities issued an income tax assessment order (the Order) with respect to IT Enabled services performed for OCN by its wholly-owned Indian subsidiary, OFSPL. The Order relates to the assessment year 2004-05 and indicated that the percent mark-up on operating costs with respect to the IT enabled and software development services that OFSPL provided to OCN was insufficient. On December 15, 2008, the India tax authorities issued an additional income tax assessment order (the Second Order) with respect to assessment year 2005-06. The assessment was made on the same grounds of insufficient mark-up on operating costs with respect to services provided by OFSPL to OCN. OCN had petitioned for assistance to be provided by Competent Authority under the Mutual Agreement Procedures pursuant to the U.S./India in come tax treaty. In May 2010, this process yielded an agreement in this matter between the governments of India and the U.S. for assessment years 2004-2005 and 2005-2006. The adjustment for assessment year 2004-2005 results in an additional $388 in tax and interest charges beyond our existing accrual and the adjustment for assessment year 2005-2006 results in a reduction in tax and interest charges of $175 as compared to our existing accrual. OFSPL intends to accept the final assessment and expects to receive the final Competent Authority assessment notice during the third quarter. The Mutual Agreement provides for correlative adjustments to U.S. taxes. As such, it is anticipated that OCN will not suffer double taxation for the additional India charges under the settlement.

On December 21, 2009, the India tax authorities issued a draft income tax assessment order (the Third Order) with respect to assessment year 2006-07. The proposed adjustment would impose upon OFSPL additional tax of INR 41,760 ($896) and interest of INR 18,297 ($393) for the Assessment Year 2006-07. In accordance with standard Indian procedures, penalties may also be assessed in the future in connection with the assessment. OCN and OFSPL intend to vigorously contest this Order and any imposition of tax and interest and do not believe they have violated any statutory provision or rule. OFSPL has filed an application with the Dispute Resolution Panel for the Third Order. Due to the uncertainties inherent in the Appeals and Competent Authority processes, OCN and OFSPL cannot currently estimate any additional exposure beyond the amount detai led in the Orders. We also cannot predict when these tax matters will be resolved. If our application with the Dispute Resolution Panel is denied, we would consider pursuing all other options including, but not limited to, Competent Authority to contest any additional tax assessed. Such Competent Authority assistance requests under the Mutual Agreement Procedures should preserve OCN's right to credit any potential India taxes against OCN's U.S. taxes.

Other Information

In July 2010, OLS received a subpoena from the Federal Housing Finance Agency (FHFA) as conservator for Freddie Mac in connection with ten private label mortgage securitization transactions where Freddie Mac has invested. The transactions include mortgage loans serviced but not originated by OLS or its affiliates. Ocwen Loan Servicing is cooperating with the FHFA's request.

NOTE 26 SUBSEQUENT EVENTS

OLS obtained a syndicated $350,000 five year senior secured term loan facility on July 29, 2010 that will be used in part to fund the HomEq Servicing acquisition. Borrowings under the facility will bear interest, at the election of Ocwen, at a rate per annum equal to either (a) the greatest of (i) the prime rate of Barclays Bank PLC in effect on such day, (ii) the federal funds effective rate in effect on such day plus 0.50% and (iii) the one-month Eurodollar rate (1-Month LIBOR), in each case plus the applicable margin of 6.00% and a floor of 3.00% or (b) 1-Month LIBOR, plus the applicable margin of 7.00% with a 1-Month LIBOR floor of 2.00%.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Dollars in Thousands, Except Share Data and Unless Otherwise Indicated)

INTRODUCTION

Unless specifically stated otherwise, all references to June 2010 and June 2009 refer to the three and six-month periods ended, or to the dates, as the context requires, June 30, 2010 and June 30, 2009, respectively.

The following discussion of our results of operations, change in financial condition and liquidity should be read in conjunction with our Interim Consolidated Financial Statements and the related notes, all included elsewhere in this report on Form 10-Q, and with our Annual Report on Form 10-K for the year ended December 31, 2009.

OVERVIEW

Strategic Priorities

During 2009, we focused on three key initiatives to reinforce our competitive strengths: liquidity and balance sheet strength; revenue opportunities; and quality and cost structure leadership. Our success in addressing these three initiatives led to our strategic priorities for 2010 and beyond which are to:

1. Establish predictable and sustainable revenue growth in our servicing operations
2. Improve process efficiencies to continuously reduce cost
3. Improve quality
4. Reduce asset intensity

These priorities support our long-term goals for return on equity and earnings per share growth.

For sustainable revenue growth, we have a three-pronged approach:

1. Acquisition of Existing Servicing Platforms. On March 29, 2010, we entered into a Servicing Rights Purchase and Sale Agreement under which we agreed to purchase the rights to service approximately 38,000 mortgage loans with an aggregate unpaid principal balance (UPB) of approximately $6.9 billion. This acquisition was completed on May 3, 2010. On May 28, 2010, we entered into an Asset Purchase Agreement pursuant to which OLS has agreed to acquire the U.S. non-prime mortgage servicing business known as "HomEq Servicing" from Barclays Bank PLC and Barclays Capital Real Estate Inc. The aggregate purchase price is approximately $1.3 billion, payable in cash upon the consummation of the transaction, and the acquisition is expected to result in a combined Servicing portfolio of more than $80 billion in UPB. See Note 3 for additional details regarding the HomEq Servicing acquisition. This transaction is expected to close on September 1, 2010.
2. Special Servicing Opportunities. We continue to pursue opportunities with government-sponsored entities to grow our special servicing portfolio. In February 2009, we were selected as a special servicer on non-performing loans for Freddie Mac under a high-risk-loan pilot program.
3. Flow Servicing. Our goal is to develop flow Federal Housing Administration (FHA) servicing.

The latter three 2010 strategic priorities:

- improve process efficiencies to reduce cost;
- improve quality; and
- reduce asset intensity;

are interrelated, reflecting our belief that continual process improvement leads to higher quality, lower cost (both operational and financial) and higher revenue per dollar of UPB.

The key operating metric to accomplish these priorities is the reduction in non-performing loans which:

- When a delinquent loan becomes current, this prompts (i) the recovery and recognition of deferred servicing fees, (ii) HAMP fees in the case of a HAMP modification and (iii) late fees in the case of a non-HAMP modification.
- Reduces Advances and, hence, asset intensity and interest expense freeing up equity for additional acquisitions.
- Reduces operating expenses since non-performing loans are more costly to service.

Therefore, the key driver of our profitability is our ability to reduce non-performing loans.

Operating Segments

Our current business segments are:

- Servicing
- Loans and Residuals
- Asset Management Vehicles (AMV)

In addition to our core residential servicing business, Ocwen Asset Management (OAM) includes our equity investments in asset management vehicles and our remaining investments in subprime loans and residual securities.

Prior to August 10, 2009, Ocwen Solutions (OS) included our former unsecured collections business, our former residential fee-based loan processing businesses, our former technology platforms, our equity investment in BMS Holdings and the results of our international commercial loan servicing business conducted through GSS. With the exception of our interests in BMS Holdings and GSS, we distributed the assets, liabilities and operations of the OS line of business in the Separation.

See Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results and Financial Condition and Note 21 to the Interim Consolidated Financial Statements for additional financial information regarding each of our segments.

Operations Summary

Our consolidated operating results in the three and six months ended June 30, 2009 as compared to the same periods of 2010 were significantly impacted by the Separation of Altisource from Ocwen on August 10, 2009. Ocwen ceased, beginning on August 10, 2009, to record operating results from Mortgage Services, Financial Services and Technology Products segments.

Three Months Ended June 2010 versus June 2009. We generated net income attributable to OCN of $16,038, or $0.15 diluted earnings per share, in the second quarter of 2010 as compared to $17,830 or $0.26 diluted earnings per share for the second quarter of 2009. Income from continuing operations before income taxes was $13,262 for the second quarter of 2010 as compared to $26,345 for 2009.

Significant items affecting Income from continuing operations before income taxes between the quarters include:

- The $11,830 contribution from the former OS segments during the second quarter of 2009;
- A litigation accrual of $5,163 established in the second quarter of 2010 in connection with the proposed settlement of the MDL Proceeding;
- The write-off in the second quarter of 2010 of our $3,000 investment in a real estate partnership that we had determined would not be realizable;
- The realized loss of $1,675 from the sale of $46,800 par value of auction rate securities (compared to $6,024 of unrealized gains in the second quarter of 2009); and
- Professional services of $1,250 incurred through June 30, 2010 for the acquisition of HomEq Servicing. We have also incurred approximately $1,500 of expenses for new facilities and additional telecommunications and compensation costs related to the acquisition.

Income taxes for the second quarter of 2010 were a net benefit of $2,777 as compared to expense of $9,472 for the second quarter of 2009. The 2010 benefit resulted principally from our reversal of a reserve of $8,182 that related principally to an income tax receivable that arose from the wind-down and liquidation of one of our advance funding structures.

Servicing segment revenues grew by $13,033, or 21%, due principally to an increase in UPB resulting from additions of $7,466,279 during the second quarter of 2010, and an increase in modifications (see Segments—Servicing for additional details of this impact). Servicing results were also affected by the $5,163 litigation accrual and the expenses incurred in connection with the HomeEq acquisition.

Loans and Residuals benefited from a decrease in unrealized losses due to slower declines in the estimated fair value of loans and real estate and a portfolio, excluding the securitization trusts that we first consolidated in 2010, that was 30% smaller than the portfolio during the second quarter of 2009. The Asset Management Vehicles segment improved principally because of declines in operating expenses and positive earnings on our investments in asset management vehicles.

Six Months Ended June 2010 versus June 2009. We generated net income attributable to OCN of $36,898, or $0.35 diluted earnings per share, for the six months ended June 2010 compared to $32,939, or $0.49 diluted earnings per share for the six months ended June 2009. Income from continuing operations before income taxes was $44,707 as compared to $49,609 for the six months ended June 2010 and 2009, respectively. The provision for income taxes was reduced by the affect of the reversal of $8,348 of reserves related to income tax receivables.

Our operating results for the six months ended June 2010 benefited from higher fees from modifications and the effects of $8,839,012 of UPB additions to the Servicing portfolio in the first six months of 2010, most of which were acquired during the second quarter. These benefits were offset by the spinoff of the former OS segments to Altisource, which generated Income from continuing operations before income taxes of $18,279 in the six months ended June 30, 2009, the $5,163 MDL litigation accrual, the $3,000 write-off of a commercial real estate investment and $1,250 of professional services fees and approximately $1,500 of occupancy, telecommunications and compensation expenses related to the HomEq Servicing acquisition.

The following table summarizes our consolidated operating results for the periods ended June 30, 2010 and 2009. We have provided a more complete discussion of operating results by line of business in the Segment Results and Financial Condition section.

	Three months			Six months		
	2010	2009	% Change	2010	2009	% Change
Consolidated:						
Revenue	$ 75,953	$ 109,179	(30)%	$ 151,539	$ 223,769	(32)%
Operating expenses	44,658	72,650	(39)	79,835	144,916	(45)
Income from operations	31,295	36,529	(14)	71,704	78,853	(9)
Other expense, net	(18,033)	(10,184)	77	(26,997)	(29,244)	(8)
Income from continuing operations before taxes	13,262	26,345	(50)	44,707	49,609	(10)
Income tax expense (benefit)	(2,777)	9,472	(129)	7,797	17,509	(55)
Income from continuing operations	16,039	16,873	(5)	36,910	32,100	15
Income from discontinued operations, net of taxes	—	1,052	(100)	—	864	(100)
Net income	16,039	17,925	(11)	36,910	32,964	12
Net income (loss) attributable to non-controlling interest in subsidiaries	(1)	(95)	(99)	(12)	(25)	(52)
Net income attributable to Ocwen	$ 16,038	$ 17,830	(10)	$ 36,898	$ 32,939	12
Segment income (loss) from continuing operations before taxes:						
Servicing	$ 21,425	$ 15,503	38 %	$ 53,931	$ 40,700	33 %
Loans and Residuals	(920)	(2,843)	(68)	(1,047)	(6,981)	(85)
Asset Management Vehicles	(118)	(1,402)	(92)	125	(1,929)	(106)
Mortgage Services	—	8,848	(100)	—	13,995	(100)
Financial Services	—	(1,733)	(100)	—	(3,034)	(100)
Technology Products	—	4,935	(100)	—	7,259	(100)
Corporate items and other	(7,125)	3,037	(335)	(8,302)	(401)	1,970
	$ 13,262	$ 26,345	(50)	$ 44,707	$ 49,609	(10)

(1) Excluding revenues earned by GSS and intersegment revenues eliminated in consolidation, OS revenues were $46,135 for the second quarter of 2009.

(2) Excluding expenses incurred by GSS and intersegment expenses eliminated in consolidation, OS operating expenses were $37,296 for the second quarter of 2009.

Change in Financial Condition Summary

The overall increase in our assets of $308,179, or 17%, during the six months ended June 30, 2010 was principally the result of the following changes:

- Cash increased by $52,467.
- Auction rate securities declined by $169,391 due to sales, the settlement of two litigation actions and redemptions.

- Total advances increased by $367,192 primarily because of the $6.9 billion of servicing UPB we acquired in the second quarter.
- Loans – restricted for securitization investors of $70,860 represent loans held by four securitization trusts that, effective January 1, 2010, we began to include in our consolidated financial statements under the provisions of ASC 810, Consolidation. See Note 8 to our Interim Consolidated Financial Statements for additional information.
- MSRs increased by $8,866 primarily due to purchases in the second quarter of $23,425 offset by amortization expense of $14,631.
- Receivables, net, decreased by $10,156 largely due to collections on subservicing and special servicing agreements.
- Deferred tax assets, net, declined by $15,430. Income tax expense for the first six months includes $12,770 of deferred expense. In addition, a non-cash tax asset of $8,489 arising from the expected deductibility of losses in a finance vehicle was reclassified from deferred tax assets to current income taxes during the first quarter. The reserve on this asset was reversed in the second quarter. Partially offsetting these declines, we recognized a tax benefit of $4,336 on unrealized losses on cash flow hedges in Accumulated other comprehensive loss.

Liabilities increased by $274,112, or 30%, during the six months ended June 30, 2010 primarily because of the following items:

- Match funded liabilities increased by $369,481 reflecting the issuance of $200,000 of notes under the TALF program and an increase in advances.
- Secured borrowings – owed to securitization investors of $67,199 consist of certificates issued by the four securitization trusts that we began to include in our consolidated financial statements effective January 1, 2010. See Note 13 to our Interim Consolidated Financial Statements for additional information.
- Lines of credit and other secured borrowings increased $44,857 due to secured borrowings of $56,153 in connection with our investment in auction rate securities. These borrowings were partly offset by the first annual $12,000 repayment on our $60,000 fee reimbursement advance in March.
- We fully repaid the investment line term note which had an outstanding balance of $156,968 at December 31, 2009.
- Servicer liabilities declined by $36,702 largely because of a decrease in partial borrower payments and other unapplied balances.
- Debt securities declined $13,010 as a result of repurchases. In January 2010, we repurchased $12,930 par value of our 10.875% Capital Trust Securities at a discount to par value in the open market.

Liquidity Summary

We define liquidity as unencumbered cash balances plus unused, collateralized advance financing capacity. Our liquidity as of June 30, 2010, as measured by cash and available credit, was $229,874, a decrease of $62,241, or 21%, from December 31, 2009 to June 30, 2010. At June 30, 2010, our cash position was $143,386 compared to $90,919 at December 31, 2009. Our available credit on collateralized but unused advance financing capacity was $86,488 at June 30, 2010 compared to $201,200 at December 31, 2009.

Our investment policies emphasize principal preservation by limiting investments to include:

- Securities issued by the U.S. government, a U.S. agency or a U.S. government-sponsored enterprise
- Money market mutual funds
- Money market demand deposits

Currently, we are primarily invested in money market demand deposits. Furthermore, our investment policies are intended to minimize credit and counterparty risk by establishing risk limits based on each counterparty's equity size and long-term credit ratings. We regularly monitor and project cash flow timing in connection with our efforts to optimize the risk-adjusted yield of our portfolio of investments.

In assessing our liquidity outlook, our primary focus is on maintaining cash and unused borrowing capacity that is sufficient to meet the needs of the business. While we expect to renew or replace advance facility notes as they mature as needed to maintain excess borrowing capacity, it is noteworthy that the cash projected to be generated over the next several years from reducing advance balances approximately offsets the projected reduction in borrowing as our advance facility notes mature, even if these notes are not renewed or replaced.

At June 30, 2010, $752,828 of our total maximum borrowing capacity remained unused. The unused borrowing capacity in the Servicing business may be utilized in the future by pledging additional qualifying collateral to our facilities.

We maintain unused borrowing capacity for three reasons:

- As a protection should Advances increase due to increased delinquencies,
- In the event term financing is unavailable resulting in liabilities maturing faster than assets, as a protection should we be unable to either renew existing facilities or obtain new facilities and
- To provide capacity for the acquisition of additional servicing.

Interest Rate Risk Summary

Interest rate risk is a function of (i) the timing and (ii) the dollar amount of assets and liabilities that re-price at each point in time. We are exposed to interest rate risk to the extent that our interest-bearing liabilities mature or re-price at different speeds, or different bases, than interest-earning assets.

We have executed a hedging strategy aimed to largely neutralize the impact of changes in interest rates. As of June 30, 2010, the value of our outstanding hedges was similar to the net exposure of projected interest rate sensitive liabilities and interest rate sensitive assets for the next several years.

If interest rates increase by 1% on our variable rate advance financing and interest earning cash and float balances, we estimate a net positive impact of approximately $355 resulting from an increase of $4,663 in annual interest income compared to an increase of $4,308 in annual interest expense. This outcome is due in large part to our hedging activities. See Note 18 to our Interim Consolidated Financial Statements for additional information regarding our use of derivatives.

CRITICAL ACCOUNTING POLICIES

Our ability to measure and report our operating results and financial position is heavily influenced by the need to estimate the impact or outcome of risks in the marketplace or other future events. Our critical accounting policies are those that relate to the estimation and measurement of these risks. Because they inherently involve significant judgments and uncertainties, an understanding of these policies is fundamental to understanding Management's Discussion and Analysis of Results of Operations and Financial Condition. Our significant accounting policies are discussed in detail on pages 29 through 31 of Management's Discussion and Analysis of Results of Operations and Financial Condition and in Note 1 to our Consolidated Financial Statements for the year ended December 31, 2009 included in our Annual Report on Form 10-K filed March 8, 2010. Such policies have not changed during 2010.

SEGMENT RESULTS AND FINANCIAL CONDITION

For each of our business segments, the following section provides a discussion of the changes in financial condition during the six months ended June 30, 2010 and a discussion of pre-tax results of operations for the three and six months ended June 30, 2010 and 2009. Due to the Separation, as of August 10, 2009, neither the assets and liabilities, nor the subsequent operations of the Mortgage Services, Financial Services and Technology Products segments, except for BMS and GSS, are included in our results. As a separate, publicly-traded company, Altisource Portfolio Solutions S.A. (NASDAQ:ASPS) is required to file a Form 10-Q with the Securities and Exchange Commission.

Servicing

The following table presents selected results of operations of our Servicing segment for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Revenue				
Servicing and subservicing fees	$ 66,297	$ 52,898	$ 133,131	$ 117,877
Process management fees	8,302	9,828	16,205	19,544
Other	1,160	—	1,876	—
Total revenue	75,759	62,726	151,212	137,421
Operating expenses				
Compensation and benefits	7,939	7,733	15,760	16,345
Amortization of servicing rights	7,854	8,543	14,229	18,584
Servicing and origination	2,235	2,149	2,666	4,181
Technology and communications	4,789	3,149	9,220	5,968
Professional services	7,416	2,705	8,358	4,619
Occupancy and equipment	2,810	2,143	6,450	5,005
Other operating expenses	8,198	6,533	15,345	12,471
Total operating expenses	41,241	32,955	72,028	67,173
Income from operations	34,518	29,771	79,184	70,248
Other income (expense)				
Interest income	48	19	110	78
Interest expense	(13,017)	(15,982)	(24,154)	(31,484)
Loss on debt redemption	—	—	(571)	—
Other, net	(124)	1,695	(638)	1,858
Total other expense, net	(13,093)	(14,268)	(25,253)	(29,548)
Income from continuing operations before income taxes	$ 21,425	$ 15,503	$ 53,931	$ 40,700

The following table provides selected operating statistics at or for the three and six months ended June 30:

	Three months			Six months		
	2010	2009	% Change	2010	2009	% Change
Residential Assets Serviced						
Unpaid principal balance:						
Performing loans (1)	$ 39,096,968	$ 27,290,158	43 %	$ 39,096,968	$ 27,290,158	43 %
Non-performing loans	11,935,175	8,606,847	39	11,935,175	8,606,847	39
Non-performing real estate	4,212,433	2,509,002	68	4,212,433	2,509,002	68
Total residential assets serviced (2)	$ 55,244,576	$ 38,406,007	44	$ 55,244,576	$ 38,406,007	44
Average residential assets serviced	$ 53,892,135	$ 39,588,301	36 %	$ 52,235,809	$ 39,718,475	32 %
Prepayment speed (average CPR)	13.1 %	21.8 %	(40)%	12.8 %	21.5 %	(40)%
Percent of total UPB:						
Servicing portfolio	58.1 %	74.5 %	(22)%	58.1 %	74.5 %	(22)%
Subservicing portfolio	41.9	25.5	64	41.9	25.5	64
Non-performing residential assets serviced, excluding Freddie Mac	26.2 %	27.4 %	(4)	26.2 %	27.4 %	(4)

	Three months			Six months		
	2010	2009	% Change	2010	2009	% Change
Number of:						
Performing loans (1)	290,656	230,334	26 %	290,656	230,334	26 %
Non-performing loans	62,073	44,877	38	62,073	44,877	38
Non-performing real estate	21,222	11,311	88	21,222	11,311	88
Total number of residential assets serviced (2)	373,951	286,522	31	373,951	286,522	31
Average number of residential assets serviced	368,390	295,139	25	360,883	304,118	19
Percent of total number:						
Servicing portfolio	58.4 %	66.0 %	(12)%	58.4 %	66.0 %	(12)%
Subservicing portfolio	41.6	34.0	22	41.6	34.0	22
Non-performing residential assets serviced, excluding Freddie Mac	19.1 %	18.5 %	3	19.1 %	18.5 %	3
Residential Servicing and Subservicing Fees						
Loan servicing and subservicing	$ 47,223	$ 42,360	11 %	$ 93,092	$ 88,238	6 %
Late charges	7,235	5,381	34	15,411	16,079	(4)
HAMP fees	4,585	—	—	11,038	—	—
Loan collection fees	2,113	1,796	18	4,256	3,861	10
Custodial accounts (float earnings)	960	1,191	(19)	1,448	3,040	(52)
Other	3,423	1,803	90	6,649	5,954	12
	$ 65,539	$ 52,531	25	$ 131,894	$ 117,172	13
Financing Costs						
Average balance of advances and match funded advances	$ 1,223,892	$ 1,001,231	22 %	$ 1,066,360	$ 1,062,525	— %
Average borrowings	784,882	826,248	(5)	660,350	865,600	(24)
Interest expense on borrowings	12,043	13,766	(13)	22,942	26,812	(14)
Facility costs included in interest expense	4,598	6,405	(28)	9,810	11,273	(23)
Effective average interest rate	6.14 %	6.66 %	(8)	6.95 %	6.19 %	12
Average 1-month LIBOR	0.31 %	0.37 %	(16)	0.27 %	0.42 %	(36)
Average Employment						
India and other	1,554	1,011	54 %	1,452	1,010	44 %
United States	219	281	(22)	226	301	(25)
Total	1,773	1,292	37	1,678	1,311	28
Collections on loans serviced for others	$ 1,191,802	$ 1,787,802	(33)%	$ 2,353,679	$ 3,631,001	(35)%

(1) Performing loans include those loans that are current or have been delinquent for less than 90 days in accordance with their original terms 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 June 30, 2010, we serviced 261,518 subprime loans with a UPB of $39,712,429. This compares to 243,593 subprime loans with a UPB of $35,682,666 as December 31, 2009. At June 30, 2009, we serviced 203,603 subprime loans and real estate with a UPB of $29,350,298.

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

	Amount of UPB		Count	
	2010	2009	2010	2009
Servicing portfolio at beginning of the year	$ 49,980,077	$ 40,171,532	351,595	322,515
Additions	1,372,733	3,626,000	7,203	11,036
Runoff	(1,674,811)	(3,008,397)	(11,813)	(29,451)
Servicing portfolio at March 31	49,677,999	40,789,135	346,985	304,100
Additions	7,466,279	57,000	40,614	180
Runoff	(1,899,702)	(2,440,128)	(13,648)	(17,758)
Servicing portfolio at June 30	$ 55,244,576	$ 38,406,007	373,951	286,522

Three Months Ended June 30, 2010 versus 2009. Residential servicing and subservicing fees increased due to the increase in the UPB of residential assets serviced and an increase in modifications.

The average UPB of assets serviced was 36% higher in the second quarter of 2010 while residential servicing and subservicing fees increased by 25%. Subservicing and special servicing arrangements represent a larger portion of our portfolio as compared to one year ago. However, lower servicing fees earned under subservicing and special servicing arrangements are more than offset by lower amortization and interest expense on advance financing. The percentage of UPB representing subservicing was 41.9% at June 30, 2010, a 64% increase from June 30, 2009.

As compared to March 31, 2010, the percentage of UPB representing servicing increased by 9% as a result of the $6.9 billion of servicing UPB that we acquired in the second quarter. However, revenues from newly acquired servicing are principally the contractual servicing fee. Ancillary revenues which are driven by the resolution of non-performing loans will not ramp up until a few quarters after the acquisition.

We recognize revenue in the form of deferred servicing fees and ancillary revenues whenever we return a loan to performing status whether it be through a HAMP modification, a non-HAMP modification or otherwise. Loan servicing fees and late charges, excluding HAMP fees, that we recognized as a result of modifications completed during the second quarter of 2010 and 2009 totaled $7,606 and $4,075, respectively. HAMP fees were $4,585 in the second quarter of 2010. We began recognizing HAMP fees in the third quarter of 2009. We completed a total of 14,384 modifications during the second quarter of 2010 as compared to 8,157 during the second quarter of 2009. The implementation of HAMP caused loan modifications that ordinarily would have been completed in the second quarter of 2009 to be delayed. In the second quarter of 2010, 29% of compl eted modifications were HAMP, and the remainder were non-HAMP. This compares to 19,612 modifications in the first quarter of 2010, of which 32% were HAMP.

As of June 30, 2010, we estimate that the balance of uncollected and unrecognized servicing fees related to delinquent borrower payments was $77,231 compared to $55,612 as of December 31, 2009. The increase in 2010 is primarily due to the $6.9 billion of servicing UPB that we acquired in the second quarter of 2010.

Operating expenses increased by $8,286 primarily due to a reserve of $5,163 that we established in connection with a proposed settlement of the MDL Proceeding and $1,250 of professional fees incurred in connection with the pending acquisition of HomEq Servicing. Operating expenses also include approximately $1,500 in additional compensation, telecommunications and occupancy expenses for the HomEq Servicing acquisition. See Note 25 to our Interim Consolidated Financial Statements for additional information for additional details regarding the MDL Proceeding.

The delinquency rate remained relatively stable in the second quarter of 2010. The increase in total advances is primarily the result of advances acquired as part of the $6.9 billion servicing UPB acquisition that we completed in the second quarter of 2010. We expect delinquency rates to remain flat or decline somewhat during the remainder of 2010; however, advances will increase significantly if our pending acquisition of the HomEq Servicing business is completed as expected.

Prepayment speed was 40% lower in the second quarter of 2010 primarily due to a decline in loan payoffs and real estate sales. Real estate sales and other involuntary liquidations accounted for approximately 76% of prepayments during the second quarter of 2010 as compared to over 84% for the same period in 2009.

Interest expense in the second quarter of 2010 was lower than in the same period of 2009 principally because we continued to follow our strategy of reducing advance financing with the proceeds of our equity offering. As a result, average Servicing borrowings declined by 5% during the second quarter of 2010 as compared to the second quarter of 2009 even as average advances and match funded advances increased by 22% during the same period. In addition, our average effective interest rate for the second quarter of 2010 declined as compared to the second quarter of 2009. This is the result of lower spreads over LIBOR charged on new variable rate match funded facilities.

Six Months Ended June 30, 2010 versus 2009. Residential servicing and subservicing fees for the first six months of 2010 were 13% higher than the same period of 2009 despite a 32% increase in the average UPB of residential assets serviced. This was because of a 64% increase in the size of the subservicing portfolio between years. HAMP fees during the first six months of 2010 were $11,038 but were partly offset by the waiver of late charges on loans with HAMP modifications in the first quarter of 2010. We began to implement HAMP in the second quarter of 2009, and both servicing fees and late fees were down significantly in that quarter because of the forfeiture of fees under HAMP and an overall decline in modifications as we adjusted our procedures to conform to the requirements of t he HAMP.

Operating expenses for the first six months of 2010 increased by $4,855 over the same period of 2009 principally because of the $5,163 reserve established in connection with the proposed settlement of the MDL Proceeding, a $3,252 increase in technology and communications expense and $1,250 of professional services fees incurred in connection with the HomEq Servicing acquisition. Operating expenses also include the impact of approximately $1,500 of additional compensation, telecommunications and occupancy expenses for the HomEq Servicing acquisition. These increases were offset in part by a decline of $4,355 in amortization expense. Amortization expense declined in the first six months of 2010 as compared to 2009 as the projected average prepayment speed (CPR) fell and our portfolio composition shifted to a greater concentration of subservicing arrangements, leading to an 11% lower average MSR balance in 2010.

Total interest expense for the first six months of 2010 was 23% lower than the same period in 2009 principally because of a 24% decline in the average balance of borrowings. The effective average interest rate has increased modestly as compared to the first six months of 2009 principally because of higher spreads over LIBOR and higher facility fees charged on new facilities, especially in the first quarter of 2010.

The following table shows selected assets and liabilities of our Servicing segment at:

	June 30, 2010	December 31, 2009
Advances	$ 146,644	$ 141,429
Match funded advances	1,184,851	822,615
Mortgage servicing rights (Residential)	126,668	117,802
Receivables, net	30,192	43,079
Debt service accounts	42,445	50,221
Debt issuance costs, net	12,145	6,802
Other	7,286	9,264
Total assets	$ 1,550,231	$ 1,191,212
Match funded liabilities	$ 835,172	$ 465,691
Lines of credit and other secured borrowings	44,514	55,810
Servicer liabilities	1,868	38,570
Deferred income	11,975	13,599
Checks held for escheat	8,017	7,947
Servicing liability	2,477	2,878
Accrued expenses and other (1)	22,898	15,575
Total liabilities	$ 926,921	$ 600,070

(1) The balance at June 30, 2010 includes the $5,163 accrual established in connection with the settlement of the MDL Proceeding.

Loans and Residuals

The following table presents selected results of operations of our Loans and Residuals segment for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Revenue	$ —	$ —	$ —	$ —
Operating expenses	1,369	747	2,561	1,309
Loss from operations	(1,369)	(747)	(2,561)	(1,309)
Other income (expense)				
Interest income	2,107	1,991	4,948	3,875
Interest expense	(39)	(519)	(228)	(1,149)
Loss on trading securities	—	(581)	—	(863)
Loss on loans held for resale, net	(1,233)	(2,987)	(2,271)	(7,541)
Other, net	(386)	—	(935)	6
Other income (expense), net	449	(2,096)	1,514	(5,672)
Loss from continuing operations before income taxes	$ (920)	$ (2,843)	$ (1,047)	$ (6,981)

Effective January 1, 2010, the Loans and Residual segment includes the four securitization trusts that we include in our consolidated financial statements under the provisions of ASC 810, Consolidation. Our results of operations for the three and six months ended June 30, 2010 and our assets and liabilities as of that date include the effects of consolidating these trusts. The securitization trusts are essentially pass-through entities that have not had a significant effect on the Loss from continuing operations before income taxes of the Loans and Residuals segment. For the three and six months ended June 30, 2010, the trusts generated Income (loss) from continuing operations before income taxes of $(9)and $334, respectively. See Note 1 to our Interim Consolidated Financial Statements—Securitizations of Re sidential Mortgage Loans, for additional information.

Three Months Ended June 2010 versus 2009. Interest income during the second quarter of 2010 was higher than in 2009 largely due to the effects of consolidating the loan securitization trusts which generated interest income of $1,283 in the second quarter of 2010. In addition, interest on loans held for resale declined $231 primarily due to a lower average loan principal balance because of payoffs, foreclosures and charge-offs.

Interest expense was lower in the second quarter of 2010 primarily due to our repayment in September 2009 of the remaining outstanding notes that represented our financing of loans held for resale.

Losses on trading securities reflect the change in fair value on mortgage-backed securities. However, with the consolidation of the securitization trusts, we no longer recognize gains or losses on changes in fair value of the securities that we hold that were issued by the trusts.

Loss on loans held for resale, net, includes the adjustment necessary to present loans held for resale and the related real estate at estimated fair value and as well as realized losses on loan payoffs, foreclosures and charge-offs. The decline in losses on loans in the first quarter of 2010 reflects a smaller portfolio and a slower decline in the valuations on the underlying loan and real estate collateral.

Other, net, includes $503 of charge - offs on the loans held by the securitization trusts offset by an increase of $138 in the fair value of an interest rate swap held by one of the trusts.

Six Months Ended June 30, 2010 versus 2009. Interest income is 28% higher in the first six months of 2010 than it was in the first six months of 2009 principally because of the effects of including the four securitization trusts in our consolidated financial statements beginning January 1, 2010. This effect was partially offset by lower interest income on loans held for sale because of a 23% decline in the UPB of the portfolio from June 2009 to June 2010. Interest expense declined largely because of the repayment in September 2009 of the facility used to finance our loans held for resale. Loss on loans held for resale, net decreased because of a smaller loan portfolio and a slowing of the declines seen in the valuation of the loan portfolio.

The following table shows selected assets and liabilities of our Loans and Residuals segment at:

	June 30, 2010	December 31, 2009
Restricted cash – for securitization investors	$ 1,012	$ —
Subordinate and residual trading securities (1)	—	3,634
Loans held for resale (2)	30,696	33,197
Advances on loans held for resale	4,088	4,321
Loans, net – restricted for securitization investors (3)	70,860	—
Real estate (4)	4,461	5,030
Other	1,774	2,508
Total assets	$ 112,891	$ 48,690
Secured borrowings – owed to securitization investors (5)	67,199	—
Other	1,807	1,164
Total liabilities	$ 69,006	$ 1,164

(1) As more fully described in Note 1 to our Interim Consolidated Financial Statements—Securitizations of Residential Mortgage Loans, effective January 1, 2010, we eliminated our investment in securities issued by the newly consolidated securitization trusts.

(2) Loans held for resale at June 30, 2010 and December 31, 2009 includes non-performing loans with a carrying value of $13,015 and $14,382, respectively. The UPB of nonperforming loans held for resale as a percentage of total UPB was 54% at June 30, 2010 compared to 56% at December 31, 2009. There were no loan sales during the first six months of 2010.

(3) Includes $74,245 of loans held by the newly consolidated securitization trusts, including $14,108 of nonperforming loans. The balance is net of an allowance for loan losses of $3,385. See Note 8 to the Interim Consolidated Financial Statements for additional information regarding these loans.

(4) Includes $3,830 and $5,030 at June 30, 2010 and December 31, 2009, respectively, of foreclosed properties from our portfolio of loans held for resale that are reported net of fair value allowances of $5,020 and $4,810, respectively. During the first six months of 2010, real estate sales more than offset transfers from loans held for resale. The balance at June 30, 2010 also includes $631 of foreclosed properties owned by the newly consolidated securitization trusts as of June 30, 2010, net of valuation allowances of $946.

(5) Represent certificates issued by the newly consolidated securitization trusts. See Note 13 to our Interim Consolidated Financial Statements for additional information regarding these borrowings.

Asset Management Vehicles

The following table presents selected results of operations of our Asset Management Vehicles segment for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Revenue (1)	$ 176	$ 460	$ 364	$ 997
Operating expenses	443	1,016	910	1,778
Loss from operations	(267)	(556)	(546)	(781)
Other income (expense)				
OSI	170	(379)	654	(106)
ONL and affiliates	(21)	(467)	17	(1,042)
Equity in earnings (losses) of unconsolidated entities	149	(846)	671	(1,148)
Other income (expense), net	149	(846)	671	(1,148)
Income (loss) from continuing operations before income taxes	$ (118)	$ (1,402)	$ 125	$ (1,929)

(1) Revenue consists of management fees earned from OSI and ONL and affiliates. In addition, our Servicing segment earns fees for servicing loans on behalf of these unconsolidated entities. In determining the amount of consolidated equity in earnings to recognize, we add back our share of the loan servicing and management fee expense recognized by OSI, ONL and affiliates. During the second quarter of 2010 and 2009, we earned total fees of $779 and $1,040, respectively, from OSI and ONL and affiliates. Year to date, we earned total fees of $1,631 and $2,367 for 2010 and 2009, respectively. On a consolidated basis, we have recognized approximately 75% of the loan servicing and management fee revenue.

Three and Six Months Ended June 2010 versus 2009. Management fee revenue continues to decline. The improvement in earnings of OSI and ONL and affiliates in the 2010 periods largely resulted from a reduction in losses on resolved loans, reflecting a slower decline in the valuations on the underlying loans and real estate collateral and an increase in the fair value of residual securities.

The following table shows selected assets and liabilities of our Asset Management Vehicles segment at:

	June 30, 2010	December 31, 2009
Receivables	$ 106	$ 334
OSI	8,539	7,885
ONL and affiliates (1)	4,915	7,044
Investments in unconsolidated entities	13,454	14,929
Other	2	8
Total assets	$ 13,562	$ 15,271

(1) During the first six months of 2010, we received distributions totaling $2,146 from ONL and its affiliates. At June 30, 2010, we had committed to invest up to an additional $33,840 in ONL and affiliated entities. The commitment expires in September 2010.

Mortgage Services, Financial Services and Technology Products

Mortgage Services, Financial Services and Technology Products were separated as of August 10, 2009 as part of the Separation of the Ocwen Solutions line of business, except for GSS and BMS Holdings which remain at Ocwen. As a separate, publicly-traded company, Altisource Portfolio Solutions S.A. (NASDAQ:ASPS) will file a Form 10-Q with the Securities and Exchange Commission.

Corporate Items and Other

The following table presents selected results of operations of Corporate Items and Other for the periods ended June 30:

	Three months		Six months	
	2010	2009	2010	2009
Revenue	$ 425	$ 112	$ 774	$ 365
Operating expenses	1,817	3,830	4,740	7,813
Loss from operations	(1,392)	(3,718)	(3,966)	(7,448)
Other income (expense)				
Gain (loss) on trading securities:				
Auction rate securities	(1,703)	6,024	(938)	5,984
Subordinates and residuals	(7)	(8)	(7)	(66)
	(1,710)	6,016	(945)	5,918
Gain on debt redemption	6	—	723	534
Other, net	(4,029)	739	(4,114)	595
Other income, net	(5,733)	6,755	(4,336)	7,047
Income (loss) from continuing operations before income taxes	$ (7,125)	$ 3,037	$ (8,302)	$ (401)

Three Months Ended June 2010 versus 2009. Operating expenses declined for the quarter primarily due to a reduction in professional service fees. In addition, we realized a loss of $1,675 from the sale of auction rate securities with a par value of $46,800 during the second quarter of 2010. Other, net includes a $3,000 charge to write-off our investment in a commercial real estate partnership during the second quarter of 2010. In the second quarter of 2009, we recorded $1,855 of professional service fees related to the Separation.

Six Months Ended June 30, 2010 versus 2009. Operating expenses for the first six months of 2010 declined as compared to the first six months of 2009 principally because we recorded $3,017 of expenses related to the Separation in 2009. We realized losses of $1,907 in the first six months of 2010 from sales of auction rate securities. Other, net includes the charge of $3,000 for the write-off of our investment in a commercial real estate partnership during the second quarter of 2010.

The following table shows selected assets and liabilities of Corporate Items and Other at:

	June 30, 2010	December 31, 2009
Cash	$ 143,225	$ 90,778
Trading securities, at fair value		
Auction rate (1)	78,073	247,464
Subordinates and residuals	52	58
Receivables, net	6,345	4,811
Income taxes receivable	19,312	17,865
Deferred tax assets, net	117,253	132,683
Premises and equipment, net	3,371	3,214
Interest-earning collateral deposits (2)	21,497	5,765
Other	11,717	11,539
Total assets	$ 400,845	$ 514,177
Lines of credit and other secured borrowings (1)	$ 56,153	$ —
Investment line (1)	—	156,968
Debt securities (3)	82,554	95,564
Fair value of derivatives (2)	11,787	—
Liability for selected tax items	6,978	15,326
Checks held for escheat	5,044	4,880
Payable to Altisource	3,574	10,606
Other (4)	15,582	18,909
Total liabilities	$ 181,672	$ 302,253

(1) In the first quarter of 2010, we liquidated $137,575 par value of securities as the result of the settlement of two of our auction rate securities litigation actions and the sale of certain auction rate securities. Furthermore, we sold $88,150 par value of securities with the option to repurchase the same securities at the same sales price until October 2012 and recognized the sale as a secured borrowing. We used these proceeds to repay the investment line. In the second quarter of 2010, we repurchased $46,800 par value of these securities at the initial sale price of $40,504, reduced the liability and sold the securities for cash proceeds of $44,460. Also in the second quarter of 2010, we sold auction rate securities with a par value of $35,000 under an agreement to repurchase and received proceeds of $21,704. We report repurchase agreements as collateralized financings and report the obligations to repurchase the assets sold as a secured borrowing.

(2) As disclosed in Note 18, we entered into interest rate swap agreements during the second quarter to hedge against our exposure to an increase in variable interest rates. At June 30, 2010, the counterparties to the swap agreements hold $15,732 of cash collateral.

(3) In January 2010, we repurchased $12,930 par value of our 10.875% Capital Trust Securities at a discount to par in the open market which generated a gain of $717, net of the write-off of unamortized issuance costs. In June 2010, we repurchased $80 par value of Capital Trust Securities which generated a net gain of $6.

(4) The decline in Other liabilities in the first six months of 2010 is primarily due to the payment of the 2009 annual bonus.

EQUITY

Total equity amounted to $899,930 at June 30, 2010 as compared to $865,863 at December 31, 2009. This increase of $34,067 is primarily due to net income of $36,898. In addition, as more fully described in Note 1—Securitizations of Residential Mortgage Loans, we recorded a $2,274 increase in the opening balance of retained earnings upon adoption of ASU 2009-17 (ASC 810, Consolidation) on January 1, 2010. The exercise of 217,775 stock options and the compensation in the form of employee share-based awards also contributed to the increase in equity in 2010. Partially offsetting these increases, we recognized $7,383 of unrealized losses, net of taxes, in Other comprehensive loss during the second quarter on interest rate swaps that we designated as cash flow hedges.

INCOME TAX EXPENSE (BENEFIT)

Income tax expense (benefit) was $(2,777) and $9,472 for the second quarter of 2010 and 2009, respectively. For the first six months, income tax expense was $7,797 and $17,509 for the 2010 and 2009 periods, respectively.

Our effective tax rate for first six months of 2010 was 17.4% as compared to 35.3% for the same period of 2009. Income tax expense on Income from continuing operations before income taxes differs from amounts that would be computed by applying the U.S. Federal corporate income tax rate of 35% primarily because of the effect of foreign taxes and foreign tax rates, foreign income with an indefinite deferral from U.S. taxation, losses from consolidated VIEs and state taxes. In addition, the effective rate reflects a benefit from the release of a reserve of $8,348 predominantly related to the wind down and liquidation of an advance financing structure. The reserve for this item had been recorded in 2009.

Our effective tax rate for first six months of 2010 and 2009 includes a non-cash benefit of approximately 6.1% and 3.8%, respectively, associated with the recognition of certain foreign deferred tax assets.

LIQUIDITY AND CAPITAL RESOURCES

We define liquidity as unencumbered cash balances plus unused, collateralized advance financing capacity. Our liquidity as of June 30, 2010, as measured by cash and available credit, was $229,874, a decrease of $62,241, or 21%, from December 31, 2009 to June 30, 2010. At June 30, 2010, our cash position was $143,386 compared to $90,919 at December 31, 2009. Our available credit on collateralized but unused advance financing capacity was $86,488 at June 30, 2010 compared to $201,200 at December 31, 2009.

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

- Match funded liabilities
- Lines of credit and other secured borrowings
- Servicing fees and ancillary revenues
- Payments received on loans held for resale
- Payments received on trading securities
- Debt securities

In addition to these near-term sources, additional long-term sources of liquidity include debt securities and equity capital.

Our primary uses of funds are the funding of servicing advances, the payment of interest and operating expenses, the purchase of servicing rights and the repayment of borrowings. We closely monitor our liquidity position and ongoing funding requirements.

Our investment policies emphasize principal preservation by limiting investments to include:

- Securities issued by the U.S. government, a U.S. agency or a U.S. government-sponsored enterprise
- Money market mutual funds
- Money market demand deposits

Currently, we are primarily invested in money market demand deposits. Furthermore, our investment policies are intended to minimize credit and counterparty risk by establishing risk limits based on each counterparty's equity size and long-term credit ratings. We regularly monitor and project cash flow timing in connection with our efforts to optimize the risk-adjusted yield of our portfolio of investments.

In assessing our liquidity outlook, our primary focus is on two measures:

- The relationship of dollars generated from maturing assets compared to dollars generated from maturing liabilities assuming no renewal of existing facilities and no new financings
- Unused borrowing capacity

At June 30, 2010, $752,828 of our total maximum borrowing capacity remained unused. The unused borrowing capacity in the Servicing business may be utilized in the future by pledging additional qualifying collateral to our facilities.

We maintain unused borrowing capacity for three reasons:

- As a protection should Advances increase due to increased delinquencies,
- To the extent that term financing is unavailable resulting in liabilities maturing faster than assets, as a protection should we be unable to either renew existing facilities or obtain new facilities and
- To provide capacity for the acquisition of additional servicing.

Outlook. In the second half of 2010, we expect to reduce up-front facility fees and execute at tighter spreads over LIBOR and commercial paper rates.

We also expect to benefit from the increase in the duration of our funding sources. Our $410,000 of TALF issuances increased the maturity for 49% of our advance financing needs at fixed interest rates.

Debt financing summary. During the six months ended June 30, 2010, we:

- Fully repaid $156,968 on our auction rate securities investment line;
- Repurchased Capital Trust Securities with a face value of $13,010;
- Repaid $12,000 on our original $60,000 fee reimbursement advance; and
- Repaid $1,400 on our original $7,000 term note;
- Renewed a $100,000 advance note;
- Renewed a $500,000 advance note;
- Renewed and extended a variable funding note with a maximum borrowing capacity of $300,000;
- Issued $200,000 of advance receivable backed notes under the TALF program; and
- Entered into financing arrangements collateralized by auction rate securities with a combined fair value and par value of $75,763 and $76,350, respectively, at June 30, 2010.

As a result of our ability to renew and increase advance facility notes before they entered their amortization period and to issue the TALF notes, maximum borrowing capacity for match funded advances increased by $228,000 from $1,360,000 at December 31, 2009 to $1,588,000 at June 30, 2010. When coupled with an increase in advances and match funded advances of $367,192, we decreased our unused advance borrowing capacity from $894,309 at December 31, 2009 to $752,828 at June 30, 2010. The primary reason for the net increase in advances in 2010 was the acquisition of the $6.9 billion servicing portfolio during the second quarter. Our prospects for advance financing improved due to the inclusion of servicer advances in TALF which was announced by the Federal Reserve Bank of New York in on March 19, 2009. Although the TALF window closed in March 2010, we were able to establish relations with many cash and TALF investors during our December 2009 and February 2010 issuances, and thus have generated significant interest for future medium-term note issuances.

In order for us to maintain liquidity and the ability to finance new advances, we repay borrowings under facilities that have entered their amortization period and pledge them to another facility. Our new advance facility structure, which has four notes outstanding as of June 30, 2010, permits collateral to be apportioned between notes when one or more notes are in amortization. This feature permits us to continue to finance new advances provided there is sufficient capacity on other revolving notes in the structure that are not in amortization.

Our ability to finance servicing advances continues to be a significant factor that affects our liquidity. Three of our match funded advance facilities that are rated are subject to increases in the financing discount if deemed necessary by the rating agencies in order to maintain the minimum rating required for the facility. While several rating agencies have adjusted their methodology for rating servicer advances and advance rates for newly issued notes are lower than in the past, we do not expect future advance rate changes to have a material effect on our liquidity. Our ability to continue to pledge collateral under each advance facility depends on the performance of the collateral. Currently, the majority of our collateral qualifies for financing under the advance facility to which it is pledged.

Some of our existing debt covenants limit our ability to incur additional debt in relation to our equity, require that we do not exceed maximum levels of delinquent loans 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 and do not expect them to restrict our activities.

Cash flows for the six months ended June 30, 2010. Our operating activities provided $360,795 of cash primarily due to our liquidation of auction rate securities and net collections of servicing advances. Trading activities provided $168,453 of cash from sales, settlements and redemptions of auction rate securities. Excluding the advances acquired in connection with the $6.9 billion residential servicing portfolio we acquired in the second quarter, advances declined $153,997. Also, servicing liabilities declined by $36,702.

Our investing activities used $547,351 of cash during the first six months of 2010. During the second quarter of 2010, we paid $23,425 to purchase MSRs and acquired $528,882 of advances and other assets in connection with the acquisition of a $6.9 billion servicing portfolio. We also received $2,146 of distributions from our asset management entities.

Our financing activities provided $239,023 of cash primarily consisting of $369,481 of net proceeds from match funded liabilities of our Servicing business. We also received proceeds of $96,657 from collateralized financing transactions involving auction rate securities and recognized these transactions as secured borrowings. This was partially offset, as we repaid the investment line of $156,968, reduced the borrowings collateralized by auction rate securities by $40,504 and purchased Capital Trust Securities with a face value of $13,010 for $11,659. We also paid the first annual installment of $12,000 on our $60,000 fee reimbursement advance.

Cash flows for the six months ended June 30, 2009. Our operating activities provided $193,119 reflecting a decline in the funding requirements of our Servicing operations and a decline in net cash used by trading activities. We collected net cash of $164,979 on advances and match funded advances while servicing liabilities declined by $57,977.

Our investing activities used $6,387 net cash primarily due to the purchase of MSRs for $10,241offset by $3,246 of distributions we received from our asset management entities.

Our financing activities used $173,846 of cash as we made $195,226 of net repayments of borrowings under our match funded advance facilities as a result of declines in servicing advances. Net proceeds of $67,000 from two new secured borrowings were largely offset by repayments on the investment line and repurchases of our 3.25% Convertible Notes. Cash flows from financing activities for the first six months of 2009 include $49,187 of net proceeds from sales and repurchases of our common stock.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET ARRANGEMENTS

Contractual Obligations

We believe that we have adequate resources to fund all unfunded commitments to the extent required and meet all contractual obligations as they come due. Such contractual obligations include our Convertible Notes, Capital Trust Securities, lines of credit and other secured borrowings, interest payments and operating leases. See Note 25 to the Interim Consolidated Financial Statements for additional information regarding commitments and contingencies.

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 Consolidated 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. In addition, through our investment in subordinate and residual securities, we provide credit support to the senior classes of securities. We have also entered into non-cancelable operating leases and have committed to invest up to an additional $33,840 in ONL and related entities.

Derivatives. We record all derivative transactions at fair value on our Consolidated Balance Sheets. We currently use these derivatives principally to manage our interest rate risk. The notional amounts of our derivative contracts do not reflect our exposure to credit loss. See Note 18 to our Interim 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.

Our securitizations of mortgage loans were structured as sales. The SPEs to which we transferred the mortgage loans were qualifying special purpose entities (QSPEs) and, therefore, were not subject to consolidation through 2009. We have retained both subordinated and residual interests in these SPEs. Where we are the servicer of the securitized loans, we generally have the right to repurchase the mortgage loans from the SPE when the costs exceed the benefits of servicing the remaining loans. As disclosed in the Recent Accounting Developments below, ASC 860 amended the current accounting standards primarily to eliminate the concept of a QSPE. Effective January 1, 2010, ASC 810 required that we reevaluate these QSPEs as well as all other potentially significant interests in other unconsolidated entities to determine if we should include th em in our consolidated financial statements. We have determined that these QSPEs are VIEs and that we are the primary beneficiary of four of these QSPEs and have included them in our consolidated financial statements effective January 1, 2010.

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 the transfer did not qualify for sales accounting treatment or because we are the primary beneficiary where the SPE is also a 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, OLS has guaranteed the payment of the obligations of the issuer under a match funded facility that closed in April 2008. The maximum amount payable under the guarantee is limited to 10% of the notes outstanding at the end of the facility’s revolving period.

VIEs. In addition to certain of our financing SPEs, we have invested in several other VIEs primarily in connection with purchases and securitizations of whole loans. If we determine that we are the primary beneficiary of a VIE, we report the VIE in our consolidated financial statements.

RECENT ACCOUNTING DEVELOPMENTS

Recent Accounting Pronouncements

Listed below are recent accounting pronouncements which did or are expected to have a significant impact upon adoption. For additional information regarding these and other recent accounting pronouncements, see Note 2 to our Interim Consolidated Financial Statements.

ASU 2009-16 (ASC 860, Transfers and Servicing). This statement eliminates the exceptions for qualifying special purpose entities (QSPE) from the consolidation guidance (ASC 810) and clarifies that the objective of the standard is to determine whether a transferor and all of the entities included in the transferor's financial statements being presented have surrendered control over transferred financial assets. That determination must consider the transferor's continuing involvements in the transferred financial asset, including all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. This statement modifies the financial-components approach currently used and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset.

This statement defines the term participating interest to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. If the transfer does not meet those conditions, a transferor should account for the transfer as a sale only if it transfers an entire financial asset or a group of entire financial assets and surrenders control over the entire transferred asset(s). This statement requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets.

The provisions for guaranteed mortgage securitizations are removed to require those securitizations to be treated the same as any other transfer of financial assets within the scope of the standard. If such a transfer does not meet the requirements for sale accounting, the securitized mortgage loans should continue to be classified as loans in the transferor's statement of financial position.

We adopted this standard effective January 1, 2010 as a result of which, we reevaluated certain QSPEs with which we had ongoing relationships as further described under ASU 2009-17, below, and reassessed the adequacy of our disclosures with regard to our servicing assets and servicing liabilities.

ASC 810, Consolidation. This standard requires an enterprise to perform ongoing periodic assessments to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. We adopted this standard effective January 1, 2010. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics:

(a) The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance

(b) The obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

In addition to reintroducing the concept of control into the determination of the primary beneficiary of a VIE, this statement makes numerous other amendments to the current standards primarily to reflect the elimination of the concept of a QSPE under ASC 860 (above). This statement also amends the current standards to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a VIE. The additional disclosures required by this statement are included in Note 1—Summary of Significant Accounting Policies.

As also disclosed in Note 1—Summary of Significant Accounting Policies, we previously excluded certain loan securitization trusts from our consolidated financial statements because each was a QSPE. Effective January 1, 2010, we reevaluated these QSPEs as well as all other potentially significant interests in other unconsolidated entities to determine if we should include them in our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (DOLLARS IN THOUSANDS)

Market risk includes liquidity risk, interest rate risk and foreign currency exchange rate risk. Market risk also reflects the risk of declines in the valuation of financial instruments and the collateral underlying loans. Our Investment Committee reviews significant transactions that may impact market risk and is authorized to utilize a wide variety of techniques and strategies to manage market risk including, in particular, interest rate risk.

Liquidity Risk

We are exposed to liquidity risk primarily because of the cash required to support the Servicing business including the requirement to make advances pursuant to servicing contracts. In general, we finance our operations through operating cash flow, match funding agreements and secured borrowings. See the Liquidity Summary and Liquidity and Capital Resources sections for additional discussion of liquidity.

Interest Rate Risk

Interest rate risk is a function of (i) the timing and (ii) the dollar amount of assets and liabilities that re-price at each point in time. We are exposed to interest rate risk to the extent that our interest-bearing liabilities mature or re-price at different speeds, or different bases, than interest-earning assets.

If interest rates increase by 1% on our variable rate advance financing and interest earning cash and float balances, we estimate a net positive impact of approximately $355 resulting from an increase of $4,663 in annual interest income compared to an increase of $4,308 in annual interest expense. This outcome is due in large part to our hedging activities. See below and Note 18 to our Interim Consolidated Financial Statements for additional information regarding our use of derivatives.

At June 30, 2010, we had interest rate caps with a notional amount of $308,333 to hedge our exposure to rising interest rates on variable-rate match funded notes with a combined maximum borrowing capacity of $350,000. In addition, during the second quarter of 2010 we entered into interest rate swaps with a notional amount of $250,000 to hedge a portion of a $500,000 variable-rate advance funding facility of which we were borrowing $250,000 at June 30, 2010. Also during the second quarter of 2010, we entered into interest rate swaps with a notional amount of $637,201 to hedge the variable-rate debt anticipated to be used to fund advances that will be acquired as part of the HomEq Servicing acquisition.

	June 30, 2010
Total borrowings outstanding (1)(2)	$ 1,027,479
Fixed rate borrowings	540,554
Variable rate borrowings	486,925
Float balances (held in custodial accounts, excluded from our Consolidated Balance Sheet)	322,985
Notional balance of interest rate caps	308,333
Notional balance of interest rate swaps (3)	887,201

(1) Borrowing amounts are exclusive of any related discount.

(2) Excluding Secured borrowings – owed to securitization investors of $67,199, the holders of which have no recourse against the assets of Ocwen.

(3) Excluding an interest rate swap held by one of the securitization trusts that we began to include in our consolidated financials statements effective January 1, 2010.

Excluding Loans, net – restricted for securitization investors of $70,860, our Consolidated Balance Sheet at June 30, 2010 included interest-earning assets totaling $225,515 including $42,743 of interest-earning cash accounts, $78,073 of auction rate securities, $42,445 of debt service accounts, $30,696 of loans held for resale and $23,408 of interest-earning collateral accounts.

Foreign Currency Exchange Rate Risk

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 and India expose us to foreign currency exchange rate risk, but we do not consider this risk significant. During the second quarter of 2010, we entered into foreign exchange forward contracts to hedge against the effect of changes in the value of the India Rupee on recurring amounts payable to our subsidiary in India, OFSPL, for services rendered to U.S. affiliates. The notional balance of these contracts was $16,000 at June 30, 2010. We did not designate these contracts as hedges.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of June 30, 2010. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2010, our disclosure controls and procedures (1) were designed and functioning effectively to ensure that material information relating to Ocwen, including its consolidated subsidiaries, is made known to our Chief Executive Officer and Chief Financial Officer by others within those entities, particularly during the period in which this report was being prepared and (2) were operating effectively in that they provided reasonable assurance that information require d to be disclosed by Ocwen in the reports that it files or submits under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to management, including the Chief Executive Officer or Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the fiscal quarter ended June 30, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 25—Commitments and Contingencies to the Interim Consolidated Financial Statements for information regarding legal proceedings.

ITEM 1A. RISK FACTORS

The following supplements the discussion of the principal risks and uncertainties that affect or could affect our business operations that was included under Item 1A on pages 11 through 18 of our Annual Report on Form 10-K for the year ended December 31, 2009 and should be read in conjunction with such disclosures.

Our business may be affected by the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was signed into law on July 21, 2010. Certain provisions of the Dodd-Frank Act may impact our business. For example, we may be required to clear and exchange trade some or all of the swap transactions that we enter into which could result in higher cost, less transaction flexibility and price disclosure. Because many provisions of the Dodd-Frank Act require rule making by governmental agencies to implement, we cannot predict the impact of the Dodd-Frank Act on Ocwen and its business.

ITEM 5. OTHER INFORMATION

On July 29, 2010, Ocwen Financial Corporation ("Ocwen") and certain subsidiaries of Ocwen entered into a senior secured term loan facility agreement (the "Credit Agreement") with Barclays Bank PLC and the other lenders that are parties thereto, and Ocwen borrowed thereunder term loans in an aggregate principal amount equal to $350 million (the "Proceeds"). The Proceeds will be used (a) to fund a portion of the acquisition of the non-prime mortgage servicing business known as "HomEq Servicing" by Ocwen Loan Servicing, LLC ("OLS") in accordance with the provisions of the Asset Purchase Agreement, dated May 28, 2010, among Barclays Bank PLC, Barclays Capital Real Estate Inc., OLS and Ocwen (the "HomEq Acquisition"), (b) to pay fees and expenses incurred in connection with the HomEq Acquisition and the transactions contemplated by the Credit Agreement and (c) for general corporate purposes of Ocwen and its subsidiaries.

Borrowings under the Credit Agreement will bear interest, at the election of Ocwen, at a rate per annum equal to either (a) the greatest of (i) the prime rate of Barclays Bank PLC in effect on such day, (ii) the federal funds effective rate in effect on such day plus 0.50% and (iii) the one-month Eurodollar rate (1-Month LIBOR), in each case plus the applicable margin of 6.00% and a floor of 3.00% or (b) 1-Month LIBOR, plus the applicable margin of 7.00% with a 1-Month LIBOR floor of 2.00%.

The Credit Agreement has been guaranteed by OLS and Real Estate Servicing Solutions Inc. The Credit Agreement is and will be guaranteed by each of Ocwen's current and future domestic subsidiaries that is not a securitization entity and that represents (a) 5% or more of Ocwen's consolidated adjusted EBITDA, (b) 5% or more of Ocwen's consolidated total assets or (c) 5% or more of Ocwen's consolidated total revenues. If at any time the subsidiaries (excluding foreign subsidiaries and securitization entities) that do not meet the thresholds set forth in the immediately preceding sentence comprise in the aggregate more than (i) 6% of Ocwen's consolidated adjusted EBITDA, (ii) 6% of Ocwen's consolidated total assets or (iii) 6% of Ocwen's consolidated total revenues (excluding from each such calculatio n the contribution of securitization entities and foreign subsidiaries), then Ocwen is required to cause additional subsidiaries to provide guaranties under the Credit Agreement to the extent required such that the foregoing condition ceases to be true. The Credit Agreement is secured by a first priority security interest in substantially all of the tangible and intangible assets of Ocwen and the guarantors, as well as by a pledge of the equity of certain of the subsidiaries of Ocwen and each guarantor.

$150 million of the Proceeds has been deposited into escrow pending the closing of the HomEq Acquisition. If the closing of the HomEq Acquisition has not occurred by December 31, 2010, Ocwen is required to prepay the term loans under the Credit Agreement in an aggregate amount equal to $150 million and the escrowed funds will be applied to effect such prepayment. If the closing of the HomEq Acquisition occurs prior to December 31, 2010, then the escrowed funds may be used by Ocwen to pay the acquisition price in connection therewith, unless a payment default or bankruptcy default exists under the Credit Agreement.

Ocwen is required to prepay the principal amount of the term loans in consecutive quarterly installments of $8.75 million per quarter commencing September 30, 2010, with the balance of the term loans becoming due on July 29, 2015.

Ocwen is permitted to prepay the term loans at any time, without premium or penalty, other than LIBOR breakage costs; provided, that if all or any portion of the term loans are repaid prior to the one year anniversary of the closing of the Credit Agreement through voluntary or mandatory repayments from the incurrence of indebtedness having a lower effective yield than the term loans (whether by reason of the interest rate applicable to such indebtedness or by reason of the issuance of such indebtedness at a discount), Ocwen must pay a premium equal to 1.0% of the amount of term loans repaid.

Ocwen is required to make mandatory prepayments of the term loans in certain instances, including with the proceeds of certain material asset sales, insured casualties and condemnation events, in each case, subject to a 9-month reinvestment provision. Ocwen is also required to make mandatory prepayments of the term loans if there is positive consolidated excess cash flow (as defined in the Credit Agreement) for any fiscal year (commencing with the fiscal fear ending December 31, 2011), in an amount equal to (a) 50% of such consolidated excess cash flow minus (b) voluntary repayments of the loans during such fiscal year; provided, that if, as of the last day of the most recently ended fiscal year, the corporate leverage ratio (as defined in the Credit Agreement) is 1.25 to 1.00 or less, Ocwen shall only be required to make the prepayments and/or reductions otherwise required under the Credit Agreement in an amount equal to (i) 25% of such consolidated excess cash flow minus (ii) voluntary repayments of the loans during such fiscal year.

Under specified terms and conditions, the amount available under the Credit Agreement may be increased by up to $300 million of incremental term loan facilities so long as, after giving effect to the incremental facilities, Ocwen is in pro forma compliance with each of the financial covenants under the Credit Agreement as of the last day of the most recently ended fiscal quarter after giving effect to such incremental facilities; provided, that the loan-to-value ratio (as defined in the Credit Agreement) shall not exceed a percentage equal to 0.9 times the percentage that was otherwise required.

The Credit Agreement contains provisions that limit Ocwen's ability to incur debt, make investments, sell assets, create liens, engage in transactions with affiliates, engage in mergers and acquisitions, pay dividends and other restricted payments, grant negative pledges, engage in sale-leaseback transactions and change its business activities.

The Credit Agreement requires Ocwen to comply with certain financial covenants, including an interest coverage ratio, a corporate leverage ratio, a ratio of consolidated total debt to consolidated tangible net worth and a loan-to-value ratio.

In addition, the Credit Agreement contains events of default, including (subject to certain materiality thresholds and grace periods) payment default, failure to comply with covenants, material inaccuracy of representation or warranty, default under the Guaranty, dated June 28, 2005, from Ocwen in favor of the Office of Thrift Supervision and the other guaranteed parties named therein, bankruptcy or insolvency proceedings, material unsatisfied judgments, certain ERISA events, change of control, cross-default to other debt and credit agreements and the occurrence of an early amortization event under the indenture to be executed in connection with the securitization of certain of the servicer advances acquired in connection with the HomEq Acquisition. The remedies for events of d efault contained in the Credit Agreement are customary for this type of loan facility.

Ocwen paid to each lender a closing fee as compensation for the funding of such lender's term loan. In addition, Ocwen will pay administrative fees to the administrative agent, collateral agent, syndication agent, arranger and joint bookrunner.

ITEM 6. EXHIBITS

(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	Asset Purchase Agreement dated as of May 28, 2010, among Barclays Bank PLC, Barclays Capital Real Estate, Inc., Ocwen Loan Servicing, LLC and Ocwen Financial Corporation (2)
3.1	Amended and Restated Articles of Incorporation (3)
3.2	Amended and Restated Bylaws (4)
4.0	Form of Certificate of Common Stock (3)
4.1	Certificate of Trust of Ocwen Capital Trust I (5)
4.2	Amended and Restated Declaration of Trust of Ocwen Capital Trust I (5)
4.3	Form of Capital Security of Ocwen Capital Trust I (included in Exhibit 4.4) (5)
4.4	Form of Indenture relating to 10.875% Junior Subordinated Debentures due 2027 of OCN (5)
4.5	Form of 10.875% Junior Subordinated Debentures due 2027 of OCN (included in Exhibit 4.6) (5)
4.6	Form of Guarantee of OCN relating to the Capital Securities of Ocwen Capital Trust I (5)
4.7	Indenture dated as of July 28, 2004, between OCN and the Bank of New York Trust Company, N.A., as trustee (6)
10.1	Tax Matters Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.2	Transition Services Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.3	Employee Matters Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.4	Technology Products Services Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.5	Services Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.6	Data Center and Disaster Recovery Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.7	Intellectual Property Agreement, dated as of August 10, 2009, by and between Ocwen Financial Corporation and Altisource Solutions S.à r.l. (1)
10.8	Senior Secured Term Loan Facility Agreement, dated as of July 29, 2010, by and among Ocwen Financial Corporation, certain subsidiaries of Ocwen Financial Corporation, the lenders that are parties to the agreement from time to time and Barclays Bank PLC (filed herewith)
10.9	Pledge and Security Agreement, dated as of July 29, 2010, by and between Ocwen Financial Corporation, Ocwen Loan Servicing, LLC and each of the other subsidiaries of Ocwen Financial Corporation that is a party to the agreement from time to time and Barclays Bank PLC (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)

(1) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the Commission on August 12, 2009.
(2) Incorporated by reference from the similarly described exhibit included with the Registrant's Form 8-K filed with the Commission on June 2, 2010.
(3) 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 commission on September 25, 1996.
(4) 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, 2007.
(5) Incorporated by reference from the similarly described exhibit filed in connection with our Registration Statement on Form S-1 (File No. 333-28889), as amended, declared effective by the Commission on August 6, 1997.
(6) Incorporated by reference from the similarly described exhibit included with Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004.

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 its behalf by the undersigned, thereunto duly authorized.

OCWEN FINANCIAL CORPORATION

Date: August 4, 2010

By: /s/ David J. Gunter
David J. Gunter,
Executive Vice President, Chief Financial Officer and
Chief Accounting Officer
(On behalf of the Registrant and as its principal financial officer)

EXHIBIT 10.8

SENIOR SECURED TERM LOAN FACILITY AGREEMENT

dated as of July 29, 2010

among

OCWEN FINANCIAL CORPORATION,
as Borrower,

CERTAIN SUBSIDIARIES OF OCWEN FINANCIAL CORPORATION,
as Subsidiary Guarantors,

THE LENDERS PARTY HERETO,

and

BARCLAYS BANK PLC,
as Administrative Agent and Collateral Agent

$350,000,000 Senior Secured Term Loan Facility

BARCLAYS CAPITAL,
as Sole Lead Arranger, Sole Syndication Agent and Joint Bookrunner,

DEUTSCHE BANK SECURITIES INC.,
as Joint Bookrunner

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SENIOR SECURED TERM LOAN FACILITY AGREEMENT

This **SENIOR SECURED TERM LOAN FACILITY AGREEMENT**, dated as of July 29, 2010, is entered into by and among **OCWEN FINANCIAL CORPORATION**, a Florida corporation (the **"Borrower"**), **CERTAIN SUBSIDIARIES OF OCWEN FINANCIAL CORPORATION**, as Subsidiary Guarantors, the Lenders party hereto from time to time, and **BARCLAYS BANK PLC** (**"Barclays Bank"**), as Administrative Agent (together with its permitted successors in such capacity, the **"Admin istrative Agent"**) and as Collateral Agent (together with its permitted successors in such capacity, the **"Collateral Agent"**).

In consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. The following terms used herein, including in the preamble, recitals, exhibits and schedules hereto, shall have the following meanings:

"Acquired Entity" has the meaning specified in the definition of Permitted Acquisition.

"Acquired Servicing" has the meaning specified in Section 6.07(e).

"Acquisition" means the acquisition of the HomEq Business by OLS pursuant to the Asset Purchase Agreement.

"Acquisition Consideration" means the purchase consideration for any Permitted Acquisition and all other payments by the Borrower or any of its Subsidiaries in exchange for, or as part of, or in connection with, any Permitted Acquisition, whether paid in cash or by exchange of Equity Interests or of properties or otherwise and whether payable at or prior to the consummation of such Permitted Acquisition or deferred for payment at any future time, whether or not any such future payment is subject to the occurrence of any contingency, and includes any and all payments representing the purchase price and any assumptions of Indebtedness, "earn-outs" and other agreements to make any payment the amount of which is, or the terms of payment of which are, in any re spect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any Person or business.

"Acquisition Documents" means the Asset Purchase Agreement together with all other instruments and agreements entered into by OLS or its Subsidiaries in connection therewith, as the same may be amended, amended and restated, supplemented, replaced or otherwise modified from time to time.

"Administrative Agent" has the meaning specified in the preamble hereto.

"Adverse Proceeding" means any action, suit, demand, claim, proceeding, hearing (in each case, whether administrative, judicial (civil or criminal) or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of the Borrower or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign, whether pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened against or affecting the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries.

"Affected Lender" has the meaning specified in Section 2.16(b).

"Affected Loans" has the meaning specified in Section 2.16(b).

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that 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 the possession, directly or indirectly, of the power (i) to vote 5% or more of the Securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"Agent" means each of the Administrative Agent, the Collateral Agent and the Syndication Agent.

"Agent Affiliates" has the meaning specified in Section 10.01(b).

"Aggregate Amounts Due" has the meaning specified in Section 2.15.

"Aggregate Payments" has the meaning specified in Section 7.02.

"Agreement" means this Senior Secured Term Loan Facility Agreement, dated as of July 29, 2010, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Annualized Acquired EBITDA" means, for any Acquired Entity: (1) for the first full Fiscal Quarter in which such Acquired Entity is included in the calculation of Consolidated Adjusted EBITDA, (i) the actual Consolidated Adjusted EBITDA for such Acquired Entity for such Fiscal Quarter, multiplied by (ii) four; (2) for the second full Fiscal Quarter in which such Acquired Entity is included in the calculation of Consolidated Adjusted EBITDA, (i) the actual Consolidated Adjusted EBITDA for such Acquired Entity for the preceding two Fiscal Quarters ending on the last day of the applicable Fiscal Quarter, multiplied by (ii) two; (3) for the third full Fiscal Quarter in which such Acquired Entity is included in the calculation of Consolidated Adjusted EBITDA, (i) the actua l Consolidated Adjusted EBITDA for such Acquired Entity for the preceding three Fiscal Quarters ending on the last day of the applicable Fiscal Quarter, multiplied by (ii) 1.33; and (4) for the fourth full Fiscal Quarter in which such Acquired Entity is included in the calculation of Consolidated Adjusted EBITDA, (i) the actual Consolidated Adjusted EBITDA for such Acquired Entity for the preceding four Fiscal Quarters ending on the last day of the applicable Fiscal Quarter, multiplied by (ii) 1.

"Applicable Margin" means (i) with respect to Initial Term Loans that are Eurodollar Rate Loans, 7.00% per annum; and (ii) with respect to Initial Term Loans that are Base Rate Loans, 6.00% per annum. Nothing in this definition shall limit the right of the Administrative Agent or any Lender under Section 2.07 or Article VIII and the provisions of this definition shall survive the termination of this Agreement.

"Approved Electronic Communications" means any notice, demand, communication, information, document or other material that any Loan Party provides to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to any other Agent or to Lenders by means of electronic communications pursuant to Section 10.01(b).

"Arranger" means Barclays Capital, the investment banking division of Barclays Bank PLC, in its capacity as sole lead arranger, together with its permitted successors in such capacity.

"Asset Purchase Agreement" means the Asset Purchase Agreement, dated as of May 28, 2010, among Barclays Bank PLC, Barclays Capital Real Estate, Inc. (together with Barclays Bank PLC, as Sellers thereunder), OLS (as Purchaser thereunder) and, solely with respect to Sections 5.24 and 8.03 thereunder, the Borrower (as Purchaser Parent thereunder).

"Asset Sale" means a sale, lease or sub-lease (as lessor or sublessor), sale and leaseback, assignment, conveyance, exclusive license (as licensor or sublicensor), transfer or other disposition to, or any exchange of property with, any Person, in one transaction or a series of transactions, of all or any part of the Borrower's or any of its Subsidiaries' businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, leased or licensed, including the Equity Interests of any of the Borrower's Subsidiaries, other than (i) transfers to the Borrower or any Subsidiary Guarantor, or from a Subsidiary that is not a Subsidiary Guarantor to another Subsidiary that is not a Subsidiary Guarantor, (ii) inventory (or other assets) sold, leased or licensed in the ordinary course of business (excluding any such sales, leases or licenses by operations or divisions discontinued or to be discontinued), (iii) sales, leases or licenses of other assets for aggregate consideration of less than $15,000,000 with respect to any transaction or series of related transactions and less than $25,000,000 in the aggregate during any Fiscal Year, (iv) sales, contributions, assignments or other transfers of Servicing Advances pursuant to the terms of Permitted Funding Indebtedness or Non-Recourse Indebtedness, (v) a sale (in one or more transactions) of Servicing Advances (a) in the ordinary course of business or (b) in connection with the transfer or termination of the related MSRs, (vi) sales, contributions, assignments or other transfers of Servicing Advances to Securitization Entities and Warehouse Facility Trusts in connection with Securitizations or Warehouse Facilities, (vii) dis position of Investments or other assets and disposition or compromise of loans or other receivables, in each case, in connection with the workout, compromise, settlement or collection thereof or exercise of remedies with respect thereto, in the ordinary course of business or in bankruptcy, foreclosure or similar proceedings, including foreclosure, repossession and disposition of REO Assets and other collateral for loans serviced and/or originated by the Borrower or any of its Subsidiaries, (viii) the modification of any loans owned by the Borrower or any of its Subsidiaries in the ordinary course of business, (ix) sales of Securitization Assets in the ordinary course of business by the Borrower or any of its Subsidiaries in connection with the origination, acquisition, securitization and/or sale of loans that are purchased, insured, guaranteed, or securitized by the Federal Housing Administration, Veterans Administration, Ginnie Mae, Fannie Mae, Freddie Mac or other similar government or government sponsored programs, (x) sales, contributions, assignments or other transfers of MSRs in connection with MSR Facilities, (xi) sales, contributions, assignments or other transfers of OREAL Securities or any auction rate securities, and (xii) dispositions permitted by Sections 6.08(e), (h) and (i).

"Assignment Agreement" means an Assignment and Assumption Agreement substantially in the form of Exhibit E, with such amendments or modifications as may be approved by the Administrative Agent.

"Assignment Effective Date" has the meaning specified in Section 10.06(h).

"Authorized Officer" means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, president or one of its vice presidents (or the equivalent thereof), and such Person's chief financial officer or treasurer.

"Available Amount" means, at any time of determination, an amount equal to (a)(i) the aggregate amount of Consolidated Excess Cash Flow generated from and after the Closing Date to the last day of the most recently completed Fiscal Year to the extent such Consolidated Excess Cash Flow was not, or will not be, required to be applied in accordance with Section 2.12(d) plus (ii) the aggregate amount of any permitted increase in borrowing for Servicing Advance Facilities (limited to Specified Net Servicing Advances), without duplication, minus (b) any Restricted Junior Payments, Permitted Acquisitions, Consolidated Capital Expenditures, amortization payments of Junior Indebtedness or other Investments made using the Available Amount.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"Barclays Bank" has the meaning specified in the preamble hereto.

"Barclays Capital" means Barclays Capital, the investment banking division of Barclays Bank PLC.

"Base Rate" means, for any day, a rate per annum equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1.00%, and (iii) the one-month Eurodollar Rate. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively; provided, however, that notwithstanding the foregoing, the Base Rate shall at no time be less than 3.00% per annum.

"Base Rate Loan" means a Loan bearing interest at a rate determined by reference to the Base Rate.

"Beneficiary" means each Agent, Lender and Lender Counterparty.

"Board of Governors" means the Board of Governors of the United States Federal Reserve System, or any successor thereto.

"Borrower" has the meaning specified in the preamble hereto.

"Borrowing" means a borrowing consisting of the same Type and Class of Loans and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each Lender pursuant to Section 2.01(a) or Section 2.22.

"Borrowing Notice" means a notice executed by an Authorized Officer substantially in the form of Exhibit A-1.

"Business Day" means (i) any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close and (ii) with respect to all notices, determinations, fundings and payments in connection with the Eurodollar Rate or any Eurodollar Rate Loans, the term **"Business Day"** means any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks in Dollar deposits in the London interbank market.

"Capital Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Cash" means money, currency or a credit balance on hand or in any demand or Deposit Account.

"Cash Equivalents" means, as at any date of determination, any of the following: (i) marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (b) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after suc h date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iii) certificates of deposit or bankers' acceptances maturing within three months after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia that (a) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator), (b) has Tier 1 capital (as defined in such regulations) of not less than $1,000,000,000 and (c) has a rating of at least AA- from S&P and Aa3 from Moody's; and (iv) shares of any money market mutual fund that (a) has substantially all of its assets invested continuously in the types of investments referred to in clauses (i) and (ii) above, (b) has net assets of not less than $5,000,000,000, and (c) has the highest rating obtainabl e from either S&P or Moody's.

"Certificate re Non-Bank Status" means a certificate substantially in the form of Exhibit F.

"Change of Control" means, (i) any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) other than holders of equity of the Borrower as of the Closing Date shall have acquired beneficial ownership or control of 35.0% or more on a fully diluted basis of the voting and/or economic interest in the Equity Interests of the Borrower; (ii) the Borrower shall cease to beneficially own and control, free and clear of all Liens (other than Liens in favor of the Collateral Agent for the benefit of the Secured Parties), 100.0% on a fully diluted basis of the economic and voting interest in the Equity Interests of the Borrower; (iii) the majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of the Borrower cease to be occupied by Persons who either (a) were members of the board of directors of the Borrower on the Closing Date or (b) were approved by the board of directors of the Borrower, a majority of whom were directors on the Closing Date or whose election or nomination for election was previously so approved; or (iv) any "change of control" (or similar event, however denominated) shall occur under and as defined in any indenture or agreement in respect of Material Indebtedness to which the Borrower or any Subsidiary is a party.

"Class" means (i) with respect to Lenders, each of the following classes of Lenders: (a) Lenders having Initial Term Loan Exposure and (b) Lenders having New Term Loan Exposure of each applicable Series, and (ii) with respect to Loans, each of the following classes of Loans: (a) Initial Term Loans and (b) each Series of New Term Loans.

"Closing" has the meaning specified in the Asset Purchase Agreement.

"Closing Date" means the date on which the conditions precedent set forth in Section 3.01 are satisfied and the disbursement of Initial Term Loans to the Borrower has occurred.

"Closing Date Certificate" means a closing date certificate substantially in the form of Exhibit G-1.

"Closing Date Escrow Account" means the account established at an affiliate of Barclays Capital Inc. and under the sole dominion and control of the Collateral Agent, Account No. 831-21303-1-6, for the purpose of holding the Escrow Funds pursuant to Section 5.04.

"Collateral" means, collectively, all of the real, personal and mixed property (including Equity Interests) in which Liens are purported to be granted pursuant to the Security Documents as security for the Obligations.

"Collateral Agent" has the meaning specified in the preamble hereto.

"Commitment" means the Initial Term Loan Commitment or the New Term Loan Commitment of a Lender, and **"Commitments"** means such commitments of all Lenders.

"Compliance Certificate" means a Compliance Certificate substantially in the form of Exhibit C, which provides detailed calculations of (x) compliance by the Borrower with the financial covenants set forth in Section 6.07, and (y) each amount of Realizable Value, Non-Recourse Indebtedness and Permitted Funding Indebtedness.

"Consolidated" means, when used with reference to financial statements or financial statement items of any Person, such statements or items on a consolidated basis in accordance with, except as otherwise set forth herein, applicable principles of consolidation under GAAP.

"Consolidated Adjusted EBITDA" means, for any period, an amount determined for the Borrower and its Subsidiaries on a consolidated basis equal to (i) Consolidated Net Income, plus, to the extent reducing Consolidated Net Income, the sum, without duplication, of amounts for (a) Consolidated Interest Expense, (b) provisions for taxes based on income, (c) total depreciation expense, (d) total amortization expense, (e) other non-cash charges reducing Consolidated Net Income, (f) any extraordinary non-cash charges or losses determined in accordance with GAAP, (g) any aggregate net loss on the sale, lease, transfer or other disposition of property outside the ordinary course of bu siness or the discontinuance of any operations or business line, (h) any restructuring charges relating to head count reduction and the closure of facilities directly attributable to Permitted Acquisitions incurred during the 12 months preceding the last day of such period, provided that, for purposes of this clause (h), (1) such charges are factually supportable and have been realized or are reasonably expected to be realized within 12 months following such Permitted Acquisition, (2) either (A) the addition of such charges shall not be inconsistent with Regulation G and Article 11 of Regulation S-X promulgated under the Securities Act and the Exchange Act and as interpreted by the staff of the SEC or (B) if such charges do not meet the requirements of the preceding clause (A), then the addition of such charges shall not exceed $3,500,000 in any period of four consecutive Fiscal Quarters and (3) the Borrower shall provide the Administrative Age nt with a reasonably detailed list of such charges together with the Compliance Certificate being delivered for the relevant period, and (i) Transaction Costs and costs and expenses incurred in connection with Permitted Acquisitions, minus (ii) (a) other non-cash gains increasing Consolidated Net Income for such period, (b) any extraordinary non-cash gains determined in accordance with GAAP, (c) any non-cash gain recorded on the repurchase or extinguishment of debt, and (d) any aggregate net gain on the sale, lease, transfer or other disposition of property outside the ordinary course of business or the discontinuance of any operations or business line. Consolidated Adjusted EBITDA shall be calculated after giving effect to the adjustments provided in Section 6.07(e). In the event that the Closing has not occurred (i) on or before September 30, 2010, Consolidated Adjusted EBITDA as of September 30, 2010 shall be increased by $0 and (ii) on or before December 31, 2010, Consolidated Adjusted EBITDA as of December 31, 2010 shall be increased by $64,000,000.

"Consolidated Capital Expenditures" means, for any period, the aggregate of all expenditures of the Borrower and its Subsidiaries during such period determined on a consolidated basis that, in accordance with GAAP, are or should be included in "purchase of property and equipment" or similar items reflected in the Consolidated statement of cash flows of the Borrower and its Subsidiaries; provided, that Consolidated Capital Expenditures shall not include any expenditures (i) for replacements and substitutions for fixed assets, capital assets or equipment to the extent made with Net Insurance/Condemnation Proceeds invested pursuant to Section 2.12(c) or with Net Cash Proceeds from Asset Sales in vested pursuant to Section 2.12(b) or (ii) that constitute a Permitted Acquisition permitted under Section 6.08.

"Consolidated Corporate Debt" means, as at any date of determination, the aggregate stated balance sheet amount of all Indebtedness of the Borrower and its Subsidiaries (or, if higher, the par value or stated face amount of all such Indebtedness) determined on a consolidated basis in accordance with GAAP; provided that Non-Recourse Indebtedness and Permitted Funding Indebtedness other than MSR Indebtedness shall not be included in "Consolidated Corporate Debt" for purposes of this definition.

"Consolidated Excess Cash Flow" means, for any period, an amount (if positive) equal to:

(i) the sum, without duplication, of the amounts for such period of (a) Consolidated Net Income, plus, (b) to the extent reducing Consolidated Net Income, the sum, without duplication, of amounts for non-cash charges reducing Consolidated Net Income, including for depreciation and amortization (excluding any such non-cash charge to the extent that it represents an accrual or reserve for potential cash charge in any future period or amortization of a prepaid cash charge that was paid in a prior period), plus (c) the Consolidated Working Capital Adjustment, minus

(ii) the sum, without duplication, of (a) the amounts for such period of (1) scheduled and other mandatory repayments, without duplication, of Indebtedness for borrowed money (excluding repayments of any revolving credit facility that is not included in Consolidated Working Capital Liabilities except to the extent the commitments with respect thereto are permanently reduced in connection with such repayments) and scheduled repayments of obligations under Capital Leases (excluding any interest expense portion thereof), (2) Consolidated Capital Expenditures (other than Consolidated Capital Expenditures made with the Available Amount), and (3) Acquisition Consideration and all consideration paid in connection with the acquisition of MSRs and Servicing Advances (other than Permitted Acquisitions or other Investments that are either (A) financed with the Available Amount or (B) in any Person, assets or a business line or unit or a division of any Person engaged in activities that are not Core Business Activities), without duplication, plus (b) other non cash gains increasing Consolidated Net Income for such period (excluding any such non cash gain to the extent it represents the reversal of an accrual or reserve for potential cash gain in any prior period). As used in this clause (ii), "scheduled repayments of Indebtedness" do not include any voluntary or mandatory prepayments of the Loans pursuant to Section 2.11.

"Consolidated Interest Expense" means, for any period, (i) total interest expense (including that portion attributable to Capital Leases in accordance with GAAP, capitalized interest and amortization of deferred financing fees and other original issue discount, banking fees and similar fees incurred in connection with the incurred of Indebtedness) of the Borrower and its Subsidiaries on a consolidated basis with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to net costs under Interest Rate Agreements, but excluding, however, any amounts referred to in Section 2.08 payable on or before the Closing Date, interest expense attributable to Non-Recourse Indebted ness and interest expense attributable to Permitted Funding Indebtedness other than MSR Indebtedness and (ii) net of total interest income received by the Borrower and its Subsidiaries during such period on Cash and Cash Equivalents.

"Consolidated Net Income" means, for any period, (i) the net income (or loss) of the Borrower and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP, minus, to the extent such amounts are included in net income in conformity with GAAP, (ii) (a) the income (or loss) of any Person (other than a Subsidiary of the Borrower) in which any other Person (other than the Borrower or any of its Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Subsidiaries by such Person during such period, (b) the income (or loss) of any Per son accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries or that Person's assets are acquired by the Borrower or any of its Subsidiaries, (c) the income of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, (d) any after-tax gains or losses attributable to Asset Sales or returned surplus assets of any Pension Plan, and (e) (to the extent not included in clauses (a) through (d) above) any net extraordinary gains or net extraordinary losses.

"Consolidated Tangible Net Worth" means, at any date, the excess of such Person's total assets over its total liabilities determined on a consolidated basis in accordance with GAAP, excluding (a) goodwill and (b) other intangibles.

"Consolidated Total Debt" means, as at any date of determination, the aggregate stated balance sheet amount of all Indebtedness of the Borrower and its Subsidiaries (or, if higher, the par value or stated face amount of all such Indebtedness) determined on a consolidated basis in accordance with GAAP.

"Consolidated Working Capital" means, as at any date of determination, the excess of Consolidated Working Capital Assets of the Borrower and its Subsidiaries over Consolidated Working Capital Liabilities of the Borrower and its Subsidiaries.

"Consolidated Working Capital Adjustment" means, for any period on a consolidated basis, the amount (which may be a negative number) by which Consolidated Working Capital as of the beginning of such period exceeds (or is less than) Consolidated Working Capital as of the end of such period. In calculating the Consolidated Working Capital Adjustment there shall be excluded the effect of reclassification during such period of assets included in Consolidated Working Capital Assets and liabilities included in Consolidated Working Capital Liabilities and the effect of any Permitted Acquisition during such period; provided, that there shall be included with respect to any Permitted Acquisition during such period an amount (which may be a negative number) by which the Consolidated Working Capital acquired in such Permitted Acquisition as at the time of such acquisition exceeds (or is less than) Consolidated Working Capital at the end of such period.

"Consolidated Working Capital Assets" means, as at any date of determination, the total assets of a person and its subsidiaries on a consolidated basis that are included in the consolidated balance sheet reported to the SEC as "Advances," "Match Funded Advances," "Receivables," "Deferred Tax Assets (net)" and "Other Assets" in conformity with GAAP, excluding cash and cash equivalents.

"Consolidated Working Capital Liabilities" means, as at any date of determination, the total liabilities of a person and its subsidiaries on a consolidated basis that are included in the consolidated balance sheet reported to the SEC as "Match Funded Liabilities," "Servicer Liabilities" and "Other Liabilities" in conformity with GAAP.

"Continuing" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived or otherwise ceased to exist.

"Contractual Obligation" means, as applied to any Person, any provision of any Security issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"Contributing Guarantors" has the meaning specified in Section 7.02.

"Conversion/Continuation Date" means the effective date of a continuation or conversion, as the case may be, as set forth in the applicable Conversion/Continuation Notice.

"Conversion/Continuation Notice" means a Conversion/Continuation Notice executed by an Authorized Officer substantially in the form of Exhibit A-2.

"Convertible Notes" means any unsecured Junior Indebtedness of the Borrower convertible, in whole or in part, into Equity Interests (other than Disqualified Equity Interests) of the Borrower and/or cash based on any formula(s) that reference the trading price of Equity Interests of the Borrower.

"Core Business Activities" means the (x) loan servicing and collection activities and ancillary services directly related thereto (including, but not limited to, the making of servicer advances and financing of advances), (y) asset management for investors that are not a part of the Borrower's consolidated group and management of loans, real estate owned and securities portfolios for investors that are not a part of the Borrower's consolidated group; provided that neither of the foregoing shall permit (i) any acquisition of ownership interest in loans (excluding, for the avoidance of doubt, Servicing Advances) or asset backed securities by the Borrower or any of its consolidated Affiliates as principal or (ii) incremental cash investments by the Borrower or any of its Affiliates in entities that acquire ownership interests in loans (excluding, for the avoidance of doubt, Servicing Advances) or asset backed securities and (z) support services to third-party lending and loan investment and servicing businesses (including any due diligence services, loan underwriting services, real estate title services, provision of broker-price opinions and other valuation services), collection of consumer receivables, bankruptcy assistance and solution activities, and the provision of technological support products and services related to the foregoing, and business initiatives arising out of and related to any of the foregoing; provided, however, that the Borrower and each of its Affiliates may be permitted to make material changes to their Core Business Activities insofar as these changes relate to originating , acquiring, securitizing and/or selling loans that are purchased, insured, guaranteed or securitized by the Federal Housing Administration, Veterans Administration, Ginnie Mae, Fannie Mae, Freddie Mac or other similar government or government sponsored entity programs.

"Corporate Leverage Ratio" means the ratio as of the last day of any Fiscal Quarter of (i) Consolidated Corporate Debt as of such day to (ii) Consolidated Adjusted EBITDA for the four Fiscal Quarter period ending on such date.

"Counterpart Agreement" means a Counterpart Agreement substantially in the form of Exhibit H delivered by a Loan Party pursuant to Section 5.10.

"Credit Enhancement Agreements" means, collectively, any documents, instruments, guarantees or agreements entered into by the Borrower, any of its Subsidiaries, or any Securitization Entity for the purpose of providing credit support (that is reasonably customary as determined by the Borrower's senior management) with respect to any Permitted Funding Indebtedness or Permitted Securitization Indebtedness.

"Currency Agreement" means any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement or arrangement, each of which is for the purpose of hedging the foreign currency risk associated with the Borrower's and its Subsidiaries' operations and not for speculative purposes.

"Default" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"Default Excess" means, with respect to any Funds Defaulting Lender, the excess, if any, of such Defaulting Lender's Pro Rata Share of the aggregate outstanding principal amount of Loans of all Lenders (calculated as if all Funds Defaulting Lenders (including such Funds Defaulting Lender) had funded all of their respective Defaulted Loans) over the aggregate outstanding principal amount of all Loans of such Funds Defaulting Lender.

"Default Period" means, (x) with respect to any Funds Defaulting Lender, the period commencing on the date that such Lender became a Funds Defaulting Lender and ending on the earliest of: (i) the date on which all Commitments are cancelled or terminated and/or the Obligations are declared or become immediately due and payable, (ii) the date on which (a) the Default Excess with respect to such Defaulting Lender shall have been reduced to zero (whether by the funding by such Defaulting Lender of any Defaulted Loans of such Defaulting Lender or by the non pro rata application of any voluntary or mandatory prepayments of the Loans in accordance with the terms of Section 2.11 or Section 2.12 or by a combination thereof) or such Defaulting Lender shall have paid all amounts due under Section 9.06, as the case may be, and (b) such Defaulting Lender shall have delivered to the Borrower and the Administrative Agent a written reaffirmation of its intention to honor its obligations hereunder with respect to its Commitments, and (iii) the date on which the Borrower, the Administrative Agent and the Required Lenders waive all failures of such Defaulting Lender to fund or make payments required hereunder in writing; and (y) with respect to any Insolvency Defaulting Lender, the period commencing on the date such Lender became an Insolvency Defaulting Lender and ending on the earliest of the following dates: (i) the date on which all Commitments are cancelled or terminated and/or the Obligations are declared or become immediately due and payable and (ii) the date that such Defaulting Lender ceases to hold any portion of the Loans or Commitments.

"Default Rate" has the meaning specified in Section 2.07.

"Defaulted Loan" means any portion of any unreimbursed payment required hereunder not made by any Lender when required hereunder.

"Defaulting Lender" means any Funds Defaulting Lender or Insolvency Defaulting Lender.

"Deposit Account" means a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

"Deposit Account Bank" means a financial institution at which any Loan Party maintains a Deposit Account.

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (i) matures or is mandatorily redeemable (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (ii) is redeemable at the option of the holder thereof (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), in whole or in part, (iii) provides for scheduled payments or dividends in cash or (iv) is or becomes convertible into or exchangeable for Indebtedness or any other Equit y Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the latest Maturity Date; provided that any Equity Interest which, by its terms, provides for dividends in cash to be payable prior to the date that is 91 days after the latest Maturity Date solely to the extent that (1) such dividends are paid out of the Available Amount (as defined in this Agreement) and (2) such payment is permitted under Section 6.04 of this Agreement shall not be a Disqualified Equity Interest so long as the other conditions stated herein are satisfied.

"Dollars" and the sign "$" mean the lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary organized under the laws of the United States of America, any State thereof or the District of Columbia.

"Early Amortization Event" shall have the meaning specified in the Indenture.

"Eligible Assignee" means (i) any Lender, any Affiliate of any Lender and any Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), and (ii) any commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans in the ordinary course of business; provided, that neither any natural person nor any Loan Party or any Affiliate thereof shall be an Eligible Assignee.

"Employee Benefit Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or was sponsored, maintained or contributed to by, or required to be contributed by, the Borrower or any of its ERISA Affiliates.

"Engagement Letter" means the Engagement Letter, dated as of June 18, 2010 among the Arranger, the Joint Bookrunner, the Borrower and OLS.

"Environmental Claim" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; or (ii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"Environmental Laws" means any and all current or future foreign or domestic, federal or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters; (ii) the generation, use, storage, transportation or disposal of Hazardous Materials; or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to the Borrower or any of its Subsidiaries or any Facility.

"Equity Interests" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

"ERISA Affiliate" means, as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code of which that Person is a member; and (iii) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person is a member.

"ERISA Event" means (i) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the provision for 30-day notice to the PBGC has been waived by regulation); (ii) the failure to meet the minimum funding standard of Section 303 of ERISA with respect to any Pension Plan or the failure to make by its due date a required installment under Section 430(j) of the Internal Revenue Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (iii) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distres s termination described in Section 4041(c) of ERISA; (iv) the withdrawal by the Borrower or any of its ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to the Borrower or any of its Affiliates pursuant to Section 4063 or 4064 of ERISA; (v) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which constitutes grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (vi) the imposition of liability on the Borrower or its ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (vii) the withdrawal of the Borrower or any of its ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is an assessment by such Multiemployer Pl an of liability therefore, or the receipt by the Borrower or its ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; (viii) the occurrence of an act or omission which gives rise to the imposition on the Borrower or any of its ERISA Affiliates of fines, penalties, taxes or related charges under Chapter 43 of the Internal Revenue Code or under Section 409, Section 502(c), (i) or (l), or Section 4071 of ERISA in respect of any Employee Benefit Plan; (ix) the imposition of a lien pursuant to Section 430(k) of the Internal Revenue Code with respect to a Pension Plan or (x) the imposition of any liability under Title IV of ERISA, other than the PBGC premiums due but not delinquent under Section 4007 of ERISA.

"Escrow Agreements" means (a) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, the Administrative Agent, the Collateral Agent, and Barclays Capital Inc., as escrow agent, (b) that certain Pledged Collateral Account Control Agreement, dated as of the date hereof, by and among the Borrower, as pledgor, the Collateral Agent, as secured party and Barclays Capital Inc., as intermediary, governing the Closing Date Escrow Account, (c) any Successor Escrow Account Agreement and (d) any Successor Escrow Account Control Agreement.

"Escrow Funds" has the meaning specified in Section 5.04.

"Escrow Release Date" has the meaning specified in Section 5.04.

"Eurodollar Rate" means, for any Interest Rate Determination Date with respect to an Interest Period for a Eurodollar Rate Loan, (a) the rate per annum (rounded to the nearest 1/100 of 1.00%) equal to the rate determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01 page) for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate per annum (rounded to the nearest 1/100 of 1.00%) equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays an average British Bankers Association Interest Settlement Rate for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date, or (c) in the event the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum (rounded to the nearest 1/100 of 1.00%) equal to the offered quotation rate to first class banks in the London interbank market by the Administrative Agent for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the applicable Loan of the Administrative Agent, in its capacity as a Lender , for which the Eurodollar Rate is then being determined with maturities comparable to such period as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date; provided, however, that notwithstanding the foregoing, the Eurodollar Rate shall at no time be less than 2.00% per annum.

"Eurodollar Rate Loan" means a Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Event of Default" means any of the conditions or events specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"Excluded Foreign Subsidiary" means any Foreign Subsidiary in respect of which either (a) the pledge of greater than 65.0% of the Equity Interests of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations would, or could reasonably be expected to, in the good faith judgment of the Borrower, result in material adverse tax consequences to the Borrower.

"Excluded Institutions" means the financial institutions specifically identified in the Engagement Letter.

"Facility" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by the Borrower or any of its Subsidiaries or any of their respective predecessors.

"Fair Share" has the meaning specified in Section 7.02.

"Fair Share Contribution Amount" has the meaning specified in Section 7.02.

"FDIC" means the Federal Deposit Insurance Corporation.

"Federal Funds Effective Rate" means for any day, the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1.00%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such nex t succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent, in its capacity as a Lender, on such day on such transactions as determined by the Administrative Agent.

"Financial Advisor" has the meaning specified in Section 10.21(b).

"Financial Model" means the financial model prepared by the Borrower in respect of the Borrower and its Subsidiaries on a Consolidated basis and delivered to the Administrative Agent prior to the date hereof, in a form satisfactory to the Administrative Agent.

"Financial Officer Certification" means, with respect to the financial statements for which such certification is required, the certification of the chief financial officer of the Borrower that such financial statements fairly present, in all material respects, the financial condition of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year-end adjustments.

"First Priority" means, with respect to any Lien purported to be created in any Collateral pursuant to any Security Document, that such Lien is the only Lien to which such Collateral is subject, other than any Permitted Lien.

"Fiscal Quarter" means a fiscal quarter of any Fiscal Year.

"Fiscal Year" means the fiscal year of the Borrower and its Subsidiaries ending on December 31 of each calendar year.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Funding Guarantor" has the meaning specified in Section 7.02.

"Funds Defaulting Lender" means any Lender who (i) has notified the Borrower or the Administrative Agent in writing, or has made a public statement, that it does not intend to comply with its obligation to fund any Initial Term Loan or any New Term Loan or its portion of any unreimbursed payment under Section 9.06, (ii) has failed to confirm that it will comply with its obligation to fund any Initial Term Loan or any New Term Loan or its Pro Rata Share of any payment under Section 9.06 within five Business Days after written request for such confirmation from the Administrative Agent (which request may only be made after all conditions to funding have been satisfied; provided that such Lender shall cease to be a Funds Defaulting Lender upon receipt of such confirmation by the Administrative Agent, or (iii) has failed to pay to the Administrative Agent or any other Lender any amount due under any Loan Document within five Business Days of the date due, unless such amount is the subject of a good faith dispute.

"GAAP" means, subject to the limitations on the application thereof set forth in Section 1.02, United States generally accepted accounting principles in effect as of the date of determination thereof consistently applied.

"Governmental Authority" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity, officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Governmental Authorization" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"Grantor" shall have the meaning specified in the Security Agreement.

"Guaranteed Obligations" has the meaning specified in Section 7.01.

"Guaranty" means the guaranty of each Subsidiary Guarantor set forth in Article VII.

"Hazardous Materials" means any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any Environmental Law or common law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Authorization, (e) which are deemed to constitute a nuisance or a trespa ss which pose a health or safety hazard to Persons or neighboring properties, (f) which consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance, or (g) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

"Hedge Agreement" means an Interest Rate Agreement or a Currency Agreement entered into by the Borrower, any Subsidiary Guarantor or any other domestic Subsidiary of the Borrower that is not a Securitization Entity with a Lender Counterparty.

"Highest Lawful Rate" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

"Historical Financial Statements" means (i) the audited financial statements of the Borrower and its Subsidiaries for the immediately preceding three Fiscal Years, consisting of balance sheets and the related Consolidated statements of income, stockholders' equity and cash flows for such Fiscal Years, and (ii) the unaudited financial statements of the Borrower and its Subsidiaries as of the most recent Fiscal Quarter ended after the date of the most recent audited financial statements described in clause (i) of this definition, consisting of a balance sheet and the related Consolidated statements of income, stockholders' equity and cash flows for the three-, six- or nine-month period, as applicable, ending on such date, and, in the case of clause s (i) and (ii), certified by the chief financial officer of the Borrower that they fairly present, in all material respects, the financial condition of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year-end adjustments.

"HomEq Business" means the mortgage servicing rights and certain associated assets of Barclays Bank's and Barclays Capital Real Estate's mortgage servicing operations acquired or to be acquired by OLS pursuant to the Asset Purchase Agreement and the other Acquisition Documents.

"Increased Amount Date" has the meaning specified in Section 2.22.

"Increased Cost Lender" has the meaning specified in Section 2.21.

"Indebtedness" means, as applied to any Person, without duplication, (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to Capital Leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any obligation owed for all or any part of the deferred purchase price of property or services, including any earn-out obligations (excluding any such obligations incurred under ERISA), which purchase price is (a) due more than six (6) months from the date of incurrence of the obligation in respect thereof or (b) evidenced by a note or simil ar written instrument; (v) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person; (vi) the face amount of any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (vii) Disqualified Equity Interests, (viii) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another that would otherwise be "Indebtedness" for purposes of this definition; (ix) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor that would otherwise be "Indebtedness" for purposes of this de finition thereof shall be paid or discharged, or any agreement relating thereto shall be complied with, or the holders thereof shall be protected (in whole or in part) against loss in respect thereof; (x) any liability of such Person for any Indebtedness of another through any agreement (contingent or otherwise) (a) to purchase, repurchase or otherwise acquire such Indebtedness or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (b) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclauses (a) or (b) of this clause (x), the primary purpose or intent thereof is as described in clause (ix) above; and (xi) all obligations (the amount of which shall be determined on a net basis where permitted in the relevant contract) of such Person in respect of a ny exchange traded or over the counter derivative transaction, including any Interest Rate Agreement and any Currency Agreement, in each case, whether entered into for hedging or speculative purposes; provided, that in no event shall obligations under any derivative transaction be deemed "Indebtedness" for any purpose under Section 6.01 unless such obligations relate to a derivatives transaction which has been terminated.

"Indemnified Liabilities" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable and documented fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person (including, without limitation, any Loan Party), whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any reasonable fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect, special or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, and rules or regulations), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of (i) this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby (including the Lenders' Commitments, the syndication of the credit facilities provided for herein, or any enforcement of any of the Loan Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty)); (ii) the Engagement Letter; (iii) any Environmental Claim relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of the Borrower or any of its Subsidiaries; or (iv) the Acquisition and any related transactions but, with regard to each of (i), (ii), (iii) and (iv), excluding any Taxes.

"Indemnitee" has the meaning specified in Section 10.03.

"Indenture" means that certain Indenture to be entered into among the Issuer, Deutsche Bank National Trust Company, as indenture trustee, calculation agent, paying agent and securities intermediary, OLS, as servicer, the Borrower, as administrator, and Barclays Bank, as administrative agent thereunder.

"Initial Term Loan" means an Initial Term Loan made by a Lender to the Borrower pursuant to Section 2.01(a).

"Initial Term Loan Commitment" means the commitment of a Lender to make or otherwise fund an Initial Term Loan and **"Initial Term Loan Commitments"** means such commitments of all Lenders in the aggregate. The amount of each Lender's Initial Term Loan Commitment, if any, is set forth on Schedule 1.01(a) or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Initial Term Loan Commitments as of the Closing Date is $350,000,000.

"Initial Term Loan Exposure" means, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Initial Term Loans of such Lender; provided, that at any time prior to the making of the Initial Term Loans, the Initial Term Loan Exposure of any Lender shall be equal to such Lender's Initial Term Loan Commitment.

"Initial Term Loan Maturity Date" means, with respect to each of the Initial Term Loans made pursuant to this Agreement, the earlier of (i) the fifth anniversary of the Closing Date and (ii) the date on which all Initial Term Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"Insolvency Defaulting Lender" means any Lender who (i) has been adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent, (ii) becomes the subject of an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding, or (iii) becomes the subject of an appointment of a receiver, intervenor or conservator under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect; provided that a Lender shall not be an Insolvency Defaulting Lender solely by virtue of the ownership or acquisition by a Governmental Authority or an instrumentality thereof of any Equity In terest in such Lender or a parent company thereof, unless such ownership or acquisition results in or provides such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permits such Lender (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Lender.

"Installment" has the meaning specified in Section 2.09.

"Intellectual Property" has the meaning specified in the Security Agreement.

"Intellectual Property Asset" means, at the time of determination, any interest (fee, license or otherwise) then owned by any Loan Party in any Intellectual Property.

"Intellectual Property Security Agreements" has the meaning specified in the Security Agreement.

"Intercompany Note" means a promissory note substantially in the form of Exhibit I evidencing Indebtedness owed among Loan Parties and their Subsidiaries.

"Interest Coverage Ratio" means the ratio as of the last day of any Fiscal Quarter of (i) Consolidated Adjusted EBITDA for the four-Fiscal Quarter period then ending, to (ii) Consolidated Interest Expense for such four-Fiscal Quarter period.

"Interest Period" means, in connection with a Eurodollar Rate Loan, an interest period of one, two, three or six months, as selected by the Borrower, (i) initially, commencing on the Closing Date or Conversion/Continuation Date, as the case may be; and (ii) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided, that (a) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless no further Business Day occurs in such month, in which case such Interest Period shall expire on the immediately preceding Business Day; (b) any Interest Period th at begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) of this definition, end on the last Business Day of a calendar month; (c) no Interest Period with respect to any portion of any Class of Loans shall extend beyond such Class's Maturity Date; and (d) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Rate Loan during an Interest Period for such Loan on any day other than the last day of an Interest Period.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, each of which is for the purpose of hedging the interest rate exposure associated with the Borrower's and its Subsidiaries' operations and not for speculative purposes.

"Interest Rate Determination Date" means, with respect to any Interest Period, the date that is two (2) Business Days prior to the first day of such Interest Period.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

"Investment" means (i) any direct or indirect purchase or other acquisition by the Borrower or any of its Subsidiaries of, or of a beneficial interest in, any of the Securities of any other Person (other than a Subsidiary Guarantor); (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value, by any Subsidiary of the Borrower from any Person (other than the Borrower or any Subsidiary Guarantor), of any Equity Interests of such Person; (iii) any direct or indirect loan, advance (other than residential mortgage loans in the ordinary course of business, advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contributions b y the Borrower or any of its Subsidiaries to any other Person (other than the Borrower or any Subsidiary Guarantor), including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business and (iv) all investments consisting of any exchange traded or over the counter derivative transaction, including any Interest Rate Agreement and Currency Agreement, whether entered into for hedging or speculative purposes. The amount of any Investment of the type described in clauses (i), (ii) and (iii) shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"Issuer" means HomEq Servicer Advance Receivables Trust 2010-ADV1, a statutory trust organized under the laws of the State of Delaware.

"Joinder Agreement" means an agreement substantially in the form of Exhibit J.

"Joint Bookrunner" means Deutsche Bank Securities Inc., in its capacity as joint bookrunner, together with its permitted successors in such capacity.

"Joint Venture" means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided, that in no event shall any corporate Subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

"Junior Financing Documentation" means any documentation governing any Junior Indebtedness.

"Junior Indebtedness" means Indebtedness of any Person so long as (i) such Indebtedness shall not require any amortization prior to the date that is six months following the latest then applicable Maturity Date; (ii) the weighted average maturity of such Indebtedness shall occur after the date that is six months following the latest then applicable Maturity Date; (iii) the mandatory prepayment provisions, affirmative and negative covenants and financial covenants, if any, shall be no more restrictive than the corresponding provisions set forth in the Loan Documents; (iv) such Indebtedness is either senior unsecured Indebtedness, Subordinated Indebtedness or Convertible Notes; (v) if such Indebtedness is incurred by a Loan Party, such Indebtedness may be guaranteed by another Loan Party so long as (a) such Loan Party shall have also provided a guarantee of the Obligations substantially on the terms set forth in the Security Agreement and (b) if the Indebtedness being guaranteed is subordinated to the Obligations, such guarantee shall be subordinated to the guarantee of the Obligations on terms at least as favorable to the Lenders as those contained in the subordination of such Indebtedness; and (vi) if such Indebtedness is incurred by a Subsidiary that is not a Loan Party, such Indebtedness may be guaranteed by another Subsidiary that is not a Loan Party; provided, that any Indebtedness which, by its terms, provides for amortization prior to the date that is six months after the latest then applicable Maturity Date solely to the extent that (1) such amortization payments are paid out of the Available Amount (as defined in this Agreement) and (2) such payment is permitted under Section 6.04 of this Agreement, shall be deemed Junior Indebtedness so long as the other conditions stated herein are satisfied.

"Lender" means each financial institution listed on the signature pages hereto as a Lender, and any other Person that becomes a party hereto pursuant to an Assignment Agreement or Joinder Agreement.

"Lender Counterparty" means each Lender, each Agent and each of their respective Affiliates counterparty to a Hedge Agreement (including any Person who is an Agent or a Lender (and any Affiliate thereof) as of the Closing Date but subsequently, whether before or after entering into a Hedge Agreement, ceases to be an Agent or a Lender, as the case may be).

"Lien" means (i) any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease or license in the nature thereof) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing and (ii) in the case of Securities, any purchase option, call or similar right of a third party with respect to such Securities.

"Loan" means a term loan made by a Lender to the Borrower under this Agreement.

"Loan Document" means any of this Agreement, the Notes, if any, the Security Documents, the Escrow Agreements, and all other documents, instruments or agreements executed and delivered by a Loan Party for the benefit of any Agent or any Lender in connection herewith on or after the date hereof.

"Loan Party" means each Person (other than any Agent, any Lender or any other representative thereof, or any Deposit Account Bank) from time to time party to a Loan Document.

"LTV Ratio" means the loan-to-value ratio as of the last day of any Fiscal Quarter of (i) the aggregate principal amount of the Loans then outstanding, to (ii) the sum of (A) Specified Net Servicing Advances, plus (B) Specified Deferred Servicing Fees, plus (C) Specified MSR Value, plus (D)(x) all unrestricted Cash and Cash Equivalents that are subject to a valid and perfected First Priority Lien in favor of the Collateral Agent for the benefit of the Lenders minus (y) $50,000,000.

"Margin Stock" as defined in Regulation U.

"Material Adverse Effect" means any event, change, effect, development, circumstance or condition that has caused or could reasonably be expected to cause a material adverse change, material adverse effect on and/or material adverse developments with respect to (i) the business, general affairs, assets, liabilities, operations, management, financial condition, stockholders' equity or results of operations or value of Borrower, each Subsidiary Guarantor and each of their Subsidiaries taken as a whole; (ii) the ability of any Loan Party fully and timely to perform its Obligations; (iii) the legality, validity, binding effect or enforceability against a Loan Party of a Loan Document to which it is a party; or (iv) the rights, remedies and benefi ts available to, or conferred upon, any Agent and any Lender or any Secured Party under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans) of any one or more of the Borrower or any Subsidiary in an individual principal amount (or Net Mark-to-Market Exposure) of $15,000,000 or more.

"Material Subsidiary" means, at any time, (i) OLS, (ii) each Domestic Subsidiary of the Borrower that is not a Securitization Entity which represents (a) 5% or more of the Borrower's Consolidated Adjusted EBITDA, (b) 5% or more of the Borrower's Consolidated total assets, or (c) 5% or more of the Borrower's Consolidated total revenues, in each case as determined at the end of the most recent fiscal quarter of the Borrower based on the financial statements of the Borrower delivered pursuant to Section 5.01(b) and (c), or (iii) any Subsidiary of the Borrower designated by notice in writing given by the Borrower to the Administrative Agent to be a "Material Subsidiary"; pro vided that, any such Subsidiary so designated as a "Material Subsidiary" shall at all times thereafter remain a Material Subsidiary for the purposes of this Agreement unless otherwise agreed to by the Borrower and the Required Lenders or unless such Material Subsidiary ceases to be a Subsidiary in a transaction not prohibited hereunder; and provided, further, that if at any time the Subsidiaries (excluding all Excluded Foreign Subsidiaries and Securitization Entities) that are not Material Subsidiaries because they do not meet the thresholds set forth in clause (i) comprise in the aggregate more than (x) 6% of the Borrower's Consolidated Adjusted EBITDA, (y) 6% of the Borrower's Consolidated total assets, or (z) 6% of the Borrower's Consolidated total revenues, in each case as determined at the end of the most recent fiscal quarter of the Borro wer based on the financial statements of the Borrower delivered pursuant to this Agreement (but excluding from each such calculation the contribution of Securitization Entities and Excluded Foreign Subsidiaries), then the Borrower shall, not later than thirty (30) days after the date by which financial statements for such quarter are required to be delivered pursuant to this Agreement, (1) designate in writing to the Administrative Agent one or more of its Subsidiaries as "Material Subsidiaries" to the extent required such that the foregoing condition ceases to be true and (2) comply with the provisions of Section 5.10 applicable to such Subsidiaries. Schedule 1.01(d) contains a list of all Material Subsidiaries as of the Closing Date.

"Maturity Date" means the Initial Term Loan Maturity Date and the New Term Loan Maturity Date of any Series of New Term Loans.

"Moody's" means Moody's Investor Services, Inc.

"MSR" means mortgage servicing rights entitling the holder to service mortgage loans.

"MSR Facility" means any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and commercial paper facilities, with a financial institution or other lender or purchaser, in each case, exclusively to finance or refinance the purchase or origination by the Borrower or a Subsidiary of the Borrower of MSRs originated or purchased by the Borrower or any Subsidiary of the Borrower.

"MSR Facility Trust" means any Person (whether or not a Subsidiary of the Borrower) established for the purpose of issuing notes or other securities in connection with an MSR Facility, which (i) notes and securities are backed by specified MSRs originated or purchased by, and/or contributed to, such Person from the Borrower or any Subsidiary, or (ii) notes and securities are backed by specified MSRs purchased by, and/or contributed to, such Person from the Borrower or any Subsidiary.

"MSR Indebtedness" means Indebtedness in connection with a MSR Facility; the amount of any particular MSR Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Multiemployer Plan" means any Employee Benefit Plan which is a "multiemployer plan" as defined in Section 3(37) of ERISA to which the Borrower or any of its ERISA Affiliates makes or is obligated to make contributions.

"NAIC" means The National Association of Insurance Commissioners, and any successor thereto.

"Narrative Report" means, with respect to the financial statements for which such narrative report is required, a narrative report describing the operations of the Borrower and its Subsidiaries with content substantially consistent with the requirements for "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a Quarterly Report on Form 10-Q or Annual Report on Form 10-K under the rules and regulations of the SEC, or any similar successor provisions, which may be satisfied for the relevant period by delivery of a Form 10-Q or Form 10-K, as applicable, as contemplated by Section 5.01 hereof.

"Net Cash Proceeds" means (a) with respect to any Asset Sale, an amount equal to: (i) cash payments (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received by the Borrower or any of its Subsidiaries from such Asset Sale, minus (ii) any bona fide direct costs incurred in connection with such Asset Sale, including (1) income or gains taxes paid or payable by the seller as a result of any gain recognized in connection with such Asset Sale, (2) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than the Loans) that is secured by a Lien on the stock or assets (or the equity of any Subsidiary owning the assets) in question and that is required to be repaid under the terms thereof as a result of such Asset Sale and (3) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by the Borrower or any of its Subsidiaries in connection with such Asset Sale or for adjustments to the sale price in connection therewith, provided if all or any portion of any such reserve is not used or is released, then the amount not used or released shall comprise Net Cash Proceeds; and (b) with respect to any issuance or incurrence of Indebtedness or any equity contribution to, or sale of equity by, the Borrower, the cash proceeds thereof, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses.

"Net Insurance/Condemnation Proceeds" means an amount equal to: (i) any cash payments or proceeds received by the Borrower or any of its Subsidiaries (a) under any casualty insurance policy in respect of a covered loss thereunder or (b) as a result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (ii) (a) any actual and reasonable costs incurred by the Borrower or any of its Subsidiaries in connection with the adjustment or settlement of any claims of the Borrower or such Subsidiary in respect t hereof, and (b) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (i)(b) of this definition, including income taxes payable as a result of any gain recognized in connection therewith.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Hedge Agreements or other Indebtedness of the type described in clause (xi) of the definition thereof. As used in this definition, "unrealized losses" means the fair market value of the cost to such Person of replacing such Hedge Agreement or such other Indebtedness as of the date of determination (assuming the Hedge Agreement or such other Indebtedness were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Hedge Agreement or such other Indebtedness as of the date of deter mination (assuming such Hedge Agreement or such other Indebtedness were to be terminated as of that date).

"New Term Loan Commitments" as defined in Section 2.22.

"New Term Loan Exposure" means, with respect to any Lender, as of any date of determination, the outstanding principal amount of the New Term Loans of such Lender.

"New Term Loan Lender" as defined in Section 2.22.

"New Term Loan Maturity Date" means the date on which New Term Loans of a Series shall become due and payable in full hereunder, as specified in the applicable Joinder Agreement, including by acceleration or otherwise.

"New Term Loans" as defined in Section 2.22.

"Non-Consenting Lender" has the meaning specified in Section 2.21.

"Non-Public Information" means information which has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD.

"Non-Recourse Indebtedness" means, with respect to any specified Person or any of its Subsidiaries, Indebtedness that is specifically advanced to finance the acquisition of investment assets and secured only by the assets to which such Indebtedness relates without recourse to such Person or any of its Subsidiaries (other than subject to such customary carve-out matters for which such Person or its Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be con sidered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes).

"Non-US Lender" has the meaning specified in Section 2.18(c).

"Not Otherwise Applied" means, with reference to (i) the Available Amount or (ii) the amount of Net Cash Proceeds of equity contributions to, or the sale of equity by, the Borrower received from and after the Closing Date, in each case that is proposed to be applied to a particular use or transaction permitted by this Agreement, that such amount has not previously been (and is not simultaneously being) applied to anything other than such particular use or transaction.

"Note" means a promissory note in the form of Exhibit B, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Notice" means a Borrowing Notice or a Conversion/Continuation Notice.

"Obligations" means all obligations of every nature of each Loan Party, including obligations from time to time owed to Agents (including former Agents), Lenders or any of them and Lender Counterparties, under any Loan Document or Hedge Agreement, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Loan Party, would have accrued on any Obligation, whether or not a claim is allowed against such Loan Party for such interest in the related bankruptcy proceeding), payments for early termination of Hedge Agreements, fees, expenses, indemnification or otherwise.

"Obligee Guarantor" has the meaning specified in Section 7.07.

"**OLS**" means Ocwen Loan Servicing, LLC.

"OREAL Securities" means the asset backed notes issues pursuant to the Indenture, dated as of July 1, 2007 between Ocwen Real Estate Asset Liquidating Trust 2007-1, as issuer and Deutsche Bank National Trust Company, as indenture trustee and custodian, and any related underlying whole loans or other Securities.

"Organizational Documents" means with respect to any Person all formation, organizational and governing documents, instruments and agreements, including (i) with respect to any corporation, its certificate or articles of incorporation or organization, as amended, supplemented or otherwise modified, and its by-laws, as amended, supplemented or otherwise modified, (ii) with respect to any limited partnership, its certificate of limited partnership, as amended, supplemented or otherwise modified, and its partnership agreement, as amended, supplemented or otherwise modified, (iii) with respect to any general partnership, its partnership agreement, as amended, supplemented or otherwise modified, and (iv) with respect to any limited liability company, it s articles of organization, as amended, supplemented or otherwise modified, and its operating agreement, as amended, supplemented or otherwise modified. In the event any term or condition of this Agreement or any other Loan Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such "Organizational Document" shall only be to a document of a type customarily certified by such governmental official.

"OTS Guaranty" means the Guaranty, dated as of June 28, 2005, from the Borrower, as guarantor, in favor of the Office of Thrift Supervision and the other guaranteed parties named therein.

"PATRIOT Act" has the meaning specified in Section 3.01(n).

"Payment Date" means (i) with respect to interest payments, (a) as to any Base Rate Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Rate Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Rate Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan, the date of any repayment or prepayment made in respect thereof and (ii) with respect to principal payments, the last Business Day of March, June, September and December of each Fiscal Year, but if such date is not a Business Day, then the "Payment Date" shall be the date of the next succeeding Business Day.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Pension Plan" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Title IV of ERISA.

"Perfection Certificate" means a certificate in form reasonably satisfactory to the Collateral Agent that provides information with respect to the personal or mixed property of each Loan Party.

"Permitted Acquisition" means (a) the Acquisition and (b) any other acquisition by the Borrower or any Subsidiary Guarantors, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Equity Interests of, or a business line or unit or a division of, any Person (such Person, the "**Acquired Entity**"); provided, that:

(i) immediately prior thereto, and after giving effect thereto, no Default or Event of Default shall have occurred and be Continuing or would result therefrom;

(ii) all transactions in connection therewith shall be consummated, in all material respects, in accordance with all applicable laws and in conformity with all applicable Governmental Authorizations;

(iii) in the case of the acquisition of Equity Interests, all of the Equity Interests (except for any such Equity Interests in the nature of directors' qualifying shares required pursuant to applicable law) acquired or otherwise issued by such Person or any newly formed Subsidiary of the Borrower in connection with such acquisition shall be owned 100.0% by the Borrower or a Subsidiary Guarantor thereof, and the Borrower shall have taken, or caused to be taken, as of the date such Person becomes a Subsidiary of the Borrower, each of the actions set forth in Section 5.10 (to the extent applicable);

(iv) the Borrower and its Subsidiaries shall be in compliance with the financial covenants set forth in Section 6.07 on a pro forma basis after giving effect to such acquisition as of the last day of the Fiscal Quarter most recently ended;

(v) for acquisitions involving Acquisition Consideration of $10,000,000 or more, the Borrower shall have delivered to the Administrative Agent at least ten (10) Business Days prior to such proposed acquisition, (x) a Compliance Certificate evidencing compliance with Section 6.07 as required under clause (iv) above, (y) all other relevant financial information with respect to such acquired assets, including the aggregate consideration for such acquisition and any other information required to demonstrate compliance with Section 6.07 and (z) an updated version of Schedule 1.01(d);

(vi) any Person or assets or division as acquired in accordance herewith shall be in the same business or lines of business in which the Borrower and/or its Subsidiaries are engaged as of the Closing Date or similar or related businesses; and

(vii) for all such acquisitions, the Borrower shall have delivered to the Administrative Agent at least ten (10) Business Days prior to such proposed acquisition a certificate of an Authorized Officer of the Borrower certifying compliance with clauses (i) – (vi) above.

"Permitted Funding Indebtedness" means (i) any Permitted Servicing Advance Facility Indebtedness, (ii) any Permitted Warehouse Indebtedness, (iii) any Permitted Residual Indebtedness, (iv) any Permitted MSR Indebtedness, (v) any Indebtedness of the type set forth in clauses (i) – (iv) of this definition that is acquired by the Borrower or any of its Subsidiaries in connection with a Permitted Acquisition or Servicing Acquisition, (vi) any facility that combines any Indebtedness under clauses (i), (ii), (iii), (iv) or (v) of this definition and (vii) any Permitted Refinancing of the Indebtedness under clauses (i), (ii), (iii), (iv), (v) or (vi) of this definition and advanced to the Borrower or any of its Subsidiaries based upon, and secured by, Servicing Advance s, mortgage related securities, loans, MSRs, consumer receivables, REO Assets or Residual Interests; provided, however, that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any Indebtedness incurred in accordance with this clause (vii) for which the holder thereof has contractual recourse to the Borrower or its Subsidiaries to satisfy claims with respect thereto (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Indebtedness shall not be Permitted Funding Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 6.01 except with respect to, and solely to the extent of, any such ex cess that exists upon the initial incurrence of such Indebtedness incurred under this clause (vii)).

"Permitted Liens" means each of the Liens permitted pursuant to Section 6.02.

"Permitted MSR Indebtedness" means MSR Indebtedness; provided, that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such MSR Indebtedness for which the holder thereof has contractual recourse to the Borrower or its Subsidiaries to satisfy claims with respect to such MSR Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such MSR Indebtedness shall not be Permitted MSR Indebtedness (but shall not be deemed to be a new incurrence o f Indebtedness subject to Section 6.01 except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness). The amount of any particular Permitted MSR Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided, that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder; (b) ot her than with respect to a Permitted Refinancing in respect of Indebtedness permitted pursuant to Section 6.01(g) and (h), such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended (except by virtue of amortization of or prepayment of Indebtedness prior to such date of determination); (c) other than with respect to a Permitted Refinancing in respect of Indebtedness permitted pursuant to Section 6.01(g) and (h), at the time thereof, no Default or Event of Default shall have occurred and be Continuing; (d) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is either (i) subordinat ed in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended or (ii) in the form of Indebtedness permitted to be incurred under Section 6.01(o); (e) Indebtedness of the Borrower or a Subsidiary Guarantor shall not refinance Indebtedness of a Subsidiary that is not a Subsidiary Guarantor; and (f) the material terms and conditions (including, if applicable, as to collateral but excluding as to subordination, interest rate and redemption premium) of any such modification, refinancing, refunding, renewal or extension, taken as a whole, are not materially less favorable to the Lenders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended.

"Permitted Residual Indebtedness" means any Indebtedness of the Borrower or any of its Subsidiaries under a Residual Funding Facility; provided that the excess (determined as of the most recent date for which internal financial statements are available), if any of (x) the amount of any such Permitted Residual Indebtedness for which the holder thereof has contractual recourse to the Borrower or its Subsidiaries to satisfy claims with respect to such Permitted Residual Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure s uch Permitted Residual Indebtedness shall be deemed not to be Permitted Residual Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 6.01 except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness).

"Permitted Securitization Indebtedness" means Securitization Indebtedness; provided that (i) in connection with any Securitization, any Warehouse Indebtedness or MSR Indebtedness used to finance the purchase or origination of any receivables subject to such Securitization is repaid in connection with such Securitization to the extent of the net proceeds received by the Borrower and its Subsidiaries from the applicable Securitization Entity and (ii) the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Securitization Indebtedness for which the holder thereof has contractual recourse to the Borrower or its Subsidiarie s to satisfy claims with respect to such Securitization Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Securitization Indebtedness shall not be Permitted Securitization Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 6.01 except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness).

"Permitted Servicing Advance Facility Indebtedness" means any Indebtedness of the Borrower or any of its Subsidiaries incurred under a Servicing Advance Facility; provided, however, that the excess (determined as of the most recent date for which internal financial statements are available), if any of (x) the amount of any such Permitted Servicing Advance Facility Indebtedness for which the holder thereof has contractual recourse to the Borrower or its Subsidiaries to satisfy claims with respect to such Permitted Servicing Advance Faility Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representatio ns and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Permitted Servicing Advance Facility Indebtedness shall not be Permitted Servicing Advance Facility Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 6.01 except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness).

"Permitted Warehouse Indebtedness" means Warehouse Indebtedness; provided, that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Warehouse Indebtedness for which the holder thereof has contractual recourse to the Borrower or its Subsidiaries to satisfy claims with respect to such Warehouse Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Warehouse Indebtedness shall not be Permitted Warehouse Indebtedness (but shall no t be deemed to be a new incurrence of Indebtedness subject to Section 6.01 except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness). The amount of any particular Permitted Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

"Platform" has the meaning specified in Section 5.01(o).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Barclays Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Principal Office" means, with respect to the Administrative Agent, such Person's "Principal Office" as set forth on Schedule 1.01(c), or such other office or office of a third party or sub-agent, as appropriate, as such Person may from time to time designate in writing to the Borrower, the Administrative Agent and each Lender.

"Projections" has the meaning specified in Section 5.01(d).

"Pro Rata Share" means (i) with respect to all payments, computations and other matters relating to the Initial Term Loan of any Lender, the percentage obtained by dividing (a) the Initial Term Loan Exposure of that Lender by (b) the aggregate Initial Term Loan Exposure of all Lenders; and (ii) with respect to all payments, computations, and other matters relating to New Term Loan Commitments or New Term Loans of a particular Series, the percentage obtained by dividing (a) the New Term Loan Exposure of that Lender with respect to that Series by (b) the aggregate New Term Loan Exposure of all Lenders with respect to that Series. For all other purposes with respect to each Lender, "Pro Rata Share" means the percentage obtained by dividing (A) an a mount equal to the sum of the Initial Term Loan Exposure and the New Term Loan Exposure of that Lender, by (B) an amount equal to the sum of the aggregate Initial Term Loan Exposure and the aggregate New Term Loan Exposure of all Lenders.

"Realizable Value" of an asset means (i) with respect to any REO Asset, the value realizable upon the disposition of such asset as determined by the Borrower in its reasonable discretion and consistent with customary industry practice and (ii) with respect to any other asset, the lesser of (x) if applicable, the face value of such asset and (y) the market value of such asset as determined by the Borrower in accordance with the agreement governing the applicable Permitted Servicing Advance Facility Indebtedness, Permitted Warehouse Indebtedness, Permitted MSR Indebtedness or Permitted Residual Indebtedness, as the case may be, (or, if such agreement does not contain any related provision, as determined by senior management of the Borrower in good faith); provided, however, that the realizable value of any asset described in clause (i) or (ii) above which an unaffiliated third party has a binding contractual commitment to purchase from the Borrower or any of its Subsidiaries shall be the minimum price payable to the Borrower or such Subsidiary for such asset pursuant to such contractual commitment.

"Receivables Backed Notes" means the "Advance Receivables Backed Notes, Series 2010-ADV1" issued by the Issuer to the relevant noteholder pursuant to the terms of the Indenture.

"Register" has the meaning specified in Section 2.04(b).

"Regulation D" means Regulation D of the Board of Governors, as in effect from time to time.

"Regulation FD" means Regulation FD as promulgated by the SEC under the Securities Act and Exchange Act.

"Regulation T" means Regulation T of the Board of Governors, as in effect from time to time.

"Regulation U" means Regulation U of the Board of Governors, as in effect from time to time.

"Regulation X" means Regulation X of the Board of Governors, as in effect from time to time.

"Related Fund" means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Release" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Material), including the movement of any Hazardous Material through the air, soil, surface water or groundwater.

"REO Assets" of a Person means any real property owned by such Person and acquired as a result of the foreclosure or other enforcement of a lien on such asset securing a loan, Servicing Advance or other mortgage-related receivables.

"Replacement Lender" has the meaning specified in Section 2.21.

"Required Lenders" means one or more Lenders having or holding Initial Term Loan Exposure and/or New Term Loan Exposure and representing more than 50% of the sum of (i) the aggregate Initial Term Loan Exposure of all Lenders and (ii) the aggregate New Term Loan Exposure of all Lenders.

"Residual Funding Facility" means any funding arrangement with a financial institution or institutions or other lenders or purchasers under which advances are made to the Borrower or any Subsidiary secured by Residual Interests.

"Residual Interests" means any residual, subordinated, reserve accounts and retained ownership interest held by the Borrower or a Subsidiary in Securitization Entities, Warehouse Facility Trusts and/or MSR Facility Trusts acquired or created after the date hereof, regardless of whether required to appear on the face of the Consolidated financial statements in accordance with GAAP.

"Restricted Junior Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of the Borrower or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of stock to the holders of that class; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of the Borrower or any of its Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of the Borrower or any of its Subsidiaries now or h ereafter outstanding; and (iv) any payment or prepayment of principal of, premium, if any, or interest on, or redemption, purchase, retirement, defeasance (including in substance or legal defeasance), sinking fund or similar payment with respect to, any Subordinated Indebtedness, any preferred stock, and any Indebtedness convertible into any class of stock of the Borrower or any of its Subsidiaries.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"SEC" means the United States Securities and Exchange Commission and any successor Governmental Authority performing a similar function.

"Secured Parties" has the meaning specified in the Security Agreement.

"Securities" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"Securitization" means a public or private transfer, sale or financing of (i) Servicing Advances, (ii) mortgage loans, (iii) installment contracts and/or (iv) other loans and related assets, (clauses (i) – (iv) above, collectively, the **"Securitization Assets"**) by which the Borrower or any of its Subsidiaries directly or indirectly securitizes a pool of specified Securitization Assets including, without limitation, any such transaction involving the sale of specified Servicing Advances or mortgage loans to a Securitization Entity.

"Securitization Assets" has meaning specified in the definition of Securitization.

"Securitization Entity" means (i) any Person (whether or not a Subsidiary of the Borrower) established for the purpose of issuing asset-backed or mortgaged-backed or mortgage pass-through securities of any kind (including collateralized mortgage obligations and net interest margin securities), (ii) any special purpose Subsidiary established for the purpose of selling, depositing or contributing Securitization Assets into a Person described in clause (i) or holding securities in any related Securitization Entity, regardless of whether such person is an issuer of securities; provided that such Person is not an obligor with respect to any Indebtedness of the Borrower or any Subsidiary Guarantor and (iii) an y special purpose Subsidiary of the Borrower formed exclusively for the purpose of satisfying the requirements of Credit Enhancement Agreements and regardless of whether such Subsidiary is an issuer of securities; provided that such Person is not an obligor with respect to any Indebtedness of the Borrower or any Subsidiary Guarantor other than under Credit Enhancement Agreements. As of the Closing Date, the entities specified on Schedule 1.01(b) shall be deemed to satisfy the requirements of the foregoing definition.

"Securitization Indebtedness" means (i) Indebtedness of the Borrower or any of its Subsidiaries incurred pursuant to on-balance sheet Securitizations and (ii) any Indebtedness consisting of advances made to the Borrower or any of its Subsidiaries based upon securities issued by a Securitization Entity pursuant to a Securitization and acquired or retained by the Borrower or any of its Subsidiaries.

"Security Agreement" means the Pledge and Security Agreement to be executed by the Borrower and each Subsidiary Guarantor on or prior to the Closing Date, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Security Documents" means the Security Agreement, the Intellectual Property Security Agreements and all other instruments, documents and agreements delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to the Collateral Agent, for the benefit of Secured Parties, a First Priority Lien on the Collateral as security for the Obligations.

"Series" has the meaning specified in Section 2.22.

"Servicing" means loan servicing, sub-servicing rights and master servicing rights and obligations including, without limitation, one or more of the following functions (or a portion thereof): (a) the administration and collection of payments for the reduction of principal and/or the application of interest on a loan; (b) the collection of payments on account of Taxes and insurance; (c) the remittance of appropriate portions of collected payments; (d) the provision of full escrow administration; (e) the right to receive fees and other compensation and any ancillary fees arising from or connected to the assets serviced, earnings and other benefits of the related accounts and, in each case, all rights, powers and privileges incident to any of the foregoing, and expressl y includes the right to enter into arrangements with third Person that generate ancillary fees and benefits with respect to the serviced assets; (f) the realization on the security for a loan; and (g) any other obligation imposed on a servicer pursuant to a Servicing Agreement.

"Servicing Acquisition" has the meaning specified in Section 6.07(e).

"Servicing Advances" means advances made by the Borrower or any of its Subsidiaries in its capacity as servicer of any mortgage-related receivables to fund principal, interest, escrow, foreclosure, insurance, tax or other payments or advances when the borrower on the underlying receivable is delinquent in making payments on such receivable; to enforce remedies, manage and liquidate REO Assets; or that the Borrower or any of its Subsidiaries otherwise advances in its capacity as servicer pursuant to any Servicing Agreement.

"Servicing Advance Facility" means any funding arrangement with lenders collateralized in whole or in part by Servicing Advances under which advances are made to the Borrower or any of its Subsidiaries based on such collateral.

"Servicing Agreements" means any servicing agreements (including whole loan servicing agreements for portfolios of whole mortgage loans), pooling and servicing agreements, interim servicing agreements and other servicing agreements, and any other agreement governing the rights, duties and obligations of either the Borrower or any of its Subsidiaries, as a servicer, under such servicing agreements.

"Solvency Certificate" means a Solvency Certificate of the chief financial officer of the Borrower substantially in the form of Exhibit G-2.

"Solvent" means, with respect to any Loan Party, that as of the date of determination, both (i) (a) the sum of such Loan Party's debt (including contingent liabilities) does not exceed the present fair saleable value of such Loan Party's present assets; (b) such Loan Party's capital is not unreasonably small in relation to its business as contemplated on the Closing Date or with respect to any transaction contemplated to be undertaken after the Closing Date; and (c) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it shall incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (ii) such Person is "solvent&# 8221; within the meaning given that term and similar terms under the Bankruptcy Code and applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Specified Deferred Servicing Fees" means the right to payment, whether now or hereafter acquired or created, of deferred fees payable to the Borrower and its Subsidiaries under each of the Servicing Agreements either (a) identified on Schedule 1.01(e)(A) or (b) pursuant to which any of the Borrower and its Subsidiaries has provided Servicing for any entity and/or transaction identified under the heading "Investor Name" set forth on Schedule 1.01(e)(B), as each such schedule may be updated from time to time in accordance with Section 5.01(m); provided, however, that "Specified Deferred Servicing Fees" shall not include any rights to repayment of Servicing Advances.

"Specified Government Entities" means the Federal Housing Administration, Veterans Administration, Ginnie Mae, Fannie Mae, Freddie Mac or other similar governmental agencies.

"Specified MSRs" means the right to payments owed to the Borrower and its Subsidiaries, whether now or hereafter acquired or created, under each of the Servicing Agreements either (a) identified on Schedule 1.01(e)(A) or (b) pursuant to which any of the Borrower and its Subsidiaries provides Servicing for any entity and/or transaction identified under the heading "Investor Name" set forth on Schedule 1.01(e)(B), as each such schedule may be updated from time to time in accordance with Section 5.01(m); provided, however, that "Specified MSRs" shall not include any rights to repayment of Servicing Advances.

"Specified MSR Value" means the value of all Specified MSRs of the Borrower and its Subsidiaries, as determined by an independent third party valuation firm, such as the Mortgage Industry Advisory Corporation or a comparable firm reasonably acceptable to the Administrative Agent. For the avoidance of doubt, "Specified MSR Value" shall not include the value of any Specified Deferred Servicing Fees.

"Specified Net Servicing Advances" means the amount of (A) the book value of all Servicing Advances (including, but not limited to, all Unencumbered Servicing Advances), less (B) the aggregate outstanding amounts under any Servicing Advance Facility.

"Subject Transaction" has the meaning specified in Section 6.07(e).

"Subordinated Indebtedness" means any unsecured Junior Indebtedness of the Borrower the payment of principal and interest of which and other obligations of the Borrower in respect thereof are subordinated to the prior payment in full of the Obligations on terms and conditions satisfactory to the Administrative Agent.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50.0% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, tha t in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.

"Subsidiary Guarantor" means each Material Subsidiary of the Borrower.

"Successor Escrow Account" has the meaning specified in Section 5.04.

"Successor Escrow Account Agreement" has the meaning specified in Section 5.04.

"Successor Escrow Account Control Agreement" has the meaning specified in Section 5.04.

"Successor Escrow Agent" has the meaning specified in Section 5.04.

"Syndication Agent" means Barclays Capital, the investment banking division of Barclays Bank PLC, in its capacity as syndication agent, together with its permitted successors in such capacity.

"Tax" means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed; provided, that, "Tax on the overall net income" of a Person shall be construed as a reference to a tax imposed by the jurisdiction in which that Person is organized or in which that Person's applicable principal office (and/or, in the case of a Lender, its lending office) is located or in which that Person (and/or, in the case of a Lender, its lending office) is deemed to be doing business on all or part of the net income, profits or gains (whether worldw ide, or only insofar as such income, profits or gains are considered to arise in or to relate to a particular jurisdiction, or otherwise) of that Person (and/or, in the case of a Lender, its applicable lending office).

"Terminated Lender" has the meaning specified in Section 2.21.

"**Transaction Costs**" means the fees, costs and expenses payable by the Borrower on or prior to the Closing Date in connection with the transactions contemplated by the Loan Documents.

"Type of Loan" means (i) a Base Rate Loan or (ii) a Eurodollar Rate Loan.

"UCC" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"Unencumbered Servicing Advances" means all rights to reimbursement or payment, whether now or hereafter acquired or created, of any Servicing Advances that do not collateralize or secure any Servicing Advance Facility, and includes, in any event, all rights to reimbursement or payment of Servicing Advances pursuant to the Servicing Agreements either (a) identified on Schedule 1.01(e)(A) which are indicated as unencumbered or (b) pursuant to which any of the Borrower and its Subsidiaries has provided Servicing Advances on behalf of or for the benefit of any entity and/or transaction identified under the heading "Investor Name" set forth on Schedule 1.01(e)(B) which are labeled as "Unencumbered Advances," as such schedule may be updated from time to time in accordance with Section 5.01(m).

"UPB" means, with respect to any Servicing Agreement, the aggregate unpaid principal balance of the underlying mortgage loans under such Servicing Agreement.

"U.S. Lender" has the meaning specified in Section 2.18(c).

"Warehouse Facility" means any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and commercial paper facilities (excluding in all cases, Securitizations), with a financial institution or other lender or purchaser exclusively to (i) finance or refinance the purchase or origination by the Borrower or a Subsidiary of the Borrower of, provide funding to the Borrower or a Subsidiary of the Borrower through the transfer of, loans, mortgage-related securities and other mortgage-related receivables purchased or originated by the Borrower or any Subsidiary of the Borrower in the ordinary course of business, (ii) finance the funding of or refinance Servicing A dvances; or (iii) finance or refinance the carrying of REO Assets related to loans and other mortgage-related receivables purchased or originated by the Borrower or any Subsidiary of the Borrower; provided that such purchase or origination is in the ordinary course of business.

"Warehouse Facility Trusts" means any Person (whether or not a Subsidiary of the Borrower) established for the purpose of issuing notes or other securities in connection with a Warehouse Facility, which notes and securities are backed by (i) specified loans, mortgage-related securities and other mortgage-related receivables purchased by, and/or contributed to, such Person from the Borrower or any Subsidiary; (ii) specified Servicing Advances purchased by, and/or contributed to, such Person from the Borrower or any other Subsidiary; or (iii) the carrying of REO Assets related to loans and other mortgage-related receivables purchased by, and/or contributed to, such Person or any Subsidiary of the Borrower.

"Warehouse Indebtedness" means Indebtedness in connection with a Warehouse Facility; the amount of any particular Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the product obtained by multiplying (y) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (z) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

"Wholly-Owned" means, with respect to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (x) director's qualifying shares and (y) shares issued to foreign nationals to the extent required by applicable law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

"Wholly-Owned Subsidiary" means, with respect to any Person, any other Person all of the Equity Interest of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly-Owned Subsidiaries.

Section 1.02 Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. Financial statements and other information required to be delivered by the Borrower to Lenders pursuant to Sections 5.01(a), 5.01(b) and 5.01(c) shall be prepared in accordance with GAAP as in effect at the time of such preparation (and delivered together with the reconciliation statements provided for in Section 5.01(f), if applicable). Subject to the foregoing, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the Historical Financial Statements without giving effect to any changes in GAAP after the date of the Historical Financial Statements.

Section 1.03 Interpretation, Etc. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Article, Section, Schedule or Exhibit shall be to an Article, a Section, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "will" shall be construed to have the same meaning and effect as the word "shall"; and the words "asset" and "property" shall be construed as having the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms lease and license shall include sub-lease and sub-license, as applicable. Whenever the context may require, any pronoun shall include the correspondin g masculine, feminine and neuter forms. Except as otherwise expressly provided herein or therein, any reference in this Agreement or any other Loan Document to any agreement, document or instrument shall mean such agreement, document or instrument as amended, restated, supplemented or otherwise modified from time to time, in each case, in accordance with the express terms of this Agreement or such Loan Document.

ARTICLE II

THE FACILITY

Section 2.01 Term Loan Facility.

(a) Commitments. Subject to the terms and conditions hereof, each Lender severally agrees to make on the Closing Date an Initial Term Loan to the Borrower in an amount equal to such Lender's Pro Rata Share relative to the total amount of Borrowings specified in the Borrowing Notice, up to the amount of such Lender's Initial Term Loan Commitment. Any amount borrowed under this Section 2.01(a) and subsequently repaid or prepaid may not be reborrowed. Subject to Sections 2.11(a) and 2.12, all amounts owed hereunder with respect to the Initial Term Loans shall be paid in full no later than the Initial Term Loan Maturity Date. Each Lender's Initial Term Loan Commitment shall terminate immediately and without further action if not drawn on the Closing Date. The aggregate amount of Initial Term Loans requested in the Borrowing Notice on the Closing Date shall not exceed the aggregate amount of Initial Term Loan Commitments.

(b) Borrowing Mechanics.

(i) The Borrower shall deliver to the Administrative Agent a fully executed Borrowing Notice no later than 11:00 a.m. (New York City time) (i) with respect to Base Rate Loans, one (1) Business Day, and (ii) with respect to Eurodollar Rate Loans, three (3) Business Days, prior to the Closing Date or the Increased Amount Date, as applicable. Prompt ly upon receipt by the Administrative Agent of such Borrowing Notice, the Administrative Agent shall notify each Lender of the proposed Borrowing.

(ii) Each Lender shall make its Initial Term Loan available to the Administrative Agent in an amount based on its Pro Rata Share of Borrowings under the Borrowing Notice in accordance with Section 2.02 not later than 12:00 p.m. (New York City time) on the Closing Date, by wire transfer of same day funds in Dollars, at the Principal Office designated by the Administrative Agent. Upon satisfaction or waiver of the con ditions precedent specified herein, the Administrative Agent shall make the proceeds of the Initial Term Loans available to the Borrower on the Closing Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Loans received by the Administrative Agent from Lenders to be credited to the account of the Borrower at the Principal Office designated by the Administrative Agent or to such other account as may be designated in writing to the Administrative Agent by the Borrower.

(iii) Each New Term Loan Lender shall make its New Term Loan available to the Administrative Agent in an amount based on its Pro Rata Share of Borrowings under the Borrowing Notice in accordance with Section 2.02 not later than 12:00 p.m. (New York City time) on the Increased Amount Date, by wire transfer of same day funds in Dollars, at the Principal Office designated by the Administrative Agent. Upon satisfaction or wai ver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of the New Term Loans available to the Borrower on the Increased Amount Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Loans received by the Administrative Agent from the New Term Loan Lenders to be credited to the account of the Borrower at the Principal Office designated by the Administrative Agent or to such other account as may be designated in writing to the Administrative Agent by the Borrower.

Section 2.02 Pro Rata Shares; Availability of Funds.

(a) Pro Rata Shares. All Loans shall be made by Lenders simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Lender shall be responsible for any default by any other Lender in such other Lender's obligation to make a Loan requested hereunder nor shall any Commitment of any Lender be increased or decreased as a result of a default by any other Lender in such other Lender's obligation to make a Loan requested hereunder.

(b) Availability of Funds. Unless the Administrative Agent shall have been notified by any Lender prior to the Closing Date or Increased Amount Date, as applicable, that such Lender does not intend to make available to the Administrative Agent the amount of such Lender's Loan requested on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the Closing Date or Increased Amount Date, as applicable, and the Administrative Agent may, in its sole discretion, but shall not be obligated to, make available to the Borrower a corresponding amount on such date. If such corresponding amo unt is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest thereon, for each day from the Closing Date or Increased Amount Date, as applicable, until the date such amount is paid to the Administrative Agent, at the customary rate set by the Administrative Agent for the correction of errors among banks for three (3) Business Days and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest thereon, for each day from the Closing Date or Increased Amount Date, as applicable, until the date such amount is paid to the Administrative Agent, at the rate payable hereunder for Base Rate Loans for such Class of Loans. Nothing in this Section 2.02(b) shall be deemed to relieve any Lender from its obligation to fulfill its Commitment hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder.

Section 2.03 Use of Proceeds. The proceeds of the Loans made on the Closing Date shall be applied by the Borrower (a) to fund all or a portion of the Acquisition in accordance with the provisions of the Asset Purchase Agreement, (b) to pay fees and expenses incurred in connection with the Acquisition and the transactions contemplated hereunder and (c) for general corporate purposes of the Borrower and its Subsidiaries, including Permitted Acquisitions. No portion of the proceeds of any Loan shall be used in any man ner that causes or might cause such Loan or the application of such proceeds to violate Regulation T, Regulation U or Regulation X or any other regulation thereof or to violate the Exchange Act.

Section 2.04 Evidence of Debt; Register; Lenders' Books and Records; Notes.

(a) Lenders' Evidence of Debt. Each Lender shall maintain on its internal records an account or accounts evidencing the Obligations of the Borrower to such Lender, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on the Borrower, absent manifest error; provided, that the failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's Obligations in respect of any applicable Loans; and provided, further, that in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern.

(b) Register. The Administrative Agent (or its agent or sub-agent appointed by it) shall maintain at its Principal Office a register for the recordation of the names and addresses of Lenders and Loans of each Lender from time to time (the **"Register"**). The Register shall be available for inspection by the Borrower or any Lender (with respect to any entry relating to such Lender's Loans) at any reasonable time and from time to time upon reasonable prior notice. The Administrative Agent shall record, or shall cause to be recorded, in the Register the Loans i n accordance with the provisions of Section 10.06(h), and each repayment or prepayment in respect of the principal amount of the Loans, and any such recordation shall be conclusive and binding on the Borrower and each Lender, absent manifest error; provided, that failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's Obligations in respect of any Loan. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent solely for purposes of maintaining the Register as provided in this Section 2.04, and the Borrower hereby agrees that, to the extent the Administrative Agent serves in such capacity, the Administrative Agent and its officers, directors, employees, agents, sub-agents and affiliates shall constitute "Indemnitees."

(c) Notes. If so requested by any Lender by written notice to the Borrower (with a copy to the Administrative Agent) at least two (2) Business Days prior to the Closing Date, or at any time thereafter, the Borrower shall execute and deliver to such Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Lender pursuant to Section 10.06) on the Closing Date (or, if such notice is delivered after the Closing Date, promptly after the Borrower's receipt of such notice) a Note or Notes to evidence such Lender's Loan.

Section 2.05 Interest.

(a) Except as otherwise set forth herein, each Initial Term Loan shall bear interest on the unpaid principal amount thereof from the date made through repayment (whether by acceleration or otherwise) thereof as follows:

(i) if a Base Rate Loan, at the Base Rate plus the Applicable Margin; or

(ii) if a Eurodollar Rate Loan, at the Eurodollar Rate plus the Applicable Margin.

(b) The basis for determining the rate of interest with respect to any Loan, and the Interest Period with respect to any Eurodollar Rate Loan, shall be selected by the Borrower and notified to the Administrative Agent and Lenders pursuant to the Borrowing Notice or Conversion/Continuation Notice, as the case may be. If on any day a Loan is outstanding with respect to which a Borrowing Notice or Conversion/Continuation Notice has not been delivered to the Administrative Agent in accordance with the terms hereof specifyi ng the applicable basis for determining the rate of interest, then for that day such Loan shall be a Base Rate Loan.

(c) In the event the Borrower fails to specify between a Base Rate Loan or a Eurodollar Rate Loan in the Borrowing Notice or Conversion/Continuation Notice, such Loan (if outstanding as a Eurodollar Rate Loan) shall be automatically converted into a Base Rate Loan on the last day of the then-current Interest Period for such Loan (or if outstanding as a Base Rate Loan shall remain as, or (if not then outstanding) shall be made as, a Base Rate Loan). In the event the Borrower fails to specify an Interest Period for any Eurodollar Rate Loan in the Borrowing Notice or Conversion/Continuation Notice, the Borrower shall be deemed to have selected an Interest Period of one month. As soon as practicable after 10:00 a.m. (New York City time) on each Interest Rate Determination Date, the Administrative Agent shall determine (which determination shall, absent manifest error, be final, conclusive and binding upon all parties) the interest rate that shall apply to the Eurodollar Rate Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to the Borrower and each Lender.

(d) Interest payable pursuant to Section 2.05(a) shall be computed for Base Rate Loans (other than Base Rate Loans calculated pursuant to clause (iii) of the definition of "Base Rate") on the basis of a 365-day year (or a 366-day year, as applicable) and for Eurodollar Rate Loans and Base Rate Loans calculated pursuant to clause (iii) of the definition of "Base Rate" on the basis of a 360-day year for the actual number of days elapsed in the period during which it accrues. In computing interest on any Loan, the last Payment Date with respect to such Loan or, with respect to a Base Rate Loan being converted from a Eurodollar Rate Loan, the date of conversion of such Eurodollar Rat e Loan to such Base Rate Loan, as the case may be, shall be included, and the date of payment of such Loan or the expiration date of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted to a Eurodollar Rate Loan, the date of conversion of such Base Rate Loan to such Eurodollar Rate Loan, as the case may be, shall be excluded; provided, that if a Loan is repaid on the same day on which it is made, one day's interest shall be paid on that Loan.

(e) Except as otherwise set forth herein, interest on each Loan (i) shall accrue on a daily basis and shall be payable in arrears on each Payment Date with respect to interest accrued on and to each such payment date; (ii) shall accrue on a daily basis and shall be payable in arrears upon any prepayment of such Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) shall accrue on a daily basis and shall be payable in arrears at maturity of such Loan, including final maturity of such Loan; provided, that with respect to any voluntary prepayment of a Base Rate Loan, accrued interest shall instead be payable on the applicable Payment Date.

Section 2.06 Conversion/Continuation.

(a) Subject to Section 2.16 and so long as no Default or Event of Default shall have occurred and then be Continuing, the Borrower shall have the option:

(i) to convert at any time all or any part of the Loans equal to $5,000,000 and integral multiples of $1,000,000 in excess of that amount from one Type of Loan to another Type of Loan; provided, that a Eurodollar Rate Loan may only be converted on the expiration of the Interest Period applicable to such Eurodollar Rate Loan unless the Borrower shall pay all amounts due under Section 2.16(c) in connection with any such conversion; or

(ii) upon the expiration of any Interest Period applicable to any Eurodollar Rate Loans, to continue all or any portion of such Loan equal to $5,000,000 and integral multiples of $1,000,000 in excess of that amount as a Eurodollar Rate Loans.

(b) Upon the occurrence of an Event of Default, all outstanding Eurodollar Rate Loans shall be converted to Base Rate Loans.

(c) The Borrower shall deliver a Conversion/Continuation Notice to the Administrative Agent no later than 10:00 a.m. (New York City time) at least one Business Day in advance of the proposed conversion date (in the case of a conversion to a Base Rate Loan) and at least three (3) Business Days in advance of the proposed conversion/continuation date (in the case of a conversion to, or a continuation of, a Eurodollar Rate Loan). Except as otherwise provided herein, a Conversion/Continuation Notice for conversion to, or continuation of, any Eurodollar Rate Loans shall be irrevocable on and after the related Interest Rate Determination Date, and the Borrower shall be bound to effect a conversion or continuation in acc ordance therewith.

Section 2.07 Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 8.01(a), (h) or (i), the principal amount of all Loans outstanding and, to the extent permitted by applicable law, any interest payments on the Loans or any fees or other amounts owed hereunder that, in either case, are then due and owing, shall thereafter bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws or any other act or law pertaining to insolvency or debtor relief, whether state, federal or foreign) payable on demand by the Administrative Agent at a rate (the **"Default Rate"**) that is 2.00% per annum in excess of the interest rate otherwise payable hereunder with respect to the applicable Loans; provided, that in the case of Eurodollar Rate Loans, upon the expiration of the Interest Period in effect at the time any such increase in interest rate is effective such Eurodollar Rate Loans shall thereupon become Base Rate Loans and shall thereafter bear interest payable upon demand at a rate which is 2.00% per annum in excess of the interest rate otherwise payable hereunder for Base Rate Loans. Payment or acceptance of the increased rates of interest provided for in this Section 2.07 is not a permitted alternative to timely payment and shall not constitute a waiver of any such Event of Default or ot herwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender.

Section 2.08 Fees.

(a) The Borrower agrees to pay on the Closing Date to each Lender party to this Agreement as a Lender on the Closing Date, as fee compensation for the funding of such Lender's Initial Term Loan, a closing fee in an amount equal to 2.00% of the stated principal amount of such Lender's Initial Term Loan, payable to such Lender from the proceeds of its Initial Term Loan as and when funded on the Closing Date. Such closing fee will be in all respects fully earned, due and payable on the Closing Date and non-refundable and non-creditable thereafter.

(b) The Borrower agrees to pay to Agents, the Arranger and the Joint Bookrunner such fees in the amounts and at the times separately agreed upon as set forth in the Engagement Letter.

Section 2.09 Payments. The principal amounts of the Initial Term Loans shall be repaid in consecutive quarterly installments (each, an **"Installment"**) on each Payment Date, commencing September 30, 2010, based on an amortization schedule, as set forth in Schedule 2.09, and the balance of the Initial Term Loans shall be repaid at the Initial Term Loan Maturity Date; provided, in the event any New Term Loans are made, such New Term Loans shall be repaid after the applicable Increased Amount Date based on an amortization schedule determined by the Borrower and the applicable holders of the New Term Loans.

Notwithstanding the foregoing, (x) such amounts owed hereunder shall be reduced in connection with any voluntary or mandatory prepayments of the Loans, in accordance with Sections 2.11, 2.12 and 2.13, as applicable; and (y) the Loans, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the applicable Maturity Date.

Section 2.10 Reserved.

Section 2.11 Voluntary Prepayments.

(a) The Borrower may, upon notice to the Administrative Agent, at any time and from time to time voluntarily prepay the Loans in whole or in part without premium or penalty subject however to any breakage costs due in accordance with Section 2.16(c); provided that the Borrower may prepay any such Loans on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount.

(b) All such prepayments shall be made (1) upon not less than one Business Day's prior written notice in the case of Base Rate Loans; and (2) upon not less than three (3) Business Days' prior written notice in the case of Eurodollar Rate Loans, in each case given to the Administrative Agent by 12:00 p.m. (New York City time) on the date required (and the Administrative Agent shall promptly transmit to each Lender such original notice for the prepayment of the Loans and the amount of each Lender's ratable share of such prepayment by telefacsimile or telephone). Upon the giving of any such notice, the principal amount of the Loans specified in such notice shall become due and payable on the prepaym ent date specified therein. Any such voluntary prepayment shall be applied as specified in Section 2.13.

(c) In the event that all or any portion of the Initial Term Loans are repaid through voluntary or mandatory repayments from the incurrence of Indebtedness having a lower effective yield (whether by reason of the interest rate applicable to such Indebtedness or by reason of the issuance of such Indebtedness at a discount) than the Initial Term Loans, each Lender holding Initial Term Loans shall be paid an amount equal to 1.0% of the amount of such Initial Term Loans repaid, if such repayment is effected prior to the one year anniversary of the Closing Date.

Section 2.12 Mandatory Repayment.

(a) Issuance or Incurrence of Debt. On the date of receipt by the Borrower or any of its Subsidiaries of any Net Cash Proceeds from the issuance or incurrence of any Indebtedness of the Borrower or any of its Subsidiaries (other than with respect to any Indebtedness permitted to be incurred pursuant to Section 6.01), the Borrower shall prepay the Loans in an aggregate amount equal to 100% of such Net Cash Proceeds.

(b) Asset Sales. No later than the first Business Day following the date of receipt by the Borrower or any of its Subsidiaries of any Net Cash Proceeds in respect of any Asset Sale, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Cash Proceeds; provided, that (i) so long as no Event of Default shall have occurred and be continuing and (ii) upon written notice to the Administrative Agent, directly or through one or more of its Subsidiaries, the Borrower shall have the option to invest such Net Cash Proceeds within two hundred seventy (270) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries (provided that if, prior to the expiration of such two hundred seventy (270) day period, the Borrower, directly or through its Subsidiaries, shall have entered into a binding agreement providing for such investment on or prior to the expiration of an additional ninety (90) day period, such two hundred seventy (270) day period shall be extended to the date provided for such investment in such binding agreement);

(c) Insurance/Condemnation Proceeds. No later than the first Business Day following the date of receipt by the Borrower or any of its Subsidiaries, or the Administrative Agent as loss payee, of any Net Insurance/Condemnation Proceeds, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Insurance/Condemnation Proceeds; provided, so long as no Event of Default shall have occurred and be continuing, the Borrower shall have the option, directly or through one or more of its Subsidiaries to invest such Net Insurance/Condemnation Proceeds within two hundred seventy (270) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries (provided that if, prior to the expiration of such two hundred seventy (270) day period, the Borrower, directly or through its Subsidiaries, shall have entered into a binding agreement providing for such investment on or prior to the expiration of an additional ninety (90) day period, such two hundred seventy (270) day period shall be extended to the date provided for such investment in such binding agreement).

(d) Consolidated Excess Cash Flow. In the event that there shall be Consolidated Excess Cash Flow for any Fiscal Year (commencing with the Fiscal Year ending December 31, 2011), the Borrower shall, no later than ninety days after the end of such Fiscal Year, prepay the Loans in an aggregate amount equal to 50% of such Consolidated Excess Cash Flow minus (ii) voluntary repayments of the Loans pursuant to Section 2.11 during such Fiscal Year; provided, that if, as of the last day of the most recently ended Fiscal Year, the Corporate Leverage Ratio (determined for any such period by reference to the Compliance Certificate delivered pursuant to Section 5.01(e) calculating the Corporate Leverage Ratio as of the last day of such Fiscal Year) shall be 1.25 to 1.00 or less, the Borrower shall only be required to make the prepayments and/or reductions otherwise required hereby in an amount equal to (i) 25% of such Consolidated Excess Cash Flow minus (ii) voluntary repayments of the Loans pursuant to Section 2.11 during such Fiscal Year.

(e) Repayment Certificate. Concurrently with any repayment of the Loans pursuant to Section 2.12(a), (b), (c) or (d) the Borrower shall deliver to the Administrative Agent a certificate of an Authorized Officer demonstrating the calculation of the amount of the applicable net proceeds, payments or excess cash, as applicable. In the event that the Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans in an amount equal to such excess, and the Borrower shall concurrently therewith deliver to the Administ rative Agent a certificate of an Authorized Officer demonstrating the determination of such excess.

(f) Delay in Acquisition Closing. In the event that the Closing has not occurred by December 31, 2010, the Borrower shall, no later than thirty (30) days after such date, prepay the Initial Term Loans in an aggregate amount equal to $150,000,000.

Section 2.13 Application of Prepayments.

(a) Application of Prepayments. Any prepayment of any Loan pursuant to Section 2.11(a) or 2.12 shall be applied as follows:

first, to prepay Loans on a pro rata basis (in accordance with the respective outstanding principal amounts thereof) and further applied on a pro rata basis to the remaining scheduled Installments of principal of the Loans (x) in forward order of maturity, in the case of Section 2.11(a) and (y) in inverse order of maturity, in the case of Section 2.12;

second, to pay any accrued and unpaid interest and any other amounts in respect of the Loans outstanding on a pro rata basis (in accordance with the respective outstanding principal amounts thereof); and

third, to satisfy any other outstanding Obligations of the Borrower on a pro rata basis hereunder by the amount of such prepayment remaining.

(b) Application of Prepayments of Loans to Base Rate Loans and Eurodollar Rate Loans. Any prepayment of the Loans shall be applied first to Base Rate Loans to the full extent thereof before application to Eurodollar Rate Loans, in each case in a manner which minimizes the amount of any payments required to be made by the Borrower pursuant to Section 2.16(c).

Section 2.14 General Provisions Regarding Payments.

(a) All payments by the Borrower of principal, interest, fees and other Obligations shall be made in Dollars in same day funds, without defense, setoff or counterclaim, free of any restriction or condition, and delivered to the Administrative Agent not later than 2:00 p.m. (New York City time) on the date due at the Principal Office designated by the Administrative Agent for the account of Lenders. For purposes of computing interest and fees, funds received by the Administrative Agent after that time on such due date shall be deemed to have been paid by the Borrower on the next succeeding Business Day.

(b) All payments in respect of the principal amount of any Loan shall be accompanied by payment of accrued interest on the principal amount being repaid or prepaid, and all such payments (and, in any event, any payments in respect of any Loan on a date when interest is due and payable with respect to such Loan) shall be applied to the payment of interest then due and payable before application to principal.

(c) The Administrative Agent (or its agent or sub-agent appointed by it) shall promptly distribute to each Lender at such address as such Lender shall indicate in writing, such Lender's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due thereto, including all fees payable with respect thereto, to the extent received by the Administrative Agent.

(d) Notwithstanding the foregoing provisions hereof, if any Conversion/ Continuation Notice is withdrawn as to any Affected Lender or if any Affected Lender makes Base Rate Loans in lieu of its Pro Rata Share of any Eurodollar Rate Loans, the Administrative Agent shall give effect thereto in apportioning payments received thereafter.

(e) Whenever any payment to be made hereunder with respect to any Loan shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

(f) The Borrower hereby authorizes the Administrative Agent to charge the Borrower's accounts with the Administrative Agent in order to cause timely payment to be made to the Administrative Agent of all principal, interest, fees and expenses due hereunder (subject to sufficient funds being available in its accounts for that purpose).

(g) The Administrative Agent shall deem any payment by or on behalf of the Borrower hereunder that is not made in same day funds prior to 2:00 p.m. (New York City time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by the Administrative Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. The Administrative Agent shall give prompt telephonic notice to the Borrower and each applicable Lender (confirmed in writing) if any payment is non-conforming. Any non-conforming payment may constitute or become a Default or Event of Default in accordance with the terms of Section 8.01(a).& #160; Interest shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the Default Rate from the date such amount was due and payable until the date such amount is paid in full.

(h) If an Event of Default shall have occurred and be continuing, and the maturity of the Obligations shall have been accelerated pursuant to Section 8.01, all payments or proceeds received by Agents hereunder in respect of any of the Obligations, shall be applied in accordance with the application arrangements described in the Security Agreement.

Section 2.15 Ratable Sharing. The Lenders hereby agree among themselves that, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans made and applied in accordance with the terms hereof), through the exercise of any right of set-off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Loan Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduc tion of a proportion of the aggregate amount of principal, interest, fees and other amounts then due and owing to such Lender hereunder or under the other Loan Documents (collectively, the **"Aggregate Amounts Due"** to such Lender) which is greater than the proportion received by any other Lender in respect of the Aggregate Amounts Due to such other Lender, then the Lender receiving such proportionately greater payment shall (a) notify the Administrative Agent and each other Lender of the receipt of such payment and (b) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Lenders so that all such recoveries of Aggregate Amounts Due shall be shared by all Lenders in proportion to the Aggregate Amounts Due to them; provided, that if all or part of such proportionately greater payment received by such purchasing Lender is thereafter recovered from such Lender upon the bankruptcy or reorganization of the Borrower or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Lender ratably to the extent of such recovery, but without interest. The Borrower expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, set-off or counterclaim with respect to any and all monies owing by the Borrower to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder. The provisions of this Section 2.15 shall not be construed to apply to (a) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (b) any payment obtained by any Lender as consideration for the assignment or sale of a participation in any of its Loans or other Obligations owed to it.

Section 2.16 Making or Maintaining Eurodollar Rate Loans.

(a) Inability to Determine Applicable Interest Rate. In the event that the Administrative Agent shall have determined (which determination shall be final and conclusive and binding upon all parties hereto), on any Interest Rate Determination Date with respect to any Eurodollar Rate Loans, that by reason of circumstances affecting the London interbank market adequate and fair means do not exist for ascertaining the interest rate applicable to such Loans on the basis provided for in the definition of Eurodollar Rate, the Administrative Agent shall on such date give notice (by telefacsimile or by telephone confirmed in writing) to the Borrower and eac h Lender of such determination, whereupon (i) no Loans may be made as, or converted to, Eurodollar Rate Loans until such time as the Administrative Agent notifies the Borrower and Lenders that the circumstances giving rise to such notice no longer exist and (ii) any Borrowing Notice or Conversion/Continuation Notice given by the Borrower with respect to the Loans in respect of which such determination was made shall be deemed to be rescinded by the Borrower.

(b) Illegality or Impracticability of Eurodollar Rate Loans. In the event that on any date any Lender shall have determined (which determination shall be final and conclusive and binding upon all parties hereto) that the making, maintaining or continuation of its Eurodollar Rate Loans (i) has become unlawful as a result of compliance by such Lender in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful) or (ii) has become impractica ble, as a result of contingencies occurring after the date hereof which materially and adversely affect the London interbank market or the position of such Lender in that market, then, and in any such event, such Lender shall be an **"Affected Lender"** and it shall on that day give notice (by telefacsimile or by telephone confirmed in writing) to the Borrower and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each other Lender). If the Administrative Agent receives a notice from any Lender pursuant to clause (i) of the preceding sentence or a notice from Lenders constituting the Required Lenders pursuant to clause (ii) of the preceding sentence, thereafter (1) the obligation of the Lenders (or, in the case of any notice pursuant to clause (i) of the preceding sentence, such Lender) to make Loans as, or to convert Base Rate Loans to, Eurodollar Rate Loans shall be suspended u ntil such notice shall be withdrawn by each Affected Lender, (2) to the extent such determination by an Affected Lender relates to a Eurodollar Rate Loan then being requested by the Borrower pursuant to a Borrowing Notice or a Conversion/Continuation Notice, the Lenders (or, in the case of any notice pursuant to clause (i) of the preceding sentence, such Lender) shall make such Loan as (or continue such Loan as or convert such Loan to, as the case may be) a Base Rate Loan, (3) the Lenders' (or, in the case of any notice pursuant to clause (i) of the preceding sentence, such Lender's) obligations to maintain their respective outstanding Eurodollar Rate Loans (the **"Affected Loans"**) shall be terminated at the earlier to occur of the expiration of the Interest Period then in effect with respect to the Affected Loans or when required by law and (4) the Affected Loans shall automatically convert into Base Rate Loans on t he date of such termination. Notwithstanding the foregoing, to the extent a determination by an Affected Lender as described above relates to a Eurodollar Rate Loan then being requested by the Borrower pursuant to a Borrowing Notice or a Conversion/Continuation Notice, the Borrower shall have the option, subject to the provisions of Section 2.16(c), to rescind such Borrowing Notice or Conversion/Continuation Notice as to all Lenders by giving notice (by telefacsimile) to the Administrative Agent of such rescission on the date on which the Affected Lender gives notice of its determination as described above (which notice of rescission the Administrative Agent shall promptly transmit to each other Lender).

(c) Compensation for Breakage or Non-Commencement of Interest Periods. The Borrower shall compensate each Lender, upon written request by such Lender (which request shall set forth the basis for requesting such amounts), for all reasonable losses, expenses and liabilities (including any interest paid by such Lender to Lenders of funds borrowed by it to make or carry its Eurodollar Rate Loans and any loss, expense or liability sustained by such Lender in connection with the liquidation or re-employment of such funds but excluding loss of anticipated profits) which such Lender may sustain: (i) if for any reason (other than a default by such Lend er) a borrowing of any Eurodollar Rate Loan does not occur on a date specified therefor in a Borrowing Notice, or a conversion to or continuation of any Eurodollar Rate Loan does not occur on a date specified therefor in a Conversion/Continuation Notice; (ii) if any prepayment or other principal payment of, or any conversion of, any of its Eurodollar Rate Loans occurs on a date prior to the last day of an Interest Period applicable to that Loan; or (iii) if any prepayment of any of its Eurodollar Rate Loans is not made on any date specified in a notice of prepayment given by the Borrower.

(d) Booking of Eurodollar Rate Loans. Any Lender may make, carry or transfer Eurodollar Rate Loans at, to or for the account of any of its branch offices or the office of an Affiliate of such Lender.

(e) Reserves on Eurodollar Rate Loans. The Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves (including any basic marginal, special, supplemental, emergency or other reserves) with respect to Eurodollar Rate Loans against "Eurocurrency liabilities" (as such term is defined in Regulation D) under regulations issued from time to time by the Board of Governors or other applicable banking regulator, additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Eurodollar Rate Loan by such Lender (as determined by such Len der in good faith), which shall be due and payable on each date on which interest is payable on such Eurodollar Rate Loan, provided the Borrower shall have received at least ten (10) days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice.

(f) Assumptions Concerning Funding of Eurodollar Rate Loans. Calculation of all amounts payable to a Lender under this Section 2.16 and under Section 2.17 shall be made as though such Lender had actually funded each of its relevant Eurodollar Rate Loans through the purchase of a Eurodollar deposit bearing interest at the rate obtained pursuant the definition of Eurodollar Rate in an amount equal to the amount of such Eurodollar Rate Loan and having a maturity comparable to the relevant Interest Period and through the transfer of such Eurodollar deposit from an offshore office of such Lender to a domestic office of such Lender in the United States o f America; provided, that each Lender may fund each of its Eurodollar Rate Loans in any manner it sees fit and the foregoing assumptions shall be utilized only for the purposes of calculating amounts payable under this Section 2.16 and under Section 2.17.

Section 2.17 Increased Costs; Capital Adequacy.

(a) Compensation For Increased Costs. Subject to the provisions of Section 2.18 (which shall be controlling with respect to the matters covered thereby), in the event that any Lender shall determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any law, treaty or governmental rule, regulation or order, or any change therein or in the interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or governmental authority, in each case that becomes effective after the date hereof, or compliance by such Lender with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law): (i) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Lender (other than any reserve contemplated by Section 2.16(e)) or (ii) imposes any other condition (other than with respect to any Tax) on or affecting such Lender (or its applicable lending office) or its obligations hereunder or the London interbank market; and the result of any of the foregoing is to increase the cost to such Lender of agreeing to make, making or maintaining Loans hereunder or to reduce any amount received or receivable by such Lender (or its applicable lending office) with respect thereto; then, in any such case, the Borrower shall promptly pay to such Lender, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its sole discretion shall determine) as may be necessary to compensate such Lender for any such increased cost or reduction in amounts received or receivable hereunder. Such Lender shall deliver to the Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to such Lender under this Section 2.17(a), which statement shall be conclusive and binding upon all parties hereto absent demonstrable error.

(b) Capital Adequacy Adjustment. In the event that any Lender shall have determined that the adoption, effectiveness, phase-in or applicability after the Closing Date of any law, rule or regulation (or any provision thereof) regarding capital adequacy, or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its applicable lending office) with any guideline, request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, cent ral bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of, or with reference to, such Lender's Loans, or participations therein or other obligations hereunder with respect to the Loans, to a level below that which such Lender or such controlling corporation could have achieved but for such adoption, effectiveness, phase-in, applicability, change or compliance (taking into consideration the policies of such Lender or such controlling corporation with regard to capital adequacy), then from time to time, within five (5) Business Days after receipt by the Borrower from such Lender of the statement referred to in the next sentence, the Borrower shall pay to such Lender such additional amount or amounts as shall compensate such Lender or such controlling corporation on an after-tax basis for such reduction. Such Lender shall deliver to the Borrower (with a copy to the Administrat ive Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to Lender under this Section 2.17(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

(c) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.17 shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to this Section 2.17 for any increased costs incurred or reductions suffered if Lender fails to provide Borrower with notice of such increased costs or reductions within ninety (90) days of such Lender actually incurring such increased costs (except that, if the change in law giving rise to such increa sed costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.18 Taxes; Withholding, Etc.

(a) Payments to Be Free and Clear. All sums payable by or on behalf of any Loan Party hereunder and under the other Loan Documents shall (except to the extent required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax (other than a Tax on the overall net income of any Lender) imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from or to which a payment is made by or on behalf of any Loan Party or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment.

(b) Withholding of Taxes. If any Loan Party or any other Person is required by law to make any deduction or withholding on account of any such Tax from any sum paid or payable by any Loan Party to the Administrative Agent or any Lender under any of the Loan Documents: (i) the Borrower shall notify the Administrative Agent of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the Borrower shall pay any such Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on any Loan Party) for its own account or (if that liability is impos ed on the Administrative Agent or such Lender, as the case may be) on behalf of and in the name of the Administrative Agent or such Lender; (iii) the sum payable by such Loan Party in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the Administrative Agent or such Lender, as the case may be, receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment been required or made; and (iv) within thirty (30) days after paying any sum from which it is required by law to make any deduction or withholding, and within thirty (30) days after the due date of payment of any Tax which it is required by clause (ii) above to pay, the Borrower shall deliver to the Administrative Agent evidence satisfactory to the other affected parties of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority; provided, that no such additional amount shall be required to be paid to any Lender under clause (iii) above except to the extent that any change after the date hereof (in the case of each Lender listed on the signature pages hereof on the Closing Date) or after the effective date of the Assignment Agreement pursuant to which such Lender became a Lender (in the case of each other Lender) in any law requiring a deduction, withholding or payment results in an increase in the rate of such deduction, withholding or payment from that in effect at the date hereof or at the date of such Assignment Agreement, as the case may be, in respect of payments to such Lender; provided, that additional amounts shall be payable to a Lender to the extent such Lender's assignor was entitled to receive such additional amounts.

(c) Evidence of Exemption From U.S. Withholding Tax. Each Lender that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Internal Revenue Code) for U.S. federal income tax purposes (a **"Non-US Lender"**) shall deliver to the Administrative Agent for transmission to the Borrower, on or prior to the Closing Date (in the case of each Lender listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement pursuant to which it becomes a Lender (in the case of each other Lender), and at such other times as may be necessary in the determination of the Borrower or the Administrative Agent (each in the reasonable exercise of its discretion), (i) two (2) original copies of Internal Revenue Service Form W-8BEN, W-8ECI and/or W-8IMY (or, in each case, any successor forms), properly completed and duly executed by such Lender, and such other documentation required under the Internal Revenue Code and reasonably requested by the Borrower to establish that such Lender is not subject to deduction or withholding of United States federal income tax with respect to any payments to such Lender of principal, interest, fees or other amounts payable under any of the Loan Documents or (ii) if such Lender is not a "bank" or other Person described in Section 881(c)(3) of the Internal Revenue Code, a Certificate re Non-Bank Status together with two (2) original copies of Internal Revenue Service Form W-8BEN (or any successor form), properly completed and duly executed by such Lender, and such other documentation required under the Internal Revenue Code and reasonably requested by the Borrower to establish that such Lender is not subject to deduction or withholding of United States federal income tax with respect to any payments to such Lender of interest payable under any of the Loan Documents. Notwithstanding any other provision of this paragraph, a Non-US Lender shall not be required to deliver any form pursuant to this paragraph that such Non-US Lender is not legally able to deliver. Each Lender that is a United States person (as such term is defined in Section 7701(a)(30) of the Internal Revenue Code) for United States federal income tax purposes (a **"U.S. Lender"**) and is not an exempt recipient within the meaning of Treasury Regulation Section 1.6049-4(c) shall deliver to the Administrative Agent and the Borrower on or prior to the Closing Date (or, if later, on or prior to the date on which such Lender become s a party to this Agreement) two (2) original copies of Internal Revenue Service Form W-9 (or any successor form), properly completed and duly executed by such Lender, certifying that such U.S. Lender is entitled to an exemption from United States backup withholding tax, or otherwise prove that it is entitled to such an exemption. Each Lender required to deliver any forms, certificates or other evidence with respect to United States federal income tax withholding matters pursuant to this Section 2.18(c) hereby agrees, from time to time after the initial delivery by such Lender of such forms, certificates or other evidence, whenever a lapse in time or change in circumstances renders such forms, certificates or other evidence obsolete or inaccurate in any material respect, that such Lender shall promptly deliver to the Administrative Agent for transmission to the Borrower two (2) new original copies of Internal Revenue Service Form W-8BEN, W-8ECI and/or W-8IMY (or, in each case, any successor form), or a Certificate re Non-Bank Status and two (2) original copies of Internal Revenue Service Form W-8BEN (or any successor form), as the case may be, properly completed and duly executed by such Lender, and such other documentation required under the Internal Revenue Code and reasonably requested by the Borrower to confirm or establish that such Lender is not subject to deduction or withholding of United States federal income tax with respect to payments to such Lender under the Loan Documents, or notify the Administrative Agent and the Borrower of its inability to deliver any such forms, certificates or other evidence. Each Lender hereby further agrees to deliver to the Administrative Agent for transmission to the Borrower all documentation reasonably requested in writing by such Borrower necessary to minimize the Borrower's obligation to withhold any amounts on account of Tax; provided that a Lender will not be required to deliver such documentation to the extent that such Lender deter mines, in its sole discretion, that delivering such documentation would divulge any information as to its books and records that it considers confidential. The Borrower shall not be required to pay any additional amount to any Non-U.S. Lender under Section 2.18(b)(iii) if such Lender shall have failed to deliver the forms, certificates or other evidence referred to in the first, fourth and fifth sentences of this Section 2.18(c); provided, that if such Lender shall have satisfied the requirements of the first, fourth and fifth sentences of this Section 2.18(c), nothing in this last sentence of this Section 2.18(c) shall relieve the Borrower of its obligation to pay any additional amounts pursuant this Section 2.18 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer prop erly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender is not subject to withholding as described herein.

(d) Refunds. If any Lender becomes aware that it is entitled to claim a refund from a Governmental Authority in respect of Taxes as to which the Borrower has paid additional amounts pursuant to Section 2.18(b), it shall make reasonable efforts to timely advise the Borrower and at the Borrower's request, claim to such Governmental Authority for such refund at the Borrower's expense. If any Lender actually receives a payment of a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any Tax as to which the Borrower has paid additional amounts pursuant to Section 2.18(b), it shall with in ninety (90) days from the date of the receipt of such refund pay over the amount of such refund to the Borrower, net of all reasonable out-of-pocket expenses of such Lender, agrees to repay the amount paid over to the Borrower (plus penalties, interest or other reasonable charges paid by such Lender) to such Lender in the event such Lender is required to repay such refund to such Governmental Authority.

(e) Contests. If the Borrower determines that a reasonable basis exists for contesting a Tax, the Borrower shall make reasonable efforts to timely advise the relevant Lender and at the Borrower's written request, the relevant Lender shall make reasonable efforts to cooperate with the Borrower in challenging such Tax at the Borrower's expense; provided, however, that no Lender shall be required to take any action hereunder which, in the sole discretion of such Lender, would cause such Lender or its applicable lendin g office to suffer a material economic, legal or regulatory disadvantage.

Section 2.19 Obligation to Mitigate. Each Lender agrees that, as promptly as practicable after the officer of such Lender responsible for administering its Loans or becomes aware of the occurrence of an event or the existence of a condition that would cause such Lender to become an Affected Lender or that would entitle such Lender to receive payments under Section 2.16, 2.17 or 2.18, it shall, to the extent not inconsistent with the internal policies of such Lender and any applicable legal or regulatory restri ctions, use reasonable efforts to (a) make, issue, fund or maintain its Loans, including any Affected Loans, through another office of such Lender or (b) take such other measures as such Lender may deem reasonable, if as a result thereof the circumstances which would cause such Lender to be an Affected Lender would cease to exist or the additional amounts which would otherwise be required to be paid to such Lender pursuant to Section 2.16, 2.17 or 2.18 would be materially reduced and if, as determined by such Lender in its sole discretion, the making, issuing, funding or maintaining of such Loans through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Loans or the interests of such Lender; provided, that such Lender shall not be obligated to utilize such other office pursuant to this Section 2.19 unless the Borrower agrees to pay all incremental expenses i ncurred by such Lender as a result of utilizing such other office as described above. A certificate as to the amount of any such expenses payable by the Borrower pursuant to this Section 2.19 (setting forth in reasonable detail the basis for requesting such amount) submitted by such Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive absent manifest error.

Section 2.20 Defaulting Lenders. Anything contained herein to the contrary notwithstanding, in the event that any Lender becomes a Defaulting Lender, then during any Default Period with respect to such Defaulting Lender, such Defaulting Lender shall be deemed not to be a "Lender" for purposes of any amendment, waiver or consent with respect to any provision of the Loan Documents that requires the approval of the Required Lenders. During any Default Period with respect to an Insolvency Default ing Lender, any amounts that would otherwise be payable to such Insolvency Defaulting Lender under the Loan Documents (including, without limitation, voluntary and mandatory prepayments and fees) may, in lieu of being distributed to such Insolvency Defaulting Lender, at the written direction of the Borrower to the Administrative Agent, be retained by the Administrative Agent to collateralize indemnification and reimbursement obligations of such Insolvency Defaulting Lender in an amount reasonably determined by the Administrative Agent. The rights and remedies against a Defaulting Lender under this Section 2.20 are in addition to other rights and remedies which the Borrower may have against such Defaulting Lender as a result of it becoming a Defaulting Lender and which the Administrative Agent or any Lender may have against such Defaulting Lender with respect thereto. The Administrative Agent shall not be required to ascertain or inquire as to the existence of any Funds Defaulting Lender or Insolvency Defaulting Lender.

Section 2.21 Removal or Replacement of a Lender. Anything contained herein to the contrary notwithstanding, in the event that: (a) (i) any Lender (an **"Increased Cost Lender"**) shall give notice to the Borrower that such Lender is an Affected Lender or that such Lender is entitled to receive payments under Section 2.16, 2.17 or 2.18, (ii) the circumstances which have caused such Lender to be an Affected Lender or which entitle such Le nder to receive such payments shall remain in effect, and (iii) such Lender shall fail to withdraw such notice within five Business Days after the Borrower's request for such withdrawal; or (b) (i) any Lender shall become a Defaulting Lender, (ii) the Default Period for such Defaulting Lender shall remain in effect, and (iii) such Defaulting Lender shall fail to cure the default as a result of which it has become a Defaulting Lender within five Business Days after Borrower's request that it cure such default; or (c) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.05(b) or (c)(i), the consent of the Required Lenders (or the requisite percentage of Lenders under Section 10.05(c)(i)) shall have been obtained but the consent of one or more of such other Lenders (each a **"Non Consenting Lender"**) whose consent is requi red shall not have been obtained; then, with respect to each such Increased Cost Lender, Defaulting Lender or Non Consenting Lender (the **"Terminated Lender"**), the Borrower may, by giving written notice to the Administrative Agent and any Terminated Lender of its election to do so, elect to cause such Terminated Lender (and such Terminated Lender hereby irrevocably agrees) to assign its outstanding Loans in full to one or more Eligible Assignees (each a **"Replacement Lender"**) in accordance with the provisions of Section 10.06 and the Borrower shall pay the fees, if any, payable thereunder in connection with any such assignment from an Increased Cost Lender, a Non-Consenting Lender or Insolvency Defaulting Lender, and the Funds Defaulting Lender (if not also an Insolvency Defaulting Lender) shall pay the fees, if any, payable thereunder in connection with any such assignment fr om such Defaulting Lender; provided, (1) on the date of such assignment, the Replacement Lender shall pay to the Terminated Lender an amount equal to the sum of an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Terminated Lender; (2) on the date of such assignment, the Borrower shall pay any amounts payable to such Terminated Lender pursuant to Section 2.16(c), 2.17 or 2.18; or otherwise as if it were a prepayment and (3) in the event such Terminated Lender is a Non Consenting Lender, each Replacement Lender shall consent, at the time of such assignment, to each matter in respect of which such Terminated Lender was a Non Consenting Lender. Upon the prepayment of all amounts owing to any Terminated Lender, such Terminated Lender shall no longer constitute a "Lender" for purposes hereof; provided, any rights of such Terminated Lender to indemnification hereunder shall survive as to such Terminated Lender. Each Lender agrees that if the Borrower exercises its option hereunder to cause an assignment by such Lender as a Non-Consenting Lender or Terminated Lender, such Lender shall, promptly after receipt of written notice of such election, execute and deliver all documentation necessary to effectuate such assignment in accordance with Section 10.06. In the event that a Lender does not comply with the requirements of the immediately preceding sentence within one Business Day after receipt of such notice, each Lender hereby authorizes and directs the Administrative Agent to execute and deliver such documentation as may be required to give effect to an assignment in accordance with Section 10.06 on behalf of a Non-Consenting Lender or Terminated Lender and any such documentation so executed by the Administrative Agent shall be effective for purposes of documenting an assignment pursuant to Section 10.06 .

Section 2.22 Incremental Facilities.

(a) The Borrower may by written notice to the Administrative Agent elect to request the establishment of one or more new term loan commitments (the **"New Term Loan Commitments"**), by an amount not in excess of $300,000,000 in the aggregate and not less than $50,000,000 individually (or such lesser amount which shall be approved by the Administrative Agent or such lesser amount that shall constitute the difference between $300,000,000 and all such New Term Loan Commitments obtained prior to such date), and integral multiples of $10,000,000 in excess of that amount. Each such notice shall specify (i) the date (each, an **"Increased Amount Date"**) on which the Borrower proposes that the New Term Loan Commitments shall be effective, which shall be a date not less than ten (10) Business Days after the date on which such notice is delivered to the Administrative Agent and (ii) the identity of each Lender or other Person that is an Eligible Assignee (each, a **"New Term Loan Lender"**) to whom the Borrower proposes any portion of such New Term Loan Commitments be allocated and the amounts of such allocations; provided that Barclays Capital may elect or decline to arrange such New Term Loan Commitments in its sole discretion and any Lender approached to provide all or a portion of the New Term Loan Commitments may elect or decline, in its sole discretion, to provide a New Term Loan Commitment. Such New Term Loan Commitments shall become effective as of such Increased Amount Date; provided that (1) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such New Term Loan Commitments; (2) both before and after giving effect to the making of any Series of New Term Loans, each of the conditions set forth in Section 3.01(j) (provided that the reference therein to Section 3.01 shall be deemed a reference to this Section 2.22 and each reference therein to the Closing Date shall be deemed a reference to the Increased Amount Date), 3.01(s), 3.01(u) and 3.01(v) (provided that each reference therein to the Closing Date shall be deemed a reference to the Increased Amount Date) shall be satisfied; (3) the Borrower is in pro forma compliance with each of the financial covenants set forth in Section 6.07 as of the last day of the most recently ended Fiscal Quarter after giving effect to such New Term Loan Commitments, provided that, for purposes of this clause (3) only, the LTV Ratio shall not exceed a percentage equal to 0. 9 times the percentage that was otherwise required at such quarter end; (4) the New Term Loan Commitments shall be effected pursuant to one or more Joinder Agreements executed and delivered by the Borrower, New Term Loan Lender and the Administrative Agent, and each of which shall be recorded in the Register and each New Term Loan Lender shall be subject to the requirements set forth in Section 2.18(c); and (5) the Borrower shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction. Any New Term Loans made on an Increased Amount Date shall be designated a separate series (a **"Series"**) of New Term Loans for all purposes of this Agreement.

(b) On any Increased Amount Date on which any New Term Loan Commitments of any Series are effective, subject to the satisfaction of the foregoing terms and conditions (including, but not limited to, delivery of a Borrowing Notice pursuant to Section 2.01(b)), (i) each New Term Loan Lender of any Series shall make a Loan to the Borrower (a "**New Term Loan**") in an amount equal to its New Term Loan Commitment of such Series, and (ii) each New Term Loan Lender of any Series shall become a Lender hereunder with respect to the New Term Loan Commitment of such Series and the New Term Loans of such Series made pursuant thereto.

(c) The Administrative Agent shall notify Lenders promptly upon receipt of Borrower's notice of each Increased Amount Date and in respect thereof the Series of New Term Loan Commitments and the New Term Loan Lenders of such Series.

(d) The terms and provisions of the New Term Loans and New Term Loan Commitments of any Series shall be, except as otherwise set forth herein or in the Joinder Agreement, identical to the Loans. In any event (i) the weighted average life to maturity of all New Term Loans of any Series shall be no shorter than the weighted average life to maturity of the Loans, (ii) the applicable New Term Loan Maturity Date of each Series shall be no shorter than the Initial Term Loan Maturity Date, (iii) the yield applicable to the New Term Loans of each Series shall be determined by the Borrower and the applicable new Lenders and shall be set forth in each applicable Joinder Agreement and (iv) the amortization schedule app licable to any Series of New Term Loans shall be determined by the Borrower and the applicable holders of New Term Loans; provided however that the yield applicable to the New Term Loans (after giving effect to all upfront or similar fees or original issue discount payable with respect to such New Term Loans) shall not be greater than the applicable yield payable pursuant to the terms of this Agreement as amended through the date of such calculation with respect to Loans (including any upfront fees or original issue discount payable to the initial Lenders hereunder) unless the interest rate with respect to the Loans is increased so as to cause the then applicable yield under this Agreement on the Loans to equal the yield then applicable to the New Term Loans (after giving effect to all upfront or similar fees or original issue discount payable with respect to such New Term Loans). Each Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent to effect the provision of this Section 2.22.

(e) The New Term Loans and New Term Loan Commitments established pursuant to this Section 2.22 shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably with the Obligations from the Subsidiary Guarantors and security interests created by the Security Documents. Each Series of New Term Loans shall be entitled to share in mandatory prepayments on a ratable basis with the Initial Term Loans and the other Series of New Term Loans (unless the holders of the New Term Loans of any Series agree to take a lesser share of certain prepayments). The Loan P arties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Lien and security interests granted by the Security Documents continue to be perfected under the Uniform Commercial Code or otherwise after giving effect to the establishment of any such class of New Term Loans or any such New Term Loan Commitments.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.01 Closing Conditions. The obligation of the Lenders to make Loans on the Closing Date is subject to the satisfaction, or waiver in accordance with Section 10.05, of the following conditions on or before such Closing Date:

(a) Loan Documents. (i) The Administrative Agent shall have received copies of each Loan Document originally executed and delivered by each Loan Party, including without limitation (w) this Agreement, (x) the Security Agreement, (y) the Escrow Agreements and (z) any other Security Documents required to effect the security contemplated hereby or by the Security Agreement, and (ii) all Loan Documents (including the Security Documents) shall be in form and substance satisfactory to the Administrative Agent and the Collateral Agent (to the extent the Collateral Agent is a party thereto).

(b) Organizational Documents; Incumbency. The Administrative Agent shall have received (1) copies of each Organizational Document executed and delivered by each Loan Party, and, to the extent applicable, certified as of a recent date by the appropriate governmental official, each dated the Closing Date or a recent date prior thereto; (2) signature and incumbency certificates of the officers of each Loan Party executing the Loan Documents to which it is a party; (3) resolutions of the Board of Directors or similar governing body of each Loan Party approving and authorizing the execution, delivery and performance of this Agreement and the other Loan Do cuments or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment; (4) a good standing certificate from the applicable Governmental Authority of the jurisdiction of incorporation, organization or formation for each Loan Party, each dated a recent date prior to the Closing Date; and (5) such other documents as the Administrative Agent may reasonably request.

(c) Organizational and Capital Structure. The organizational structure and capital structure of the Borrower and its Subsidiaries, both before and after giving effect to the Acquisition, shall be as set forth on Schedule 3.01(c).

(d) Evidence of Proceeds. The Borrower shall provide evidence that the Borrower has received and will receive debt and/or equity proceeds (including the anticipated proceeds of the Initial Term Loans, cash on hand and/or the cash proceeds of equity issued by the Borrower prior to the Closing Date and including the anticipated proceeds of the securitization program to be funded by Barclays Bank with respect to the assets to be acquired in the Acquisition upon the Closing) sufficient for the Borrower to pay any amounts due under the Asset Purchase Agreement on the Closing.

(e) [Reserved].

(f) Pro forma Financial Statements. The Administrative Agent shall have received unaudited pro forma Consolidated financial statements for the past Fiscal Year and most recent interim period for the Borrower and its Subsidiaries reflecting the Acquisition and related transactions to the extent prepared by the Borrower and filed with the SEC in connection with a registered offering or the Borrower's reporting obligations, or prepared in connection with any other debt or equity offering by the Borrower or any of its Subsidiaries; provided, however, that to the extent such pro forma financial statements were not prepared prior to the Closing Date, the Administrative Agent shall have received unaudited pro forma financials based on management accounts for the Borrower and its Subsidiaries reflecting the Acquisition and related transactions for the past Fiscal Year and the most recent interim period, and an unaudited pro forma balance sheet at the end of the most recent interim period prepared by an Authorized Officer of the Borrower.

(g) Governmental Authorizations and Consents. Each Loan Party shall have obtained all Governmental Authorizations and all consents of other Persons, in each case that are necessary or advisable in connection with the transactions contemplated by the Loan Documents, and each of the foregoing shall be in full force and effect and in form and substance reasonably satisfactory to the Administrative Agent.

(h) Personal Property Collateral. In order to create in favor of the Collateral Agent, for the benefit of Secured Parties, a valid, perfected First Priority security interest in the personal property Collateral, each Loan Party shall have delivered to the Collateral Agent:

(1) evidence satisfactory to the Collateral Agent of the compliance by each Loan Party of its obligations under the Security Agreement and the other Security Documents (including their obligations to execute and deliver UCC financing statements, originals of securities, instruments and chattel paper and any agreements governing deposit accounts as provided therein and their obligation to conduct Lien searches in accordance with the terms of the Security Agreement);

(2) a completed Perfection Certificate dated the Closing Date and executed by an Authorized Officer of each Loan Party, together with all attachments contemplated thereby;

(3) fully executed Intellectual Property Security Agreements, in proper form for filing or recording in all appropriate places in all applicable jurisdictions, memorializing and recording the encumbrance of the Intellectual Property Assets listed in Schedule 5.2(II) to the Security Agreement;

(4) evidence that each Loan Party shall have taken or caused to be taken any other action, executed and delivered or caused to be executed and delivered any other agreement, document and instrument (including any intercompany notes evidencing Indebtedness permitted to be incurred pursuant to Section 6.01(b)) and made or caused to be made any other filing and recording (other than as set forth herein) reasonably required by Collateral Agent;

(5) the Collateral Agent shall have received a certificate from the applicable Loan Party's insurance broker or other evidence satisfactory to it that all insurance required to be maintained pursuant to Section 5.05 is in full force and effect, together with endorsements naming the Collateral Agent, for the benefit of Secured Parties, as additional insured and loss payee thereunder to the extent required under Section 5.05; and

(6) opinions of counsel (which counsel shall be reasonably satisfactory to the Collateral Agent) with respect to the creation and perfection of the security interests in favor of the Collateral Agent in the Collateral and such other matters governed by the laws of each jurisdiction in which any Loan Party or any personal property Collateral is located as the Collateral Agent may reasonably request (including opinions of counsel regarding any share pledge agreement), in each cas e in form and substance reasonably satisfactory to the Collateral Agent.

(i) Opinions of Counsel to Loan Parties. The Agents and the Lenders and their respective counsel shall have received originally executed copies of the favorable written opinions of (a) Mayer Brown LLP, counsel for Loan Parties, in the form of Exhibit D-1 and as to such other matters as the Administrative Agent may reasonably request, dated as of the Closing Date and otherwise in form and substance reasonably satisfactory to the Administrative Agent and (b) Gunster, Florida counsel for Loan Parties, in the form of Exhibit D-2 and as to such other matters as the Administrative Agent may reasonably request, dated as of the Closing Date and other wise in form and substance reasonably satisfactory to the Administrative Agent (and, in each case, each Loan Party hereby instructs such counsel to deliver such opinions to Agents and Lenders).

(j) Closing Date Certificate. The Borrower shall have delivered to the Administrative Agent an originally executed Closing Date Certificate, together with all attachments thereto, and which shall include certifications to the effect that:

(i) the representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date (except to the extent such representations and warranties relate to an earlier date, in which case, such representations and warranties were true and correct in all material respects as of such earlier date); provided, that to the ex tent any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects; and

(ii) each of the conditions precedent described in this Section 3.01 shall have been satisfied on the Closing Date (except that no opinion need be expressed as to Administrative Agent's or the Required Lenders' satisfaction with any document, instrument or other matter).

(k) No Litigation. There shall not exist any action, suit, investigation, litigation, proceeding, hearing or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority that, in the reasonable opinion of the Administrative Agent, singly or in the aggregate, materially impairs the ability of the Loan Parties to consummate the transactions contemplated thereby.

(l) Completion of Proceedings. All partnership, corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incidental thereto not previously found acceptable by the Administrative Agent and its counsel shall be reasonably satisfactory in form and substance to the Administrative Agent and the Arranger and such counsel, and the Administrative Agent and such counsel shall have received all such counterpart originals or certified copies of such documents as the Administrative Agent may reasonably request.

(m) [Reserved].

(n) Bank Regulatory Information. At least ten (10) days prior to the Closing Date, the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (as amended, supplemented or modified from time to time, the **"PATRIOT Act"**).

(o) Solvency; Solvency Certificate. (i) After giving effect to the transactions contemplated hereby and the consummation of the Acquisition (to the extent consummated at such date in accordance with the Asset Purchase Agreement and the other Acquisition Documents) and any rights of contribution, each of the Borrower and its Material Subsidiaries is and shall be Solvent and the Loan Parties, taken as a whole, are and shall be Solvent and (ii) the Administrative Agent shall have received a Solvency Certificate from the Borrower.

(p) Financial Statements. The Lenders shall have received (x) the most recent audited Consolidated financial statements, and the unaudited Consolidated financial statements for the fiscal quarter ended forty (40) days or more before the Closing Date, of the Borrower prepared in accordance with GAAP and (y) the Financial Model of the Borrower and its Subsidiaries on a Consolidated basis for the current period through the Initial Term Loan Maturity Date, showing projections for Consolidated Adjusted EBITDA (including its calculation) for the current quarter and next three succeeding fiscal quarters, and on an annual basis for each fiscal year through and i ncluding 2015.

(q) Payment at Closing. The Borrower shall have paid to the Administrative Agent and the Lenders the accrued and unpaid fees due and set forth or referenced in Section 2.08 and any other accrued and unpaid fees or commissions due hereunder (including, without limitation, legal fees and expenses of the Lenders incurred in connection with the negotiation, preparation and execution of this Agreement to the extent invoiced at least three days prior to the Closing Date) and to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execu tion, delivery, recording, filing and registration of any of the Loan Documents.

(r) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent. The Administrative Agent shall have received copies of all other documents, certificates and instruments reasonably requested thereby, with respect to the transactions contemplated by this Agreement.

(s) Borrowing Notice. The Administrative Agent shall have received a fully executed and delivered Borrowing Notice which shall include, without limitation, instructions for the Administrative Agent to deposit the Escrow Funds into the Closing Date Escrow Account.

(t) Amount of Borrowing. After extending the Borrowings requested on the Closing Date, the total Loans outstanding shall not exceed the total amount of Commitments.

(u) Representations and Warranties. The representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date (except to the extent such representations and warranties relate to an earlier date, in which case, such representations and warranties were true and correct in all material respects as of such earlier date); provided, that to the extent any such representation or warranty is already qualified by materiality or material adverse effect, such representation or warranty shall be true and correct in all respects.

(v) No Default or Event of Default. As of the Closing Date, no event shall have occurred and be continuing or would result from the consummation of the Borrowing that would constitute an Event of Default or a Default.

(w) Additional Information. Any Agent or the Required Lenders shall be entitled, but not obligated to, request and receive, prior to the making of any Loan, additional information reasonably satisfactory to the requesting party confirming the satisfaction of any of the foregoing if, in the good faith judgment of such Agent or the Required Lenders such request is warranted under the circumstances.

(x) Asset Purchase Agreement. The Administrative Agent shall have received a copy of the Asset Purchase Agreement, together with any amendments thereto, as in effect as of the Closing Date and certified by an Authorized Officer of the Borrower to be true, correct and complete.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make each Loan to be made thereby, each Loan Party represents and warrants to each Lender that, as of the Closing Date, as applicable, each of the following statements is true and correct (it being understood and agreed that the representations and warranties made on the Closing Date are deemed to be made concurrently with the consummation of the Acquisition contemplated hereby):

Section 4.01 Organization and Qualification. Each of the Loan Parties is (a) duly organized, validly existing and, to the extent applicable, in good standing under the laws of its jurisdiction of organization as identified on Schedule 4.01 and (b) is qualified to do business and in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or in good standing has not had, and would not be reasonably expected to have, a Material Adverse Effect.

Section 4.02 Corporate Authorization. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action on the part of each Loan Party that is a party thereto, and on the part of the respective shareholders, members or other equity security holders of each Loan Party, and each Loan Party has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

Section 4.03 Equity Interests and Ownership. Schedule 4.03 correctly sets forth the ownership interest of the Borrower and each of its Subsidiaries in their respective Subsidiaries as of the Closing Date both before and after giving effect to the Acquisition being consummated on such date in accordance with the terms of the Asset Purchase Agreement. Except as set forth on Schedule 4.03, as of the date hereof, there is no existing option, warrant, call, right, commitment or other agreement to which any Loan Party is a party requiring, and there is no membership interest or other Equity Interests of any Loan Party outstanding which upon conversion, exchange or exercise would require, the issuance by any Loan Party of any additional membership interests or other Equity Interests of any Loan Party or other Securities convertible into or exchangeable or exercisable for or evidencing the right to subscribe for or purchase, a membership interest or other Equity Interests of any Loan Party, and no securities or obligations evidencing any such rights are authorized, issued or outstanding.

Section 4.04 Reserved.

Section 4.05 No Conflict. The execution, delivery and performance by the Loan Parties of the Loan Documents to which they are parties and the consummation of the transactions contemplated by the Loan Documents at such Closing Date do not and shall not (a) violate (i) any provision of any law, statute, ordinance, rule, regulation, or code applicable to any Loan Party, (ii) any of the Organizational Documents of any Loan Party or (iii) any order, judgment, injunction or decree of any court or other agency of government binding on any Loan Party; (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of any Loan Party except to the extent such conflict, breach or default would not reasonably be expected to have a Material Adverse Effect; (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of any Loan Party (other than any Liens created under any of the Loan Documents in favor of the Collateral Agent on behalf of the Secured Parties); or (d) require any approval of stockholders, members or partners or any approval or consent of any Person under any Contractual Obligation of any Loan Party, except for such approvals or consents which have been obtained on or before the Closing Date and except for any such approvals or consents the failure of which to obtain shall not have a Material Adverse Effect.

Section 4.06 Governmental Consents. The execution, delivery and performance by Loan Parties of the Loan Documents to which they are parties and the consummation of the transactions contemplated by the Loan Documents do not and shall not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority except as otherwise set forth in the Loan Documents and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to the Col lateral Agent for filing and/or recordation, as of the Closing Date. The Borrower and each of its Subsidiaries has all consents, permits, approvals and licenses of each Governmental Authority necessary in connection with the operation and performance of its Core Business Activities, including, without limitation, all necessary approvals to act as a servicer, except in each case as would not reasonably be expected to result in a Material Adverse Effect.

Section 4.07 Binding Obligation. Each Loan Document has been duly executed and delivered by each Loan Party that is a party to such Loan Document and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability relating to or limiting creditors' rights or by equitable principles relating to enforceability.

Section 4.08 Financial Statements. The audited financial statements and the unaudited financial statements delivered pursuant to Section 3.01(p), fairly present in all material respects on a Consolidated basis the assets, liabilities and financial position of the Borrower as at such dates, and the results of the operations and changes of financial position for the periods then ended (other than customary year-end adjustments for unaudited financial statements). All such financial statements, including the rela ted schedules and notes thereto, have been prepared in accordance with GAAP. Such financial statements show all Material Indebtedness and other material liabilities, direct or contingent, of the Borrower as of the date thereof, including material liabilities for taxes and material commitments, in each case, to the extent required to be disclosed under GAAP.

Section 4.09 No Material Adverse Change. Since December 31, 2009, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

Section 4.10 Tax Returns and Payments. Each of the Borrower and its Subsidiaries has duly filed or caused to be filed all federal, state, local and other tax returns required by applicable law to be filed, and has paid, or made adequate provision for the payment of, all federal, state, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable except for (i) those that are being diligently contested in good faith by appropriate proceedin gs and for which the Borrower or the relevant Subsidiary shall have set aside on its books adequate reserves in accordance with GAAP and (ii) filings, taxes and charges as to which the failure to make or pay would not reasonably be expected to have a Material Adverse Effect.

Section 4.11 Environmental Matters. None of the Loan Parties nor any of their respective Facilities or operations are subject to any outstanding written order, consent decree or settlement agreement with any Person relating to any Environmental Law, any Environmental Claim, or any Hazardous Materials activity that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. None of the Loan Parties has received any letter or request for information under Section 104 of the Comp rehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9604) or any comparable state law. To each Loan Party's knowledge, there are and have been no conditions, occurrences, or Hazardous Materials activities which would reasonably be expected to form the basis of an Environmental Claim against any Loan Party that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. None of the Loan Parties nor, to any Loan Party's knowledge, any predecessor of any Loan Party has filed any notice under any Environmental Law indicating past or present treatment of Hazardous Materials at any Facility, and none of the Loan Parties' operations involves the generation, transportation, treatment, storage or disposal of hazardous waste, as defined under 40 C.F.R. Parts 260-270 or any state equivalent. Compliance with all current or reasonably foreseeable future requirements pursuant to or under Environmental Laws could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. To each Loan Party's knowledge, no event or condition has occurred or is occurring with respect to any Loan Party relating to any Environmental Law, any Release of Hazardous Materials or any Hazardous Materials activity which individually or in the aggregate has had, or would reasonably be expected to have, a Material Adverse Effect. No Lien imposed pursuant to any Environmental Law has attached to any Collateral and, to the knowledge of each Loan Party, no conditions exist that would reasonably be expected to result in the imposition of such a Lien on any Collateral.

Section 4.12 Governmental Regulation. Neither the Borrower nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. None of the Loan Parties is a "registered investment company" or a company "controlled" by a "registered investment compa ny" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

Section 4.13 [Reserved].

Section 4.14 Employee Matters. None of the Loan Parties is engaged in any unfair labor practice that would reasonably be expected to have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending against the Borrower or any of its Subsidiaries, or to the best knowledge of the Borrower, threatened against any of them before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against the B orrower or any of its Subsidiaries or to the best knowledge of the Borrower, threatened against any of them, (b) no strike or work stoppage in existence or threatened involving the Borrower or any of its Subsidiaries and (c) to the best knowledge of the Borrower, no union representation question existing with respect to the employees of the Borrower or any of its Subsidiaries and, to the best knowledge of the Borrower, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) such as is not reasonably likely to have a Material Adverse Effect.

Section 4.15 ERISA.

(i) Except as could not reasonably be expected to result in a Material Adverse Effect, each Employee Benefit Plan is in material compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder except for any required amendments for which the remedial amendment period as defined in Section 401(b) or other applicable provision of the Internal Revenue Code has not yet expired and except wher e a failure to so comply would not reasonably be expected to have a Material Adverse Effect;

(ii) As of the Closing Date, except as would not reasonably be expected to result in a Material Adverse Effect, no Pension Plan has been terminated, nor is any Pension Plan an "at-risk" status pursuant to Section 303 of ERISA, nor has any funding waiver from the Internal Revenue Service been received or requested with respect to any Pension Plan sponsored by the Borrower, nor has there been any event requiring any disclosure und er Section 4041(c)(3)(C) or 4063(a) of ERISA with respect to any Pension Plan sponsored by the Borrower; and

(iii) Except where the failure of any of the following representations to be correct in all material respects would not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any ERISA Affiliate has: (A) engaged in a nonexempt prohibited transaction described in Section 406 of the ERISA or Section 4975 of the Internal Revenue Code, (B) incurred any liability to the PBGC which remain s outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (C) failed to make a required contribution or payment to a Multiemployer Plan, or (D) failed to make a required payment under Section 412 of the Internal Revenue Code.

Section 4.16 Margin Stock. None of the Loan Parties owns any Margin Stock.

Section 4.17 [Reserved].

Section 4.18 Solvency. As of the Closing Date, each Loan Party is and, upon the incurrence of any Obligation by any Loan Party on any date on which this representation and warranty is made, shall be, Solvent.

Section 4.19 Disclosure. The representations and warranties of the Loan Parties contained in any Loan Document and in the other documents, certificates or written statements furnished to any Agent or Lender by or on behalf of the Borrower or any of its Subsidiaries and for use in connection with the transactions contemplated hereby, taken as a whole, do not contain any untrue statement of a material fact or omits to state a material fact (known to any Loan Party, in the case of any document not furnished by any of them) neces sary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made (it being understood that any representation and warranty with respect to any information relating to the HomEq Business by the Loan Parties is being made solely based on information provided to it by the Seller or its affiliates or agents and is given to the best of such Loan Party's knowledge). Any projections and pro forma financial information prepared by the Borrower and provided to the Lenders are based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, it being recognized by Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. There are no facts known to any Loan Party (other than matters of a general economic nature) that, individually or in the aggregate, as of the Closing Date, would reasonably be expected to result in a Material Adverse Effect and that have not been disclosed herein or in such other documents, certificates and statements furnished to Lenders for use in connection with the transactions contemplated hereby.

Section 4.20 PATRIOT Act. To the extent applicable, each Loan Party is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the PATRIOT Act. No part of the proceeds of the Loans shall be used, directly or indirectly, for any payments to any governmenta l official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 4.21 Security Documents. The Security Agreement is effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein and proceeds and products thereof. In the case of the Pledged Equity (as defined in the Security Agreement), when certificates representing such Pledged Equity are delivered to the Collateral Agent, and in the case of the other Collateral described in the Security Agreement, when f inancing statements and other filings to be specified on the relevant schedule(s) to the Security Agreement in appropriate form are filed in the offices to be specified on such schedule(s), the Security Agreement shall constitute a fully perfected First Priority Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations, in each case prior and superior in right to any other Person (except, in the case of Collateral other than Pledged Equity and Liens permitted by Section 6.02). With respect to the UCC financing statements set forth under the heading "Other Filings" on Schedule 6.02, no Indebtedness or any other obligations of the Borrower or any of its Subsidiaries are secured by such UCC financing statements.

Section 4.22 Adverse Proceedings; Compliance with Law. There are no Adverse Proceedings, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect. None of the Loan Parties (a) is in violation of any applicable laws that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any feder al, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 4.23 Properties. Each of the Borrower and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), (iii) valid licensed rights in (in the case of licensed interests in intellectual property) and (iv) good title to (in the case of all other personal property), all of their respective properties and assets reflected in their respective financial statements referred to in Section 4.08, in each case except for assets disposed of since the date of such financial statements in the ordinary course of business. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens.

Section 4.24 Servicing Advances; Specified Deferred Servicing Fees; Specified MSRs.

(a) With respect to Servicing Advances and Unencumbered Servicing Advances set forth on Schedule 1.01(e)(B), (i) the Residual Interests (other than reserve accounts) held by any Loan Party in any related Servicing Advance Facility are not subject to any Lien other than the Lien securing the Obligations, (ii) the Borrower, any Subsidiary Guarantor or any Subsidiary of the Borrower that is a Securitization Entity has valid title to all Servicing Advances (inclu ding Unencumbered Servicing Advances), (iii) the Unencumbered Servicing Advances are subject to a valid and perfected First Priority Lien in favor of the Collateral Agent for the benefit of the Secured Parties, and (iv) all Servicing Advances (including Unencumbered Servicing Advances) are not subject to any Liens other than the Lien referred to in clause (a)(iii) above and the Liens securing the relevant Servicing Advance Facility. Notwithstanding anything herein to the contrary, any Servicing Advances (including any Unencumbered Servicing Advances) that do not meet the requirements set forth in the preceding sentence, whether or not the related Servicing Agreements are included in Schedule 1.01(e)(A) or the Servicing Advances are set forth on Schedule 1.01(e)(B), shall not be used in the calculation of the LTV Ratio.

(b) With respect to Specified Deferred Servicing Fees, (i) Schedule 1.01(e)(B) sets forth the aggregate amount of Specified Deferred Servicing Fees which have been earned and are due and payable to the Borrower and its Subsidiaries in connection with the related Servicing Agreements set forth on Schedule 1.01(e)(A), (ii) the Borrower or any Subsidiary Guarantor has valid title to such Specified D eferred Servicing Fees, (iii) such Specified Deferred Servicing Fees are subject to a valid and perfected First Priority Lien in favor of the Collateral Agent for the benefit of the Secured Parties and (iv) such Specified Deferred Servicing Fees are not subject to any Lien other than the Lien referred to in clause (b)(iii) above. Notwithstanding anything herein to the contrary, any Specified Deferred Servicing Fees that do not meet the requirements set forth in the preceding sentence, whether or not included in Schedule 1.01(e)(B), shall not be used in the calculation of the LTV Ratio.

(c) With respect to the Specified MSRs, (i) the Borrower or any Subsidiary Guarantor has valid title to such Specified MSRs, (ii) such Specified MSRs are subject to a valid and perfected First Priority Lien in favor of the Collateral Agent for the benefit of the Secured Parties and (iii) such Specified MSRs are not subject to any Lien other than the Lien referred to in clause (c)(ii) above. Notwithstanding anything herein to the contrary, the value of any MSRs that do not meet the requirements set forth in the preceding se ntence, whether or not included in Schedule 1.01(e)(A) or Schedule 1.01(e)(B), shall not be used in the calculation of the LTV Ratio.

ARTICLE V

AFFIRMATIVE COVENANTS

Each Loan Party covenants and agrees that, so long as any Commitment is in effect and until payment in full of all Obligations (other than (x) obligations under Hedge Agreements not yet due and payable and (y) contingent indemnification obligations not yet due and payable), each Loan Party shall, and shall cause each of its Subsidiaries to:

Section 5.01 Financial Statements and Other Reports. In the case of the Borrower, deliver to the Administrative Agent (which shall furnish to each Lender):

(a) Monthly Reports. As soon as available, and in any event within thirty (30) days after the end of each month ending after the Closing Date, commencing with the first full month to occur after the Closing Date, the Consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such month and the related Consolidated statements of income of the Borrower 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, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year and the corresponding figures from the Financial Model for the current Fiscal Year, to the extent prepared on a monthly basis, all in reasonable detail, together with a Financial Officer Certification;

(b) Quarterly Financial Statements. As soon as available, and in any event no later than five (5) days after the date on which the Borrower is required, under the Exchange Act, to file its Quarterly Report on Form 10-Q with the SEC, commencing with the Fiscal Quarter in which the Closing Date occurs, the Consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such Fiscal Quarter and the related Consolidated statements of i ncome, stockholders' equity and cash flows of the Borrower 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 (prepared using carve-out accounting for periods prior to the Closing Date, as appropriate), setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year and the corresponding figures from the Financial Model for the current Fiscal Year, all in reasonable detail, together with a Financial Officer Certification and a Narrative Report with respect thereto;

(c) Annual Financial Statements. As soon as available, and in any event no later than five (5) days after the date on which the Borrower is required, under the Exchange Act, to file its Annual Report on Form 10-K with the SEC, commencing with the Fiscal Year in which the Closing Date occurs, (i) the Consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such Fiscal Year and the related Consolidated stateme nts of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year and the corresponding figures from the Financial Model for the Fiscal Year covered by such financial statements, in reasonable detail, together with a Financial Officer Certification and a Narrative Report with respect thereto; and (ii) with respect to such Consolidated financial statements a report thereon of Deloitte LLP or other independent certified public accountants of recognized national standing selected by Borrower (which report and/or the accompanying financial statements shall be unqualified as to going concern and scope of audit, and shall state that such Consolidated financial statements fairly present, in all material respects, the Consolidated financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such Consolidated financial statements has been made in accordance with generally accepted auditing standards) together with a written statement by such independent certified public accountants stating (1) that their audit examination has included a review of the terms of Section 6.07 of this Agreement and the related definitions and (2) whether, in connection therewith, any condition or event that constitutes a Default or an Event of Default due to a breach of the covenants contained in Section 6.07 has come to their attention and, if such a condition or event has come to their attention, specifying the nature and period of existence thereof;

(d) Projections. As soon as possible, and in any event no later than fourteen (14) days following the delivery of the annual financial statements delivered pursuant to Section 5.01(c), a detailed consolidated budget for the following fiscal year shown on a quarterly basis (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow, projected changes in financial position and projecte d income and a description of the underlying assumptions applicable thereto and projected covenant compliance levels) (collectively, the **"Projections"**), which Projections shall in each case be accompanied by a certificate of an Authorized Officer of the Borrower stating that such Projections are based on reasonable estimates, information and assumptions at the time prepared;

(e) Compliance Certificate. Together with each delivery of financial statements and Projections of the Borrower and its Subsidiaries pursuant to Sections 5.01(b), 5.01(c) and 5.01(d), a duly executed and completed Compliance Certificate;

(f) Statements of Reconciliation after Change in Accounting Principles. If accounting principles and policies used in the preparation of the financial statements for the HomEq Business prior to the Acquisition cause the Consolidated financial statements of the Borrower and its Subsidiaries delivered pursuant to Section 5.01(b) or 5.01(c) to differ in any material respect from the Consolidated financial statements of the Borrower and its Subsidiaries that wou ld have been delivered, then, together with the first delivery of such financial statements of the Borrower and its Subsidiaries, the Borrower shall deliver one or more statements of reconciliation for all such prior financial statements of the Borrower and its Subsidiaries, in form and substance reasonably satisfactory to the Administrative Agent;

(g) HomEq Financial Statements. As soon as available, and in any event no later than July 31, 2010, (i) the balance sheets of the HomEq Business as at December 31, 2009 and the related Consolidated statements of income, stockholders' equity and cash flows of the HomEq Business for such Fiscal Year; and (ii) with respect to such Consolidated financial statements a report thereon of PricewaterhouseCoopers (which report and/or the accompanying financ ial statements shall be unqualified as to going concern and scope of audit, and shall state that such Consolidated financial statements fairly present, in all material respects, the Consolidated financial position of the HomEq Business as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such Consolidated financial statements has been made in accordance with generally accepted auditing standards);

(h) Notice of Default. Promptly upon any officer of any Loan Party obtaining knowledge (i) of any condition or event that constitutes a Default or an Event of Default or that notice has been given to any Loan Party with respect thereto; (ii) of any condition or event that constitutes a "Default" or "Event of Default" under any Material Indebtedness or that notice has been given to any party thereunder with respect thereto; (iii)&# 160;that any Person has given any notice to any Loan Party or any of its Subsidiaries or taken any other action with respect to any event or condition set forth in Section 8.01; or (iv) of the occurrence of any event or change that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect, a certificate of an Authorized Officer specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default, Default, default, event or condition, and what action the Borrower has taken, is taking and proposes to take with respect thereto;

(i) Notice of Litigation. Promptly upon any officer of any Loan Party obtaining knowledge of (i) any Adverse Proceeding not previously disclosed in writing by the Borrower to the Lenders or (ii) any development in any Adverse Proceeding that, in the case of either clause (i) or (ii), if adversely determined could be reasonably expected to have a Material Adverse Effect, or seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the transactions contemplated hereby, or the exercise of rights or performance of obligations under any Loan Document written notice thereof together with such other information as may be reasonably available to the Borrower to enable the Lenders and their counsel to evaluate such matters;

(j) ERISA. (i) Promptly upon any officer of any Loan Party becoming aware of the occurrence of or forthcoming occurrence of any ERISA Event which could reasonably be expected to result in a Material Adverse Effect, a written notice specifying the nature thereof, and copies of such documentation related thereto as may be reasonably available to the Borrower or any of its Wholly-Owned Subsidiaries to enable the Lenders and their counsel to evaluate s uch matter;

(k) Electronic Delivery. Documents required to be delivered pursuant to Sections 5.01 (b) or (c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which such documents are posted on the Borrower's behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial or third-party website); provided that the Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests such paper copies;

(l) Information Regarding Collateral. The Borrower shall furnish to the Collateral Agent ten (10) Business Days prior written notice of any change (A) in any Loan Party's corporate name, (B) in any Loan Party's identity or corporate structure, (C) in any Loan Party's jurisdiction of organization or (D) in any Loan Party's state organizational identification number, in each case, together with supporting documentation as reasonably requested by the Administrative Agent. The Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the UCC or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral as contemplated in the Security Documents;

(m) Quarterly Collateral Verification. Each quarter, at the time of delivery of quarterly financial statements with respect to the preceding Fiscal Quarter pursuant to Section 5.01(b), the Borrower shall deliver to the Administrative Agent and the Collateral Agent a certificate of its Authorized Officer that (i) attaches an updated version of Schedule 1.01(e)(A) and Schedule 1.01(e)(B) as of the preceding Fiscal Quarter, and (ii) certifies that the representations and warranties set forth in Section 4.24 are true and correct on and as of the date of such certification;

(n) Management Letters. Promptly after the receipt thereof by the Borrower or any of its Subsidiaries, a copy of any "management letter" received by any such Person from its certified public accountants and the management's response thereto;

(o) Certification of Public Information. The Loan Parties and each Lender acknowledge that certain of the Lenders may be "public-side" Lenders (Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their securities) and, if documents or notices required to be delivered pursuant to this Section 5.01 or otherwise are being distributed through IntraLinks/IntraAgency, SyndTrak or another relevant website or other information platform (the **"Platform"**), any document or notice that the Borrower has indicated contains Non-Public Information shall not be posted on that portion of the Platform designated for such public-side Lenders. The Borrower agrees to clearly designate all Information provided to the Administrative Agent by or on behalf of the Loan Parties which is suitable to make available to Public Lenders. If the Borrower has not indicated whether a document or notice delivered pursuant to this Section 5.01 contains Non-Public Information, the Administrative Agent reserves the right to post such document or notice solely on that portion of the Platform designated for Lenders who wish to receive material non-public information with respect to the Loan Parties and their respective securities;

(p) Contractual Obligations. Promptly upon any officer of any Loan Party obtaining knowledge of any condition or event that constitutes a default or an event of default under any Contractual Obligation arising from agreements relating to Indebtedness or Servicing Agreements, or that notice has been given to any Loan Party with respect thereto, a certificate of an Authorized Officer specifying the nature and period of existence of such condition or event and the nat ure of such claimed default or event of default, and what action the Borrower has taken, is taking and proposes to take with respect thereto, provided that no such certificate shall be required with respect to any such default or event of default to the extent that such default or event of default would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(q) Credit Ratings. Prompt written notice of any change in the Borrower's corporate rating by S&P, in the Borrower's corporate family rating by Moody's or in the ratings of the Term Loans by either S&P or Moody's, or any notice from either such agency indicating its intent to effect such a change or to place the Borrower on a "CreditWatch" or "WatchList" or any similar list, in each case with negative im plications, or its cessation of, or its intent to cease, rating the Borrower; and

(r) Other Information. (A) Promptly upon their becoming available, copies of (i) all financial statements, reports, notices and proxy statements sent or made available generally by the Loan Parties to their respective security holders acting in such capacity, (ii) all regular and periodic reports and all registration statements and prospectuses, if any, filed by any Loan Party with any securities exchange or with the SEC or any governmental or priva te regulatory authority and (iii) all press releases and other statements made available generally by any Loan Party to the public concerning material developments in the business of any Loan Party and (B) such other information and data with respect to the operations, business affairs and financial condition of the Borrower and its Subsidiaries as from time to time may be reasonably requested by the Administrative Agent or any Lender.

Section 5.02 Existence. Except as otherwise permitted under Section 6.08, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits material to its business; provided, that no Loan Party (other than the Borrower with respect to existence) or any of its Subsidiaries shall be required to preserve any such existence, right or franchise, licenses and permits if such Person's board of directors (or simi lar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof would not be materially adverse to such Person or to Lenders.

Section 5.03 Payment of Taxes and Claims. Pay all Federal and other material Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty or fine accrues thereon, and all claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, that no such Tax or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP shall have been made therefor and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim. No Loan Party shall, nor shall it permit any of its Subsidiaries to, file or consent to the filing of any consolidated income tax return with any Person (other than the Loan Parties).

Section 5.04 Escrow Funds. (a) On the Closing Date, the Borrower shall deposit (or instruct the Administrative Agent to deposit) $150,000,000 of the proceeds from the Initial Term Loans (the **"Escrow Funds"**) into the Closing Date Escrow Account.

(b) The Escrow Funds shall remain in either the Closing Date Escrow Account or the Successor Escrow Account until the earlier of (i) the date of the Closing and (ii) the date that the Borrower is required to prepay the Initial Term Loans pursuant to Section 2.12(f) (such date, the **"Escrow Release Date"**). Upon the Escrow Release Date, the Escrow Funds shall be applied by the Borrower to fund the Acquisition in accordance with the Asset Purchase Agreement or to prepay the Initial Term Loans, as applicable.

(c) So long as no Default or Event of Default shall have occurred and be continuing, after the Closing Date and prior to the Escrow Release Date, the Borrower may transfer the Escrow Funds from the Closing Date Escrow Account to a securities account or deposit account maintained at a financial institution reasonably acceptable to the Administrative Agent and the Collateral Agent (the **"Successor Escrow Account"**) and with an escrow agent reasonably acceptable to the Administrative Agent and the Collateral Agent (the **"Successor Escrow Agent"**); provided that, prior to any such transfer, (1) the Borrower, the Administrative Agent, the Collateral Agent and the Successor Escrow Agent shall have entered into an escrow agreement governing such Successor Escrow Account (the **"Successor Escrow Account Agreement"**) on terms satisfactory in all respects to the Administrative Agent and the Collateral Agent in their sole discretion (such terms to include, without limitation, (i) restrictions on the ability to amend such escrow agreement without the prior written consent of the Administrative Agent and the Collateral Agent and (ii) requirement that any disbursement of Escrow Funds from such Successor Escrow Account must be applied in accordance with Section 5.04(b)), (2) the Borrower, the Collateral Agent and such successor financial institution shall have entered into an account control agreement with respect to such Successor Escrow Account (the **"Successor Escrow Account Control Agreement"**) on terms satisfactory in all respects to the Administrative Agent and the Collateral Agent in their sole discretion, and (3) the Borrower shall deliver an opinion of counsel in form and substance reasonably satisfactory to the Collateral Agent with respect to such Successor Escrow Account Control Agreement and similar to the legal opinion delivered on the date hereof with respect to the Closing Date Escrow Account.

Section 5.05 Insurance. In the case of the Borrower, maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Loan Parties as may customarily be carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses, in each case in such a mounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for such Persons.

Section 5.06 Books and Records; Inspections. Maintain proper books of record and accounts in which full, true and correct entries in conformity in all material respects with GAAP shall be made of all dealings and transactions in relation to its business and activities. Each Loan Party shall, and shall cause each of its Subsidiaries to, permit any authorized representatives designated by any Lender to visit and inspect any of the properties of any Loan Party and any of its Subsidiaries, to inspect, copy and take extracts from its and their financial and accounting records and to discuss its and their affairs, finances and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested. No more than one such inspection shall be made in any Fiscal Year at the Borrower's expense, provided that if an Event of Default exists, there shall be no limit on the number of such inspections that may occur, and such inspections, copying and auditing shall be at the Borrower's sole cost and expense.

Section 5.07 Lenders Meetings. In the case of the Borrower, upon the request of the Administrative Agent or the Required Lenders, participate in a meeting of the Administrative Agent and the Lenders once during each Fiscal Year to be held in New York City (or at such other location as may be agreed to by the Borrower and the Administrative Agent) at such time as may be agreed to by the Borrower and the Administrative Agent.

Section 5.08 Compliance with Laws.Comply, and cause all other Persons, if any, on or occupying any Facilities to comply, with the requirements of all Contractual Obligations arising from Servicing Agreements and all applicable laws, rules, regulations and orders of any Governmental Authority, noncompliance with which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.09 Environmental. Promptly take any and all actions necessary to (i) cure any violation of applicable Environmental Laws by such Loan Party or its Subsidiaries that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and (ii) make an appropriate response to any Environmental Claim against such Loan Party or any of its Subsidiaries and discharge any obligations it may have to any Person thereunder where failure to do so would reasonably be expected to have, individual ly or in the aggregate, a Material Adverse Effect.

Section 5.10 Subsidiaries.

(a) In the event that any Person becomes a Material Subsidiary of the Borrower (other than an Excluded Foreign Subsidiary or a Securitization Entity) after the date hereof, (i) promptly cause such Material Subsidiary to become a Subsidiary Guarantor hereunder and a Grantor under the Security Agreement by executing and delivering to the Administrative Agent and the Collateral Agent a Counterpart Agreement, and (ii) take all such actions and execute and deliver, or cause to be executed and delivered, all such docume nts, instruments, agreements, and certificates as are similar to those described in Sections 3.01(b), (h) and (i).

(b) With respect to any Excluded Foreign Subsidiary or any Securitization Entity which, in each case, represents (a) 5% or more of the Borrower's Consolidated Adjusted EBITDA, (b) 5% or more of the Borrower's Consolidated total assets, or (c) 5% or more of the Borrower's Consolidated total revenues, in each case as determined at the end of the most recent fiscal quarter of the Borrower based on the financial statements of the Borrower delivered pursuant to Section 5.01(b) and (c), promptly execute deliver, all such docume nts, instruments, agreements, and certificates as are similar to those described in Section 3.01(b) (which shall include execution and delivery of a pledge agreement in respect of such Equity Interests under the laws of the jurisdiction on which such Subsidiary is organized), and the Borrower shall take all of the actions referred to in Section 3.01(h)(1) necessary to grant and to perfect a First Priority Lien in favor of the Collateral Agent, for the benefit of Secured Parties, under the Security Agreement in the Equity Interests of such new Subsidiary that is owned by the Borrower or any of its Subsidiaries (provided that in no event shall (i) more than 65.0% of the voting Equity Interests of any Excluded Foreign Subsidiary directly held by a Domestic Subsidiary be required to be so pledged, (ii) any equity of any subsidiary owned by any Excluded Foreign Subsidiary be required to be so pledged and (iii) any equity of a Securitization Entity that cannot be pledged as a result of restrictions in its or its p arent's Organizational Documents or documents governing its Indebtedness be required to be so pledged).

(c) With respect to each new Subsidiary, the Borrower shall promptly send to the Collateral Agent written notice setting forth with respect to such Person (i) the date on which such Person became a Subsidiary of the Borrower and (ii) all of the data required to be set forth in Schedules 4.01 and 4.03 with respect to all Subsidiaries of the Borrower; and such written notice shall be deemed to supplement Schedules 4.01 and 4.03 for all purposes hereof.

Section 5.11 Further Assurances. At any time or from time to time upon the request of the Administrative Agent, at the expense of the Loan Parties, promptly execute, acknowledge and deliver such further documents and do such other acts and things as the Administrative Agent or the Collateral Agent may reasonably request in order to effect fully the purposes of the Loan Documents or of more fully perfecting or renewing the rights of the Administrative Agent or the Lenders with respect to the Collateral (or with respect to any additi ons thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Borrower or any Subsidiary which may be deemed to be part of the Collateral). In furtherance and not in limitation of the foregoing, each Loan Party shall take such actions as the Administrative Agent or the Collateral Agent may reasonably request from time to time to ensure that the Obligations are guarantied by the Subsidiary Guarantors and are secured by the Collateral and all of the outstanding Equity Interests of Subsidiaries of the Loan Parties (subject to limitations contained in the Loan Documents with respect to Foreign Subsidiaries and Securitization Entities). Upon the exercise by the Administrative Agent, the Collateral Agent or any Lender of any power, right, privilege or remedy pursuant to this Agreement or the other Loan Documents which required any consent, approval, recording qualification or authorization of any Governmental Authority, the Borrower will execut e and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that the Administrative Agent, the Collateral Agent to any such Lender may be required to obtain from the Borrower or any of its Subsidiaries for such governmental consent, approval, recording, qualification or authorization.

Section 5.12 Maintenance of Ratings. In the case of the Borrower, at all times use commercially reasonable efforts to maintain public ratings issued by Moody's and S&P with respect to its corporate ratings.

Section 5.13 Post-Closing Actions. (a) No later than thirty (30) days following the Closing Date (or such later time as agreed by the Administrative Agent in its sole discretion), file or cause the filing of UCC financing statement amendments to evidence the termination of those certain UCC financing statements listed under the heading "Other Filings" on Schedule 6.02.

(b) No later than five (5) Business Days following the Closing Date (or such later time as agreed by the Administrative Agent in its sole discretion), deliver a revised Schedule 1.01(e)(A) to the Administrative Agent listing all Servicing Agreements required to be listed on such schedule.

(c) Only to the extent otherwise required by this Agreement, use commercially reasonable efforts to cause (i) any Foreign Subsidiary of the Borrower and (ii) any Subsidiary of the Borrower that is a Securitization Entity to execute the Intercompany Note, so long as the execution of the Intercompany Note by any such Person is not prohibited by its or its parent's Organizational Documents or documents governing or related to the Indebtedness of it or its subsidiaries.

Section 5.14 Interest Rate Protection. No later than ninety (90) days following the Closing Date and at all times thereafter until the third anniversary of the Closing Date, the Borrower shall obtain (or maintain existing) and cause to be maintained protection against fluctuations in interest rates pursuant to one or more Interest Rate Agreements in form and substance reasonably satisfactory to the Administrative Agent, in order to ensure that no less than 50% of the aggregate principal amount of the Initial Term Loans is subject to such Interest Rate Agreements.

Section 5.15 Servicing Agreements. (a) Comply with, or cause any other Subsidiary acting as servicer to comply with, (i) all obligations as the servicer under each of the Servicing Agreements except where failure to comply would not reasonably be expected to have a Material Adverse Effect and (ii) all generally accepted servicing customs and practices of the mortgage servicing industry.

(b) The Borrower shall promptly, and in no event later than five (5) days after knowledge thereof, notify the Administrative Agent of any servicer termination event or event of default (excluding any such events resulting solely due to the breach of one or more collateral performance tests) under any Servicing Agreement or its receipt of a notice of actual termination of the Borrower or its Subsidiary's right to service under any Servicing Agreement which evidences an intent to transfer such servicing to a third party.

(c) To the extent the aggregate UPB of Servicing Agreements related to Specified MSRs of the Borrower and its Subsidiaries entered into with Specified Government Entities exceeds 20% of the total UPB of the Servicing Agreements related to Specified MSRs of the Borrower and its Subsidiaries, the Borrower shall promptly deliver (or cause the relevant Subsidiary to promptly deliver) an acknowledgment of the relevant Specified Government Entity under such Servicing Agreements in the standard form used by such Specified Government Entity or in such other form reasonably satisfactory to the Administrative Agent and the Collateral Agent, whereby such Specified Government Entity acknowledges the security interest of the Secured Parties in the MSRs under such Servicing Agreements; provided, that such acknowledgement is not required for the Servicing Agreements related to Specified MSRs with Specified Government Entities that represent less than 20% of the total UPB of the Servicing Agreements related to Specified MSRs.

ARTICLE VI

NEGATIVE COVENANTS

The Borrower covenants and agrees that, so long as any Commitment is in effect and until payment in full of all Obligations (other than (x) obligations under Hedge Agreements not yet due and payable and (y) contingent indemnification obligations not yet due and payable), the Borrower shall not, nor shall it cause or permit any of its Subsidiaries to:

Section 6.01 Indebtedness.Directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness of any Subsidiary owed to the Borrower or to any other Subsidiary, or of the Borrower to any Subsidiary; provided, that (i) except with respect to any Indebtedness among Subsidiaries that are not Loan Parties, all such Indebtedness shall be unsecured and subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the Intercompany Note or an intercompany subordination agreement reasonably acceptable to the Adm inistrative Agent, and (ii) any such Indebtedness that is owed by a non-Loan Party to a Loan Party is permitted as an Investment under Section 6.06(d);

(c) Non-Recourse Indebtedness; provided that, if the aggregate amount of such Indebtedness is in excess of $10,000,000, the Borrower and its Subsidiaries shall be in compliance with the financial covenants set forth in Section 6.07 on a pro forma basis after giving effect to the incurrence of such Indebtedness and any Permitted Acquisition consummated with the proceeds of such Indebtedness (calculated in accordance with Section 6.07(e)) as of the last day of the F iscal Quarter most recently ended for which financial statements are available;

(d) Indebtedness which may be deemed to exist pursuant to any guaranties, performance, surety, statutory, appeal or similar obligations incurred in the ordinary course of business;

(e) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;

(f) guaranties by a Subsidiary Guarantor of Indebtedness otherwise permitted to be incurred pursuant to this Section 6.01 (other than guaranties of Non-Recourse Indebtedness and Permitted Funding Indebtedness); provided, that if the Indebtedness that is being guarantied is unsecured and/or subordinated to the Obligations, the guaranty shall also be unsecured and/or subordinated to the Obligations;

(g) Indebtedness described in Schedule 6.01 and any Permitted Refinancing thereof; provided, that the Borrower and its Subsidiaries is in compliance with the financial covenants set forth in Section 6.07 on a pro forma basis after giving effect to the incurrence of such Permitted Refinancing as of the last day of the Fiscal Quarter most recently ended;

(h) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Subsidiary or Indebtedness attaching to assets that are acquired by the Borrower or any of its Subsidiaries, in each case after the Closing Date as the result of a Permitted Acquisition and any Permitted Refinancing thereof; provided that (i) such Indebtedness existed at the time such Person became a Subsidiary or at the time such assets were acquired and, i n each case, was not created in anticipation thereof, (ii) such Indebtedness is not guaranteed in any respect by the Borrower or any of its Subsidiaries (other than by any such person that so becomes a Subsidiary) and (iii) the aggregate principal amount of such Indebtedness (other than Permitted Funding Indebtedness) outstanding at any one time does not exceed $50,000,000;

(i) Indebtedness of the type described in clause (xi) of the definition thereof incurred in the ordinary course of business and consistent with prudent business practice to hedge or mitigate risks to which the Borrower or any of its Subsidiaries is exposed in the conduct of its business or the management of its liabilities or to hedge against fluctuations in interest rates or currency; provided that in each case such Indebtedness shall not have been entered into f or speculative purposes;

(j) other recourse Indebtedness of the Borrower and its Subsidiaries including Indebtedness of Foreign Subsidiaries in an aggregate amount not to exceed at any time $40,000,000; provided that, if the aggregate amount of such Indebtedness is in excess of $10,000,000, the Borrower and its Subsidiaries shall be in compliance with the financial covenant set forth in Section 6.07 on a pro forma basis after giving effect to the incurrence of such Indebtedness as of the last day of the Fiscal Quarter most recently ended for which financial statements are available;

(k) Permitted Funding Indebtedness; provided that, if the aggregate amount of such Indebtedness is in excess of $10,000,000, the Borrower and its Subsidiaries shall be in compliance with the financial covenants set forth in Section 6.07 on a pro forma basis after giving effect to the incurrence of such Indebtedness and any Permitted Acquisition consummated with the proceeds of such Indebtedness (calculated in accordance with Section 6.07(e)) as of the last day of the Fi scal Quarter most recently ended for which financial statements are available;

(l) Permitted Securitization Indebtedness and Indebtedness under Credit Enhancement Agreements;

(m) Indebtedness arising from customary agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case incurred or assumed in connection with the dispositions or purchase of assets permitted hereunder, provided that such Indebtedness (other than for indemnification) shall be included in the total consideration for purposes of all determinations relating to such disposition or purchase hereunder;

(n) Indebtedness of Borrower or its Subsidiaries with respect to Capital Leases and purchase money Indebtedness in an aggregate amount not to exceed at any time $75,000,000; provided, any such Indebtedness (i) shall be secured only by the asset acquired in connection with the incurrence of such Indebtedness, and (ii) shall constitute not less than 75% of the aggregate consideration paid with respect to such asset;

(o) Junior Indebtedness of the Borrower or its Subsidiaries in an aggregate principal amount not to exceed $200,000,000 at any time; provided that (i) no Default or Event of Default shall exist before or after giving effect to the incurrence of such Indebtedness and (ii) the Borrower and its Subsidiaries shall be in compliance with the financial covenants set forth in Section 6.07 on a pro forma basis after giving effect to the incurrence of such Indebtedness and any Permitted Acquisitions consummated with the proceeds of such Indebtedness (calculated in accordance with Section 6.07(e)) as of the last day of the Fiscal Quarter most recently ended for which financial statements are available; and

(p) Indebtedness of the Borrower or its Subsidiaries (including repurchase transactions) with respect to OREAL Securities in an aggregate principal amount not to exceed $50,000,000 at any time.

Section 6.02 Liens. Directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts receivable) of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired or licensed, or any income, profits or royalties therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such prope rty, asset, income, profits or royalties under the UCC of any State or under any similar recording or notice statute, except:

(a) Liens in favor of the Collateral Agent for the benefit of Secured Parties granted pursuant to any Loan Document;

(b) Liens for Taxes if obligations with respect to such Taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted;

(c) statutory Liens of landlords, banks and securities intermediaries (and rights of set-off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other Liens imposed by law (other than any such Lien imposed pursuant to Section 430(k) of the Internal Revenue Code), in each case incurred in the ordinary course of business (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of five (5) days) are being conte sted in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

(d) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money or other Indebtedness), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof;

(e) easements, rights-of-way, restrictions, encroachments, and other minor defects or irregularities in title, in each case which do not and shall not interfere in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries and that, in the aggregate, do not materially detract from the value of the property subject thereto;

(f) any interest or title of a lessor or sublessor under any lease of real estate permitted hereunder and covering only the assets so leased;

(g) purported Liens evidenced by the filing of precautionary UCC financing statements (i) relating solely to operating leases of personal property entered into in the ordinary course of business or (ii) to evidence the sale of assets in the ordinary course of business;

(h) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

(i) Liens described in Schedule 6.02;

(j) Liens securing Indebtedness permitted by Section 6.01(h); provided, that any such Lien shall encumber only those assets which secured such Indebtedness at the time such assets were acquired by the Borrower or its Subsidiaries;

(k) other Liens on assets other than the Collateral securing Indebtedness in an aggregate amount not to exceed $50,000,000 at any time outstanding, provided, that the aggregate fair market value of assets in respect of which liens may be granted pursuant to this clause (k) shall not exceed 150% of the aggregate amount of Indebtedness secured by such liens;

(l) Liens securing Non-Recourse Indebtedness;

(m) Liens securing Permitted Funding Indebtedness other than Permitted Servicing Advance Facility Indebtedness so long as any such Lien shall encumber only (i) the assets originated, acquired or funded with the proceeds of such Indebtedness and (ii) any intangible contract rights and other documents, records and assets directly related to the assets set forth in clause (i) and any proceeds thereof;

(n) Liens on Servicing Advances, any intangible contract rights and other documents, records and assets directly related to the foregoing assets and any proceeds thereof securing Permitted Servicing Advance Facility Indebtedness, Permitted Securitization Indebtedness or Non-Recourse Indebtedness;

(o) Liens on the Equity Interests of any Subsidiary and the proceeds thereof securing Non-Recourse Indebtedness of such Subsidiary;

(p) Liens on Securitization Assets, any intangible contract rights and other documents, records and assets directly related to the foregoing assets and any proceeds thereof incurred in connection with Permitted Indebtedness or permitted guarantees thereof;

(q) Liens securing Indebtedness permitted pursuant to Section 6.01(n); provided, any such Lien shall encumber only the asset acquired with the proceeds of such Indebtedness;

(r) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(s) assignments of past due receivables solely for the purpose of collection;

(t) judgment Liens so long as the related judgment does not constitute an Event of Default; and

(u) Liens securing Indebtedness permitted by Section 6.01(p) (each of (a) - (u), a **"Permitted Lien"**).

Section 6.03 No Further Negative Pledges.Except with respect to (a) this Agreement and the other Loan Documents, (b) specific property encumbered to secure payment of particular Indebtedness that is permitted to be incurred and secured under this Agreement or to be sold pursuant to an executed agreement with respect to a sale of assets permitted hereunder, (c) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordin ary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be), (d) restrictions by reason of customary provisions restricting assignments, subservicing, subcontracting or other transfers contained in Servicing Agreements (provided that such restrictions are limited to the individual Servicing Agreement and related agreements or the property and/or assets subject to such agreements, as the case may be) and (e) restrictions by reason of customary provisions restricting liens, assignments, subservicing, subcontracting or other transfers contained in agreements with the Federal Housing Administration, Veterans Administration, Ginnie Mae, Fannie Mae, Freddie Mac or other similar governmental agencies relating to the origination, sale, securitization and servicing of mortgage loans (provided that such restrictions are limited to the individual agreement and rel ated agreements and/or the property or assets subject to such agreements, as the case may be), no Loan Party nor any of its Subsidiaries shall enter into any agreement prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired, to secure the Obligations.

Section 6.04 Restricted Junior Payments. Directly or indirectly through any manner or means, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Junior Payment except that (a) any Subsidiary of the Borrower may declare and pay dividends or make other distributions ratably to the Borrower or any Subsidiary and to each other holder of equity therein, (b) the Borrower may make payments in an aggregate amount not to exceed $3,500,000 to permit the Borrower to purchase common stock or common stock options of the Borrower from present or former officers or employees of the Borrower or any of its Subsidiaries upon the death, disability or termination of employment of such officer or employee and (c) the Borrower may make Restricted Junior Payments; provided that in the case of this clause (c) both immediately prior to and after giving effect thereto (i) no Default shall exist or result therefrom, (ii) the Corporate Leverage Ratio shall be less than 2.00 to 1.00, calculated on a pro forma basis after giving effect to such Restricted Payment as of the last day of the Fiscal Quarter most recently ended and (iii) the aggregate amount of Restricted Junior Payments made pursuant to this Section 6.04(c) shall not exceed the sum of (1) the Available Amount plus (2) the aggregate amount of Net Cash Proceeds of equity contributions to, or the sale of equity by, the Borrower received from and after t he Closing Date, in each case that is Not Otherwise Applied.

Section 6.05 Restrictions on Subsidiary Distributions. Except as provided herein, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of the Borrower other than any Securitization Entity to (a) pay dividends or make any other distributions on any of such Subsidiary's Equity Interests owned by the Borrower or any other Subsidiary of the Borrower, (b) repay or prepay any Indebtedness owed by such Subsidiary to th e Borrower or any other Subsidiary of the Borrower, (c) make loans or advances to the Borrower or any other Subsidiary of the Borrower, or (d) transfer, lease or license any of its property to the Borrower or any other Subsidiary of the Borrower other than restrictions (i) in agreements evidencing Indebtedness permitted by Section 6.01(h) or (n) that impose restrictions on the property so acquired, (ii) by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses, joint venture agreements and similar agreements entered into in the ordinary course of business, (iii) by reason of customary net worth provisions contained in leases and other agreements that do not evidence Indebtedness entered into by the Borrower or a Subsidiary in the ordinary course of business, (iv) that are or were created by virtue of any transfer of, agreement to transfer or option or right with respect to any property not otherwise prohibited under this Ag reement or (v) described on Schedule 6.05.

Section 6.06 Investments. Directly or indirectly, make or own any Investment in any Person, including any Joint Venture, except:

(a) Investments in Cash and Cash Equivalents;

(b) equity Investments owned as of the Closing Date in any Subsidiary and Investments made after the Closing Date in the Borrower and any Subsidiary Guarantor;

(c) Investments (i) in any Securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with the past practices of the Borrower and its Subsidiaries;

(d) intercompany loans to the extent permitted under Section 6.01(b) and other Investments in Subsidiaries which are not Subsidiary Guarantors; provided that such Investments (including through intercompany loans and any Permitted Acquisition) in Subsidiaries other than Subsidiary Guarantors shall not exceed at any time an aggregate amount $20,000,000 or, in the case of any Foreign Subsidiary, $10,000,000;

(e) Consolidated Capital Expenditures with respect to the Borrower and its Subsidiaries not in excess of (i) $12,000,000 for each Fiscal Year plus (ii) if the Corporate Leverage Ratio is less than 2.00 to 1.00, calculated on a pro forma basis after giving effect to such expenditure as of the last day of the Fiscal Quarter most recently ended, (1) the Available Amount and (2) the aggregate amount of Net Cash Proceeds of equity contributions to, or the sale of equity by, the Borrower received from and after the Closing Date, in e ach case that is Not Otherwise Applied; provided, that the amount in clause (i) for any Fiscal Year shall be increased by an amount equal to the excess, if any, of such amount for the immediately preceding Fiscal Year over the actual amount of Consolidated Capital Expenditures for such previous Fiscal Year that is Not Otherwise Applied;

(f) loans and advances to employees of the Borrower and its Subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed $2,000,000;

(g) Permitted Acquisitions by the Borrower or its Subsidiary Guarantors permitted pursuant to Section 6.08;

(h) Investments described in Schedule 6.06;

(i) Hedge Agreements which constitute Investments;

(j) other Investments by the Borrower and its Subsidiaries in an aggregate amount not to exceed the sum of (i) $10,000,000 during the term of this Agreement and (ii) if the Corporate Leverage Ratio is less than 2.00 to 1.00, calculated on a pro forma basis after giving effect to such Investment as of the last day of the Fiscal Quarter most recently ended, (1) the Available Amount and (2) the aggregate amount of Net Cash Proceeds of equity contributions to, or the sale of equity by, the Borrower received from an d after the Closing Date, in each case that is Not Otherwise Applied;

(k) Investments by the Borrower or any Subsidiary of the Borrower in a Person, if as a result of such Investment (i) such Person becomes a Subsidiary Guarantor of the Borrower that is engaged in Core Business Activities or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Subsidiary Guarantor of the Borrower;

(l) Investments by the Borrower or any Subsidiary of the Borrower in Securitization Entities, Warehouse Facility Trusts, MSR Facility Trusts, Investments in mortgage-related securities or charge-off receivables in the ordinary course of business;

(m) Investments arising out of purchases of all remaining outstanding asset-backed securities of any Securitization Entity and/or Securitization Assets of any Securitization Entity for the purpose of relieving the Borrower or a Subsidiary of the Borrower of the administrative expense of servicing such Securitization Entity;

(n) Investment in MSRs;

(o) Investments in Residual Interests in connection with any Securitization, Warehouse Facility or MSR Facility;

(p) Investments in and making of Servicing Advances, residential or commercial mortgage loans and Securitization Assets (whether or not made in conjunction with the acquisition of MSRs);

(q) Investments or guarantees of Indebtedness of one or more entities the sole purpose of which is to originate, acquire, securitize and/or sell loans that are purchased, insured, guaranteed or securitized by the Federal Housing Administration, Veterans Administration, Ginnie Mae, Fannie Mae, Freddie Mac or other similar government or government sponsored programs; provided, that the aggregate amount of (i) Investments in such entities plus (ii) the aggregat e principal amount of Indebtedness of such entities that are not Wholly-Owned Subsidiaries which is recourse to the Borrower or any Subsidiary Guarantor shall not exceed an amount equal to 10% of the Borrower's GAAP book equity as of any date of determination;

(r) Non-cash consideration received, to the extent permitted by the Loan Documents in connection with the sale of property permitted by this Agreement; and

(s) Investments by the Borrower or any of its Subsidiaries in a Subsidiary that is not a Subsidiary Guarantor, Excluded Foreign Subsidiary or Securitization Entity, provided that after giving pro forma effect to such Investment, the Borrower shall be in compliance with Section 5.10.

Notwithstanding the foregoing, in no event shall any Loan Party make any Investment which results in or facilitates in any manner any Restricted Junior Payment not otherwise permitted under the terms of Section 6.04.

Section 6.07 Financial Covenants. In the case of the Borrower:

(a) Interest Coverage Ratio. Permit the Interest Coverage Ratio as of the last day of any Fiscal Quarter set forth below to be less than the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Interest Coverage Ratio
September 30, 2010	3.25 to 1.00
December 31, 2010	4.00 to 1.00
March 31, 2011	4.00 to 1.00
June 30, 2011	4.00 to 1.00
September 30, 2011	4.00 to 1.00
December 31, 2011	4.00 to 1.00
March 31, 2012	4.00 to 1.00
June 30, 2012	4.00 to 1.00
September 30, 2012	4.00 to 1.00
December 31, 2012	4.00 to 1.00
March 31, 2013	4.00 to 1.00
June 30, 2013	4.00 to 1.00
September 30, 2013	4.00 to 1.00
December 31, 2013	4.00 to 1.00
March 31, 2014	4.00 to 1.00
June 30, 2014	4.00 to 1.00
September 30, 2014	4.00 to 1.00
December 31, 2014	4.00 to 1.00
March 31, 2015	4.00 to 1.00
June 30, 2015	4.00 to 1.00

(b) Corporate Leverage Ratio. Permit the Corporate Leverage Ratio as of the last day of any Fiscal Quarter set forth below to exceed the ratio set forth below opposite such Fiscal Quarter:

Fiscal Quarter	Corporate Leverage Ratio
September 30, 2010	3.50 to 1.00
December 31, 2010	3.00 to 1.00
March 31, 2011	3.00 to 1.00
June 30, 2011	3.00 to 1.00
September 30, 2011	2.75 to 1.00
December 31, 2011	2.75 to 1.00
March 31, 2012	2.75 to 1.00
June 30, 2012	2.75 to 1.00
September 30, 2012	2.75 to 1.00
December 31, 2012	2.50 to 1.00
March 31, 2013	2.50 to 1.00
June 30, 2013	2.50 to 1.00
September 30, 2013	2.50 to 1.00
December 31, 2013	2.25 to 1.00
March 31, 2014	2.25 to 1.00
June 30, 2014	2.25 to 1.00
September 30, 2014	2.25 to 1.00
December 31, 2014	2.00 to 1.00
March 31, 2015	2.00 to 1.00
June 30, 2015	2.00 to 1.00

(c) Consolidated Total Debt to Consolidated Tangible Net Worth. Permit Consolidated Total Debt to Consolidated Tangible Net Worth as of the last day of any Fiscal Quarter set forth below to exceed the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Total Debt to Consolidated Net Worth
September 30, 2010	3.25 to 1.00
December 31, 2010	3.00 to 1.00
March 31, 2011	3.00 to 1.00
June 30, 2011	3.00 to 1.00
September 30, 2011	2.75 to 1.00
December 31, 2011	2.75 to 1.00
March 31, 2012	2.75 to 1.00
June 30, 2012	2.75 to 1.00
September 30, 2012	2.75 to 1.00
December 31, 2012	2.50 to 1.00
March 31, 2013	2.50 to 1.00
June 30, 2013	2.50 to 1.00
September 30, 2013	2.50 to 1.00
December 31, 2013	2.25 to 1.00
March 31, 2014	2.25 to 1.00
June 30, 2014	2.25 to 1.00
September 30, 2014	2.25 to 1.00
December 31, 2014	2.00 to 1.00
March 31, 2015	2.00 to 1.00
June 30, 2015	2.00 to 1.00

(d) LTV Ratio. Permit the LTV ratio as of the last day of any Fiscal Quarter set forth below to exceed the percentage set forth below opposite such Fiscal Quarter:

Fiscal Quarter	LTV Ratio
September 30, 2010	40%
December 31, 2010	40%
March 31, 2011	35%
June 30, 2011	35%
September 30, 2011	35%
December 31, 2011	35%
March 31, 2012	35%
June 30, 2012	35%
September 30, 2012	35%
December 31, 2012	30%
March 31, 2013	30%
June 30, 2013	30%
September 30, 2013	30%
December 31, 2013	30%
March 31, 2014	30%
June 30, 2014	30%
September 30, 2014	30%
December 31, 2014	25%
March 31, 2015	25%
June 30, 2015	25%

(e) Certain Calculations. With respect to any period during which a Permitted Acquisition (including the Acquisition) or an acquisition permitted hereunder of MSRs, Servicing Advances or servicing rights (a **"Servicing Acquisition"**) or an Asset Sale has occurred (each, a **"Subject Transaction"**), for purposes of determining comp liance with the financial covenants set forth in this Section 6.07, Consolidated Adjusted EBITDA and the components of Consolidated Interest Expense shall be calculated with respect to such period on a pro forma basis using either (i) in the case of Asset Sales, the historical audited financial statements (or, if such audited financial statements do not exist, such other information as shall be consistent with historical financial statements of the Borrower) of any business so sold or to be sold, or (ii) in the case of Permitted Acquisitions or Servicing Acquisitions, (x) with respect to each calculation made at any time prior to the time when one full Fiscal Quarter shall have elapsed after such Permitted Acquisition or Servicing Acquisition, the EBITDA of such Acquired Entity (or attributable to the servicing rights or advances acquired in such Servicing Acquisition (**"Acquired Servicing"**) as set forth in the projections for any business so acquired or to be acquired (provided that such projections are based on good faith estimates and assumptions made by the management of the Borrower and are approved in writing by the Administrative Agent, acting reasonably) and (y) with respect to each calculation made at any time after the time when one full Fiscal Quarter shall have elapsed after such Permitted Acquisition or Servicing Acquisition but prior to the time when five full Fiscal Quarters shall have elapsed after such Permitted Acquisition or Servicing Acquisition, the Annualized Acquired EBITDA of such Acquired Entity or Acquired Servicing, and the Consolidated financial statements of the Borrower and its Subsidiaries which shall be reformulated as if (A) such Subject Transaction, and any Indebtedness incurred or repaid in connection therewith, had been consummated or incurred or repaid at the beginning of such period (and assuming that such Indebtedness bears interest during any portion of the applicable measurement period prior to the releva nt acquisition at the weighted average of the interest rates applicable to outstanding Loans incurred during such period) and (B) in the case of Permitted Acquisitions or Servicing Acquisition, such projected EBITDA or the Annualized Acquired EBITDA of such Acquired Entity or Acquired Servicing, as the case may be, had been earned at the beginning of the four Fiscal Quarter period ending on the last day of the applicable Fiscal Quarter; provided, however, that such Annualized Acquired EBITDA shall be reduced by (1) for the first full Fiscal Quarter in which such Acquired Entity or Acquired Servicing is included in the calculation of Consolidated Adjusted EBITDA, the actual Consolidated Adjusted EBITDA for such Acquired Entity or Acquired Servicing for such Fiscal Quarter, (2) for the second full Fiscal Quarter in which such Acquired Entity or Acquired Servicing is included in the calculation of Consolidated Adjusted EBITDA, the actual Consolidated Adjusted EBITDA for such Acquired Entity or Acquired Servicing for the preceding two Fiscal Quarters ending on the last day of the applicable Fiscal Quarter, (3) for the third full Fiscal Quarter in which such Acquired Entity or Acquired Servicing is included in the calculation of Consolidated Adjusted EBITDA, the actual Consolidated Adjusted EBITDA for such Acquired Entity or Acquired Servicing for the preceding three Fiscal Quarters ending on the last day of the applicable Fiscal Quarter, and (4) for the fourth full Fiscal Quarter in which such Acquired Entity or Acquired Servicing is included in the calculation of Consolidated Adjusted EBITDA, the actual Consolidated Adjusted EBITDA for such Acquired Entity or Acquired Servicing for the preceding four Fiscal Quarters ending on the last day of the applicable Fiscal Quarter.

Section 6.08 Fundamental Changes; Disposition of Assets; Acquisitions.Enter into any transaction of merger or consolidation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease or license, exchange, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, leased or licensed, or acquir e by purchase or otherwise (other than purchases or other acquisitions of inventory, materials and equipment and Consolidated Capital Expenditures in the ordinary course of business) the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person or any division or line of business or other business unit of any Person, except:

(a) any Subsidiary of the Borrower may be merged with or into the Borrower or any Subsidiary, or be liquidated, wound up or dissolved, or all or any part of its business, assets or property may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to the Borrower or any Subsidiary Guarantor; provided, that in the case of any such transaction, (i) the Borrower or such Subsidiary Guarantor, as applicable shall be the co ntinuing or surviving Person in any such transaction involving the Borrower and (ii) subject to the preceding clause (i) a Subsidiary Guarantor shall be the continuing or surviving Person in any such transaction involving a Subsidiary Guarantor;

(b) any Subsidiary of the Borrower may dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any Subsidiary Guarantor;

(c) sales or other dispositions of assets that do not constitute Asset Sales;

(d) Asset Sales, the proceeds of which (valued at the principal amount thereof in the case of non-Cash proceeds consisting of notes or other debt Securities and valued at fair market value in the case of other non-Cash proceeds) when aggregated with the proceeds of all other Asset Sales made within the same Fiscal Year, are less than $100,000,000; provided, that (1) the consideration received for such assets shall be in an amount at least equal to the fair market value thereo f (determined in good faith by the board of directors of the Borrower (or similar governing body)), (2) no less than 75% thereof shall be paid in Cash, and (3) the Net Cash Proceeds thereof shall be applied as required by Section 2.12(b);

(e) disposals of obsolete, worn out or surplus property in the ordinary course of business;

(f) Permitted Acquisitions;

(g) Investments made in accordance with Section 6.06;

(h) dispositions of Cash Equivalents in the ordinary course of business; and

(i) sales of whole loans for cash; provided that the Net Cash Proceeds of such sale or disposition are reinvested in assets of the general type used in the business of the Borrower and its Subsidiaries within two hundred seventy (270) days of receipt thereof (provided that if, prior to the expiration of such two hundred seventy (270) day period, the Borrower, directly or through its Subsidiaries, shall hav e entered into a binding agreement providing for such reinvestment on or prior to the expiration of an additional ninety (90) day period, such two hundred seventy (270) day period shall be extended to the date provided for such reinvestment in such binding agreement).

Section 6.09 Disposal of Subsidiary Interests. Except for any sale of all of its interests in the Equity Interests of any of its Material Subsidiaries in compliance with the provisions of Section 6.08, (a) directly or indirectly sell, assign, pledge or otherwise encumber or dispose of any Equity Interests of any of its Material Subsidiaries, except to qualified directors if required by applicable law; or (b) permit any of its Subsidiaries directly or indirectly to sell, assign, pledge or otherwise encumber or dispose of any Equity Interests of any of its Material Subsidiaries, except to another Loan Party (subject to the restrictions on such disposition otherwise imposed hereunder), or to qualify directors if required by applicable law.

Section 6.10 Sales and Lease-Backs. Directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Loan Party (a) has sold or transferred or is to sell or to transfer to any other Person (other than the Borrower or any of its Subsidiaries), (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Loan Party to an y Person (other than the Borrower or any of its Subsidiaries) in connection with such lease or (c) is to be sold or transferred by such Loan Party to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Loan Party, other than transactions where any related sale of assets is permitted under Section 6.08, any related Indebtedness is permitted to be incurred under Section 6.01 and any Lien in connection therewith is permitted to be granted under Section 6.02.

Section 6.11 Transactions with Shareholders and Affiliates. Directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, the rendering of any service or the payment of any management, advisory or similar fees) with any Affiliate of the Borrower on terms that are less favorable to the Borrower or that Subsidiary, as the case may be, than those that might be obtained in a comparable arm's length transaction at the time from a Person who is not an Affilia te; provided, that the foregoing restriction shall not apply to (a) any transaction between the Borrower and any Subsidiary Guarantor or between any Subsidiary Guarantors; (b) reasonable and customary fees paid to members of the board of directors (or similar governing body) of the Borrower and its Subsidiaries; (c) compensation arrangements for officers and other employees of the Borrower and its Subsidiaries entered into in the ordinary course of business; and (d) transactions described in Schedule 6.11.

Section 6.12 Conduct of Business. None of the Borrower or any of its Subsidiaries shall make any material change in its Core Business Activities as carried on at the date hereof.

Section 6.13 Modifications of Junior Indebtedness. Amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of any Junior Indebtedness in such a manner that would cause the terms of such Junior Indebtedness from satisfying the requirements of clauses (i) through (vi) of the definition of "Junior Indebtedness."

Section 6.14 Amendments or Waivers of Organizational Documents. Agree to any material amendment, restatement, supplement or other modification to, or waiver of, any of the Organizational Documents of the Borrower or any Subsidiary Guarantor after the Closing Date that would materially adversely impact the Lenders without in each case obtaining the prior written consent of the Required Lenders to such amendment, restatement, supplement or other modification or waiver.

Section 6.15 Fiscal Year. Change its Fiscal Year-end from December 31 or change its method of determining Fiscal Quarters.

Section 6.16 Asset Purchase Agreement. Amend, restate, supplement, waive or otherwise modify the Asset Purchase Agreement as in effect on the Closing Date in any manner that would materially adversely impact the Lenders without obtaining the prior written consent of the Required Lenders to such amendment, restatement, supplement or other modification or waiver.

ARTICLE VII

GUARANTY

Section 7.01 Guaranty of the Obligations. Subject to the provisions of Section 7.02, Subsidiary Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to the Administrative Agent for the ratable benefit of the Beneficiaries the due and punctual payment in full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the **"Guaranteed Obligations"**).

Section 7.02 Contribution by Subsidiary Guarantors. All Subsidiary Guarantors desire to allocate among themselves (collectively, the **"Contributing Guarantors"**), in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Subsidiary Guarantor (a **"Funding Guarantor"**) under this Guaranty such that its Aggregate Payment s exceeds its Fair Share as of such date, such Funding Guarantor shall be entitled to a contribution from each of the other Contributing Guarantors in an amount sufficient to cause each Contributing Guarantor's Aggregate Payments to equal its Fair Share as of such date. **"Fair Share"** means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the Fair Share Contribution Amount with respect to such Contributing Guarantor to (ii) the aggregate of the Fair Share Contribution Amounts with respect to all Contributing Guarantors multiplied by (b) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty in respect of the Guaranteed Obligations. **"Fair Share Contribution Amount"** means, with respect to a Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Contributing Guarantor under this Guaranty that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided, that solely for purposes of calculating the **"Fair Share Contribution Amount"** with respect to any Contributing Guarantor for purposes of this Section 7.02, any assets or liabilities of such Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Contributing Guarantor. **"Aggregate Payments" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty (including in respect of this Section 7.02), minus (2) the aggregate amount of all payments received on or before such date by such Contributing Guarantor from the other Contributing Guarantors as contributions under this Section 7.02. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Contributing Guarantors of their obligations as set forth in this Section 7.02 shall not be construed in any way to limit the liability of any Contributing Guarantor hereunder. Each Subsidiary Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 7.02.**

Section 7.03 Payment by Subsidiary Guarantors. Subject to Section 7.02, Subsidiary Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Subsidiary Guarantor by virtue hereof, that upon the failure of the Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would bec ome due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), Subsidiary Guarantors shall upon demand pay, or cause to be paid, in Cash, to the Administrative Agent for the ratable benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

Section 7.04 Liability of Subsidiary Guarantors Absolute. Each Subsidiary Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Subsidiary Guarantor agrees as follows:

(a) this Guaranty is a guaranty of payment when due and not of collectability. This Guaranty is a primary obligation of each Subsidiary Guarantor and not merely a contract of surety;

(b) the Administrative Agent may enforce this Guaranty upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Borrower and any Beneficiary with respect to the existence of such Event of Default;

(c) the obligations of each Subsidiary Guarantor hereunder are independent of the obligations of the Borrower and the obligations of any other guarantor (including any other Subsidiary Guarantor) of the obligations of the Borrower, and a separate action or actions may be brought and prosecuted against such Subsidiary Guarantor whether or not any action is brought against the Borrower or any of such other guarantors and whether or not the Borrower is joined in any such action or actions;

(d) payment by any Subsidiary Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Subsidiary Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if the Administrative Agent is awarded a judgment in any suit brought to enforce any Subsidiary Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release su ch Subsidiary Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Subsidiary Guarantor, limit, affect, modify or abridge any other Subsidiary Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(e) any Beneficiary, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Subsidiary Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Subsidiary Guarantor) with respect to the Guaranteed Obligations; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith or the applicable Hedge Agreement and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Subsidiary Guarantor against the Borrower or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Loan Documents or any Hedge Agreements; and

(f) this Guaranty and the obligations of Subsidiary Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Subsidiary Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Loan Documents or any Hedge Agreements, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Loan Documents, any of the Hedge Agreements or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Loan Document, such Hedge Agreement or any agreement relating to such other guaranty or security; (iii) the Guaranteed Obligations, o r any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Loan Documents or any of the Hedge Agreements or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed O bligations; (vii) any defenses, set-offs or counterclaims which the Borrower may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (viii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor as an obligor in respect of the Guaranteed Obligations.

Section 7.05 Waivers by Subsidiary Guarantors. Each Subsidiary Guarantor hereby waives, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Subsidiary Guarantor, to (i) proceed against the Borrower, any other guarantor (including any other Subsidiary Guarantor) of the Guaranteed Obligations or any other Person, (ii) proceed against or exhaust any security held from the Borrower, any such other guarantor or any other Person, (iii) proceed against or have resor t to any balance of any Deposit Account or credit on the books of any Beneficiary in favor of the Borrower or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrower or any other Subsidiary Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Borrower or any other Subsidiary Guarantor from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the G uaranteed Obligations, except behavior which amounts to bad faith; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Subsidiary Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Subsidiary Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, the Hedge Agreements or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to the Borrower and notices of any of the matters referred to in Section 7.04 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

Section 7.06 Subsidiary Guarantors' Rights of Subrogation, Contribution, Etc. Until the Guaranteed Obligations shall have been indefeasibly paid in full, each Subsidiary Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Subsidiary Guarantor now has or may hereafter have against the Borrower or any other Subsidiary Guarantor or any of its assets in connection with this Guaranty or the performance by such Subsidiary Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in eq uity, under contract, by statute, under common law or otherwise and including (a) any right of subrogation, reimbursement or indemnification that such Subsidiary Guarantor now has or may hereafter have against the Borrower with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against the Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been indefeasibly paid in full, each Subsidiary Guarantor shall withhold exercise of any right of contribution such Subsidiary Guarantor may have against any other guarantor (including any other Subsidiary Guarantor) of the Guaranteed Obligations, including any such right of contribution as contemplated by Section 7.02. Each Subsidiary Guarantor further agrees that, to the extent the waiver or ag reement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Subsidiary Guarantor may have against the Borrower or against any collateral or security, and any rights of contribution such Subsidiary Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against the Borrower, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Subsidiary Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and indefeasibly paid in full, such amount shall be held in trust for the A dministrative Agent on behalf of Beneficiaries and shall forthwith be paid over to the Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

Section 7.07 Subordination of Other Obligations. Any Indebtedness of the Borrower or any Subsidiary Guarantor now or hereafter held by any Subsidiary Guarantor (the **"Obligee Guarantor"**) is hereby subordinated in right of payment to the Guaranteed Obligations, and any such Indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to the Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

Section 7.08 Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full. Each Subsidiary Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

Section 7.09 Authority of Subsidiary Guarantors or the Borrower. It is not necessary for any Beneficiary to inquire into the capacity or powers of any Subsidiary Guarantor or the Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

Section 7.10 Financial Condition of the Borrower. Any Loan may be made to the Borrower or continued from time to time, and any Hedge Agreements may be entered into from time to time, in each case without notice to or authorization from any Subsidiary Guarantor regardless of the financial or other condition of the Borrower at the time of any such grant or continuation or at the time such Hedge Agreement is entered into, as the case may be. No Beneficiary shall have any obligation to disclose or discuss with any Subsidiary Guarantor its assessment , or any Subsidiary Guarantor's assessment, of the financial condition of the Borrower. Each Subsidiary Guarantor has adequate means to obtain information from the Borrower on a continuing basis concerning the financial condition of the Borrower and its ability to perform its obligations under the Loan Documents and the Hedge Agreements, and each Subsidiary Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations. Each Subsidiary Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of the Borrower now known or hereafter known by any Beneficiary.

Section 7.11 Bankruptcy, Etc. (a) So long as any Guaranteed Obligations remain outstanding, no Subsidiary Guarantor shall, without the prior written consent of the Administrative Agent acting pursuant to the instructions of the Required Lenders, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against the Borrower or any other Subsidiary Guarantor. The obligations of Subsidiary Guarantors hereunder shall not b e reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of the Borrower or any other Subsidiary Guarantor or by any defense which the Borrower or any other Subsidiary Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) Each Subsidiary Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Ob ligations because it is the intention of Subsidiary Guarantors and Beneficiaries that the Guaranteed Obligations which are guaranteed by Subsidiary Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve the Borrower of any portion of such Guaranteed Obligations. Subsidiary Guarantors shall permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar Person to pay the Administrative Agent, or allow the claim of the Administrative Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

(c) In the event that all or any portion of the Guaranteed Obligations are paid by the Borrower, the obligations of Subsidiary Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

Section 7.12 Discharge of Guaranty Upon Sale of Subsidiary Guarantor. If all of the Equity Interests of any Subsidiary Guarantor or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) in accordance with the terms and conditions hereof, the Guaranty of such Subsidiary Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any Beneficiary or any other Person effective as of the ti me of such sale or other disposition.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.01 Events of Default. If any one or more of the following conditions or events occur:

(a) Failure to Make Payments When Due. Failure by the Borrower to pay (i) when due any installment of principal of any Loan, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory prepayment or otherwise; or (ii) any interest on any Loan or any fee or any other amount due hereunder within five (5) days after the date due; or

(b) Breach of Representations, Etc. Any representation, warranty, certification or other statement made or deemed made by any Loan Party in any Loan Document or in any statement or certificate at any time given by any Loan Party or any of its Subsidiaries in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect as of the date made or deemed made; or

(c) Breach of Certain Covenants. Failure of any Loan Party to perform or comply with any term or condition contained in Section 2.03, Sections 5.01(a), 5.01(b), 5.01(c), 5.01(e) and 5.01(h), Section 5.02, Section 5.04 or Article VI; or

(d) Other Defaults Under Loan Documents. Any Loan Party shall default in the performance of or compliance with (A) Section 5.01(d), and such default shall not have been remedied or waived within five (5) days after the due date, or (B) any term contained herein or any of the other Loan Documents, other than any such term referred to in any other Section of this Section 8.01, and such default shall not have been remedied or waived within thirty (30) days after the ea rlier of (i) an officer of such Loan Party becoming aware of such default or (ii) receipt by the Borrower of notice from the Administrative Agent or any Lender of such default; or

(e) Default in Other Agreements. (i) Failure of any Loan Party or any of their respective Subsidiaries to pay when due any principal of or interest on or any other amount, including any payment in settlement, payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 8.01(a)) in an individual principal amount (or Net Mark-to-Market Exposure) of $10,000,000 or more or with an aggregate principal amount (or Net Mark-to-Market Exposure) of $10,000,000 or more, in each case beyond the grace period, if any, provided therefor; or (ii) breach or default by any Loan Party with respect to any other material term of (1) one or more items of Indebtedness in the individual or aggregate principal amounts (or Net Mark-to-Market Exposure) referred to in clause (i) above or (2) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness, in each case beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders), to cause, that Indebtedness to become or be declared due and payable (or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; or

(f) OTS Guaranty Event of Default. An Event of Default (as defined in the OTS Guaranty) occurs pursuant to the terms of the OTS Guaranty; or

(g) Early Amortization Event. An Early Amortization Event occurs in respect of the Receivables Backed Notes pursuant to the terms of the Indenture, and such Early Amortization Event shall not have been waived under the Indenture.

(h) Involuntary Bankruptcy; Appointment of Receiver, Etc. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of the Borrower or any of its Material Subsidiaries in an involuntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law; or (ii) an involuntary case shall be commenced against the Borrower or any of its Material Subsidiaries under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, conservator, custodian or other officer having similar powers over the Borrower or any of its Material Subsidiaries, or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee, conservator or other custodian of the Borrower or any of its Subsidiaries for all or a substantial part of its property; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of the Borrower or any of its Material Subsidiaries, and any such event described in this clause (ii) shall conti nue for sixty (60) days without having been dismissed, bonded or discharged; or

(i) Voluntary Bankruptcy; Appointment of Receiver, Etc. (i) The Borrower or any of its Material Subsidiaries shall have an order for relief entered with respect to it or shall commence a voluntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a vo luntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee, conservator or other custodian for all or a substantial part of its property; or the Borrower or any of its Material Subsidiaries shall make any assignment for the benefit of creditors; or (ii) the Borrower or any of its Material Subsidiaries shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the board of directors (or similar governing body) of the Borrower or any of its Subsidiaries (or any committee thereof) shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.01(h); or

(j) Judgments and Attachments. Any money judgment, writ or warrant of attachment or similar process involving (i) in any individual case an amount in excess of $10,000,000 or (ii) in the aggregate at any time an amount in excess of $10,000,000 (in either case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage) shall be entered or filed against the Borrower or any of its Material Subsidiaries or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(k) Employee Benefit Plans. There shall occur one or more ERISA Events which individually or in the aggregate results in or would reasonably be expected to result in a Material Adverse Effect on the Borrower during the term hereof; or

(l) Change of Control. A Change of Control occurs; or

(m) Guaranties, Security Documents and other Loan Documents. At any time after the execution and delivery thereof, (i) the Guaranty for any reason, other than the satisfaction in full of all Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Subsidiary Guarantor shall repudiate its obligations thereunder, (ii) this Agreement or any Security Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the satisfaction in full of the Obligations in accordance with the terms hereof) or shall be declared null and void, or the Collateral Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral purported to be covered by the Security Documents with the priority required by the relevant Security Document, in each case for any reason other than the failure of the Collateral Agent or any Secured Party to take any action within its control, or (iii) any Loan Party shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability under any Loan Document to which it is a party or shall contest the validity or perfection of any Lien in any Collateral purported to be covered by the Security Documents;

THEN, (1) upon the occurrence of any Event of Default described in Section 8.01(h) or 8.01(i), automatically, and (2) upon the occurrence of any other Event of Default, at the request of (or with the consent of) the Required Lenders, upon notice to the Borrower by the Administrative Agent, (A) each of the following shall immediately become due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Loan Party: (I) the unpaid principal amount of and accrued interest on the Loans, and (II) all other Obligations; and (B) the Administrative Agent may cause the Collateral Agent to enforce any and all Liens and security interests created pursuant to Security Docu ments.

ARTICLE IX

AGENTS

Section 9.01 Appointment of Agents. Barclays Bank is hereby appointed the Administrative Agent and the Collateral Agent hereunder and under the other Loan Documents and each Lender hereby authorizes Barclays Bank to act as the Administrative Agent and the Collateral Agent in accordance with the terms hereof and the other Loan Documents. Each Agent hereby agrees to act in its capacity as such upon the express conditions contained herein and the other Loan Documents, as applicable. The provisions of this Article IX are solely for t he benefit of Agents and Lenders and no Loan Party shall have any rights as a third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, each Agent shall act solely as an agent of Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Borrower or any of its Subsidiaries. Each of the Administrative Agent and the Collateral Agent, without consent of or notice to any party hereto, may assign any and all of its rights or obligations hereunder to any of its Affiliates. As of the Closing Date, neither Barclays Capital, in its capacity as the Arranger and Syndication Agent, nor the Joint Bookrunner, shall have any duties, responsibilities or obligations hereunder but shall be entitled to all benefits of this Article IX.

Section 9.02 Powers and Duties. Each Lender irrevocably authorizes each Agent to take such action on such Lender's behalf and to exercise such powers, rights and remedies hereunder and under the other Loan Documents as are specifically delegated or granted to such Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Each Agent shall have only those duties and responsibilities that are expressly specified herein and the other Loan Documents. Each Agent may exe rcise such powers, rights and remedies and perform such duties by or through its agents or employees. No Agent shall have, by reason hereof or any of the other Loan Documents, a fiduciary relationship in respect of any Lender; and nothing herein or any of the other Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect hereof or any of the other Loan Documents except as expressly set forth herein or therein.

Section 9.03 General Immunity.

(a) No Responsibility for Certain Matters. No Agent shall be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Loan Document, the perfection or priority of any Lien, or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certi ficates or any other documents furnished or made by any Agent to Lenders or by or on behalf of any Loan Party or to any Lender in connection with the Loan Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Loan Party or any other Person liable for the payment of any Obligations, nor shall any Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Loan Documents or as to the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing. Anything contained herein to the contrary notwithstanding, the Administrative Agent shall not have any liability arising from confirmations of the amount of outstanding Loans or the component amounts thereof.

(b) Exculpatory Provisions. No Agent nor any of its officers, partners, directors, employees or agents shall be liable to Lenders for any action taken or omitted by any Agent under or in connection with any of the Loan Documents except to the extent caused by such Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. Each Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to such Agent by the Borrower or a Lender. No Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Agent or any of its Affiliates in any capacity. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions in respect thereof from the Required Lenders (or such other Lenders as may be required to give such instructions under Section 10.05) and, upon receipt of such instructions from the Required Lenders (or such other Lenders, as the case may be), such Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions and shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law. Without prejudice to the generality of the foregoing, (i) each Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Borrower and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Lender shall have any right o f action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting hereunder or any of the other Loan Documents in accordance with the instructions of the Required Lenders (or such other Lenders as may be required to give such instructions under Section 10.05).

(c) Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory, in demnification and other provisions of this Section 9.03 and of Section 9.06 shall apply to any the Affiliates of the Administrative Agent and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities of the Administrative Agent and the Syndication Agent. All of the rights, benefits, and privileges (including the exculpatory and indemnification provisions) of this Section 9.03 and of Section 9.06 shall apply to any such sub-agent and to the Affiliates of any such sub-agent, and shall apply to their respective activities as sub-agent as if such sub-agent and Affiliates were named herein. Notwithstanding anything herein to the contrary, with respect to each sub-agent appointed by the Administrative Agent, (i) such sub-agent shall be a third party beneficiary under this Agreement with respect to all such rights, benefits and privileges (inc luding exculpatory rights and rights to indemnification) and shall have all of the rights and benefits of a third party beneficiary, including an independent right of action to enforce such rights, benefits and privileges (including exculpatory rights and rights to indemnification) directly, without the consent or joinder of any other Person, against any or all of Loan Parties and the Lenders, (ii) such rights, benefits and privileges (including exculpatory rights and rights to indemnification) shall not be modified or amended without the consent of such sub-agent, and (iii) such sub-agent shall only have obligations to the Administrative Agent and not to any Loan Party, Lender or any other Person and no Loan Party, Lender or any other Person shall have any rights, directly or indirectly, as a third party beneficiary or otherwise, against such sub-agent.

Section 9.04 Agents Entitled to Act as Lender. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its individual capacity as a Lender hereunder. With respect to its participation in the Loans, each Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Lender" shall, unless the context clearly otherwise ind icates, include each Agent in its individual capacity. Any Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrower for services in connection herewith and otherwise without having to account for the same to Lenders.

Section 9.05 Lenders' Representations, Warranties and Acknowledgment.

(a) Each Lender represents and warrants that it has made its own independent investigation of the financial condition and affairs of the Borrower and its Subsidiaries in connection with Loans hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of the Borrower and its Subsidiaries. No Agent shall have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Lenders or to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter, and no Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Lenders.

(b) Each Lender, by delivering its signature page to this Agreement or an Assignment Agreement or a Joinder Agreement and funding its Loan, on the Closing Date or the Increased Amount Date, as applicable, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be approved by any Agent, the Required Lenders or Lenders, as applicable on the Closing Date or the Increased Amount Date, as applicable.

Section 9.06 Indemnity. Each Lender, in proportion to its Pro Rata Share, severally agrees to indemnify each Agent, to the extent that such Agent shall not have been reimbursed by any Loan Party (and without limiting its obligation to do so), for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the other Loan Documents or otherwise in its capacity as such Agent in any way relating to or arising out of this Agreement or the other Loan Documents; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided, that in no event shall this sentence require any Lender to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's Pro Rata Share thereof.

Section 9.07 Successor Administrative Agent and Collateral Agent.

(a) The Administrative Agent shall have the right to resign at any time by giving prior written notice thereof to Lenders and the Borrower. The Administrative Agent shall have the right to appoint a financial institution to act as the Administrative Agent and/or the Collateral Agent hereunder, subject to the reasonable satisfaction of the Borrower and the Required Lenders, and the Administrative Agent's resignation shall become effective on the earlier of (i) the acceptance of such successor Administrative Agent by the Borrower and the Required Lenders or (ii) the thirtieth day after such notice of resignation. Upon any such notice of resignation, if a successor Administrative Age nt has not already been appointed by the retiring Administrative Agent, the Required Lenders shall have the right, upon five (5) Business Days' notice to the Borrower, to appoint a successor Administrative Agent. If neither the Required Lenders nor the Administrative Agent have appointed a successor Administrative Agent, the Required Lenders shall be deemed to have succeeded to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided, that until a successor Administrative Agent is so appointed by the Required Lenders or the Administrative Agent, the Administrative Agent, by notice to the Borrower and the Required Lenders, may retain its role as the Collateral Agent under any Security Document. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall promptly (i) transfer to such successor Administrative Agent all sums, Securities and other items of Collateral held under the Security Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent under the Loan Documents, and (ii) execute and deliver to such successor Administrative Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent of the security interests created under the Security Documents, whereupon such retiring Administrative Agent shall be discharged from its duties and obligations hereunder. Except as provided above, any resignation of Barclays Bank or its successor as the Administrative Agent pursuant to this Section shall also constitute the resignation of Barclays Bank or its successor as the Collateral Agent. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 9.07 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent hereunder. Any successor Administrative Agent appointed pursuant to this Section shall, upon its acceptance of such appointment, become the successor Collateral Agent for all purposes hereunder. If Barclays Bank or its successor as the Administrative Agent pursuant to this Section has resigned as the Administrative Agent but retained its role as the Collateral Agent and no successor Collateral Agent has become the Collateral Agent pursuant to the immediately preceding sentence, Barclays B ank or its successor may resign as the Collateral Agent upon notice to the Borrower and the Required Lenders at any time.

(b) In addition to the foregoing, the Collateral Agent may resign at any time by giving thirty (30) days' prior written notice thereof to Lenders and the Borrower. The Administrative Agent shall have the right to appoint a financial institution as the Collateral Agent hereunder, subject to the reasonable satisfaction of the Borrower and the Required Lenders and the Collateral Agent's resignation shall become effective on the earlier of (i) the acceptance of such successor Collateral Agent by the Borrower and the Required Lenders or (ii) the thirtieth day after such notice of resignation. Upon any such notice of resignation, the Required Lenders shall have the right, upon fiv e (5) Business Days' notice to the Administrative Agent, to appoint a successor Collateral Agent. Upon the acceptance of any appointment as the Collateral Agent hereunder by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent under this Agreement and the Security Documents, and the retiring Collateral Agent under this Agreement shall promptly (i) transfer to such successor Collateral Agent all sums, Securities and other items of Collateral held hereunder or under the Security Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Collateral Agent under this Agreement and the Security Documents, and (ii) execute and deliver to such successor Collateral Agent or otherwise authorize the filing of such amendments to financing statements, and take such o ther actions, as may be necessary or appropriate in connection with the assignment to such successor Collateral Agent of the security interests created under the Security Documents, whereupon such retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement and the Security Documents. After any retiring Collateral Agent's resignation hereunder as the Collateral Agent, the provisions of this Agreement and the Security Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement or the Security Documents while it was the Collateral Agent hereunder.

Section 9.08 Security Documents and Guaranty.

(a) Agents under Security Documents and Guaranty. Each Secured Party hereby further authorizes the Administrative Agent or the Collateral Agent, as applicable, on behalf of and for the benefit of Secured Parties, to be the agent for and representative of Secured Parties with respect to the Guaranty, the Collateral and the Security Documents; provided, that neither the Administrative Agent nor the Collateral Agent shall owe any fiduciary duty, duty of loyalty, duty of care, duty of disclosure or any other obligation whatsoever to any holder of Obligations with respect to any Hedge Agre ement. Without further written consent or authorization from any Secured Party, the Administrative Agent or the Collateral Agent, as applicable may execute any documents or instruments necessary to (i) in connection with a sale or disposition of assets permitted by this Agreement, release any Lien encumbering any item of Collateral that is the subject of such sale or other disposition of assets or to which the Required Lenders (or such other Lenders as may be required to give such consent under Section 10.05) have otherwise consented or (ii) release any Subsidiary Guarantor from the Guaranty pursuant to Section 7.12 or with respect to which the Required Lenders (or such other Lenders as may be required to give such consent under Section 10.05) have otherwise consented.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent, the Collateral Agent and each Secured Party hereby agree that (i) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely b y the Collateral Agent and (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other disposition.

(c) Rights under Hedge Agreements. No Hedge Agreement shall create (or be deemed to create) in favor of any Lender Counterparty that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Subsidiary Guarantor under the Loan Documents except as expressly provided in Section 10.05(c) of this Agreement and under any applicable provisions of the Security Agreement. By accepting the benefits of the Collateral, such Lender Counterparty shall be deemed to have appointed the Collateral Agent as its agent and agreed to be bound by the Loan Documents as a Secured Party, subject to the limitations set forth in this clause (c).

(d) Release of Collateral and Guarantees, Termination of Loan Documents. Notwithstanding anything to the contrary contained herein or any other Loan Document, when all Obligations (other than (x) obligations in respect of any Hedge Agreement and (y) unasserted contingent indemnity obligations) have been paid in full and all Commitments have terminated or expired or been cancelled, upon request of the Borrower, the Administrative Agent shall (without notice to, or vote or consent of, any Lender or any Lender Counterparty) take such actions as shall be necessary or advisable to release its security interest in all Collateral, and to release all guarantee obligations provided for in any Loan Document, whether or not on the date of such release there may be outstanding obligations in respect of Hedge Agreements. Any such release of guarantee obligations shall be deemed subject to the provision that such guarantee obligations shall be reinstated if after such release any portion of any payment in respect of the Obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Subsidiary Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Subsidiary Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made.

Section 9.09 Withholding Taxes. To the extent required by any applicable law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Adminis trative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding tax ineffective or for any other reason, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred.

Section 9.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under the Bankruptcy Code or other applicable law or any other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or oth erwise (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the other Secured Parties (including fees, disbursements and other expenses of counsel) allowed in such judicial proceeding and (b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and other Secured Party to make such payments to the Administrative Agent. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or other Secured Party any plan of reorganization, arrangement, adj ustment or composition affecting the Obligations or the rights of any Lender or other Secured Party to authorize the Administrative Agent to vote in respect of the claim of such Person or in any such proceeding.

ARTICLE X

MISCELLANEOUS

Section 10.01 Notices.

(a) Notices Generally. Any notice or other communication herein required or permitted to be given under the Loan Documents shall be sent to such Person's address as set forth on Schedule 10.01(a) or in the other relevant Loan Document, and in the case of any Lender, the address as specified on Schedule 10.01(a) or otherwise specified to the Administrative Agent in writing. Except as otherwise set forth in paragraph (b) below, each notice hereunder shall be in writing and may be personally serve d, telexed or sent by telefacsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or telex, or three (3) Business Days after depositing it in the United States mail with postage prepaid and properly addressed; provided, that no notice to any Agent shall be effective until received by such Agent.

(b) Electronic Communications.

(i) Notices and other communications to Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites, including the Platform) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notif ied the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, further, that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that if such n otice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(ii) Each Loan Party understands that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution and agrees and assumes the risks associated with such electronic distribution.

(iii) The Platform and any Approved Electronic Communications are provided "as is" and "as available". None of the Agents nor any of their respective officers, directors, employees, agents, advisors or representatives (the **"Agent Affiliates"**) warrant the accuracy, adequacy, or completeness of the Approved Electronic Communications or the Platform a nd each expressly disclaims liability for errors or omissions in the Platform and the Approved Electronic Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects is made by the Agent Affiliates in connection with the Platform or the Approved Electronic Communications. Each party hereto agrees that no Agent has any responsibility for maintaining or providing any equipment, software, services or any testing required in connection with any Approved Electronic Communication or otherwise required for the Platform.

(iv) Each Loan Party, each Lender and each Agent agrees that the Administrative Agent may, but shall not be obligated to, store any Approved Electronic Communications on the Platform in accordance with the Administrative Agent's customary document retention procedures and policies.

(v) All uses of the Platform shall be governed by and subject to, in addition to this Section 10.01, separate terms and conditions posted or referenced in such Platform and related agreements executed by the Lenders and their Affiliates in connection with the use of such Platform.

(vi) Each Loan Party, each Lender and each Agent agrees that none of the Agents nor any Agent Affiliate shall be responsible or liable to any Loan Party or any other Person for damages arising from the use by others of any Approved Electronic Communications or any other information or other materials obtained through the Platform, internet, electronic, telecommunications or other information transmission systems.

Section 10.02 Expenses. Whether or not the transactions contemplated hereby are consummated, the Borrower agrees to pay promptly (a) all the actual and reasonable and documented out-of-pocket costs and expenses of the Agents (subject to clause (b) below) incurred in connection with the negotiation, preparation and execution of the Loan Documents and any consents, amendments, waivers or other modifications thereto; (b) the reasonable and documented out-of-pocket fees, expenses and disbursements of counsel to Agents (subject to the Engagement Letter) in connection with the negotiation, preparation, execution and administration of the Loan Documents, the Engagement Letter, and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by the Borrower including the reasonable fees, disbursements and other charges of counsel and charges of Intralinks or Syndtrak; (c) all reasonable and documented out-of-pocket costs and expenses arising in connection with or relating to creating, perfecting, recording, maintaining and preserving Liens in favor of the Collateral Agent, for the benefit of Secured Parties; (d) all reasonable and documented out-of-pocket costs, fees, expenses and disbursements of any auditors, accountants, consultants or appraisers; (e) all reasonable and documented out-of-pocket costs and expenses in connection with the custody or preservation of the Collateral; (f) all other reasonable costs and expenses incurred by each Agent in connection with the syndication o f the Loans and Commitments and the transactions contemplated by the Loan Documents and any consents, amendments, waivers or other modifications thereto; and (g) after the occurrence of an Event of Default, all costs and expenses, including reasonable attorneys' fees and costs of settlement, incurred by any Agent and the Lenders in enforcing any Obligations of or in collecting any payments due from any Loan Party hereunder or under the Loan Documents by reason of such Default or Event of Default (including in connection with the sale, lease or license of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty) or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work-out" or pursuant to any insolvency or bankruptcy cases or proceedings.

Section 10.03 Indemnity.

(a) In addition to the payment of expenses pursuant to Section 10.02, whether or not the transactions contemplated hereby are consummated, each Loan Party agrees to defend (subject to Indemnitees' rights to selection of counsel), indemnify, pay and hold harmless, each Agent, Arranger, Joint Bookrunner and Lender and the officers, partners, members, directors, trustees, shareholders, advisors, employees, representatives, attorneys, controlling persons, agents, sub-agents and Affiliates of each Agent, Arranger and Lender, as well as the respective heirs, successors and assigns of the foregoing (each, an **"Indemnitee"**), from and against any and all Indemnified Liabilities; provided, that no Loan Party shall have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities resulted from the gross negligence or willful misconduct of that Indemnitee, in each case, as determined by a final, non-appealable judgment of a court of competent jurisdiction. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 10.03 may be unenforceable in whole or in part because they are violative of any law or public policy, the applicable Loan Party shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(b) To the extent permitted by applicable law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against each Agent, Arranger and Lender and their respective Affiliates, officers, partners, members, directors, trustees, shareholders, advisors, employees, representatives, attorneys, controlling persons, agents and sub-agents on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of or in any way related to this Agreement or any Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, the transmission of information through the Internet, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each Loan Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 10.04 Set-Off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default each Lender is hereby authorized by each Loan Party at any time or from time to time subject to the consent of the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed), and upon notice to the Borrower and the Administrative Agent, to set off and to appropriate and to apply any and all deposi ts (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Indebtedness at any time held or owing by such Lender to or for the credit or the account of any Loan Party against and on account of the obligations and liabilities of any Loan Party to such Lender hereunder and under the other Loan Documents, including all claims of any nature or description arising out of or connected hereto or with any other Loan Document, irrespective of whether or not (a) such Lender shall have made any demand hereunder or (b) the principal of or the interest on the Loans or any other amounts due hereunder shall have become due and payable pursuant to Article II or Article VIII and although such obligations and liabilities, or any of them, may be contingent or unmatured.

Section 10.05 Amendments and Waivers.

(a) Required Lenders' Consent. Subject to the additional requirements of Sections 10.05(b) and 10.05(c), no amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by any Loan Party therefrom, shall in any event be effective without the written concurrence of the Required Lenders; provided that the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any other Loan Document to cure any ambiguity, omission, defect or inconsistency, so long as such amendment, modifi cation or supplement does not adversely affect the rights of any Lender.

(b) Affected Lenders' Consent. Without the written consent of each Lender that would be directly adversely affected thereby, no amendment, modification, termination, or consent shall be effective if the effect thereof would:

(i) extend the scheduled final maturity of any Loan or Note or principal amount outstanding, or waive, forgive, reduce or postpone any scheduled repayment (but not prepayment) of principal;

(ii) reduce the rate of interest on any Loan or any fee or any premium payable hereunder; provided that only the consent of the Required Lenders shall be necessary to amend the Default Rate in Section 2.07 or to waive any obligation of the Borrower to pay interest at the Default Rate;

(iii) waive or extend the time for payment of any such interest, fees or premiums;

(iv) reduce the principal amount of any Loan;

(v) amend, modify, terminate or waive any provision of Section 2.15, this Section 10.05(b), Section 10.05(c), any provision of the Security Agreement therein specified to be subject to this Section 10.05(b), or any other provision of this Agreement that expressly provides that the consent of all Lenders is required;

(vi) amend the definition of **"Required Lenders"** or amend Section 10.05(a) in a manner that has the same effect as an amendment to such definition or the definition of **"Pro Rata Share"**; provided that with the consent of the Required Lenders, additional e xtensions of credit pursuant hereto may be included in the determination of the **"Required Lenders"** or **"Pro Rata Share"** on substantially the same basis as the Commitments and the Loans are included on the Closing Date; provided further that the consent of the Required Lenders shall not be required in connection with any Series of New Term Loans added pursuant to Section 2.22;

(vii) release all or substantially all of the Collateral or all or substantially all of the Subsidiary Guarantors from the Guaranty except as expressly provided in the Loan Documents; or

(viii) consent to the assignment or transfer by any Loan Party of any of its rights and obligations under any Loan Document except as expressly provided in any Loan Document;

provided that, for the avoidance of doubt, all Lenders shall be deemed directly affected thereby with respect to any amendment described in clauses (v), (vi), (vii) and (viii).

(c) Other Consents. No amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by any Loan Party therefrom, shall:

(i) alter the required application of any repayments or prepayments as between Classes pursuant to Section 2.13 without the consent of Lenders holding more than 50% of the aggregate Initial Term Loan Exposure of all Lenders or New Term Loan Exposure of all Lenders, as applicable, of each Class which is being allocated a lesser repayment or prepayment as a result thereof; prov ided that the Required Lenders may waive, in whole or in part, any prepayment so long as the application, as between Classes, of any portion of such prepayment which is still required to be made is not altered;

(ii) amend, modify or waive this Agreement or the Security Agreement so as to alter the ratable treatment of Obligations arising under the Loan Documents and Obligations arising under Hedge Agreements or the definition of **"Lender Counterparty**,**" "Hedge Agreement**, **" "Obligations**,**"** or **"Secured Obligations"** (as defined in any applicable Security Document) in each case in a manner adverse to any Lender Counterparty with Obligations then outstanding without the written consent of any such Lender Counterparty; or

(iii) amend, modify, terminate or waive any provision of Article IX as the same applies to any Agent, or any other provision hereof as the same applies to the rights or obligations of any Agent, in each case without the consent of such Agent.

(d) Execution of Amendments, Etc. The Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.05 shall be binding upon each Lender at the time outstanding, each future Lender and, if signed by a Loan Party, on such Loan Party.

(e) New Term Loans. Notwithstanding anything to the contrary herein or in any other Loan Document, this Agreement and the other Loan Documents may be amended with the written consent of only the Administrative Agent and the Borrower to the extent necessary in order to evidence and implement any Series of New Term Loans pursuant to Section 2.22.

Section 10.06 Successors and Assigns; Participations.

(a) Generally. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of Lenders. Except as expressly permitted pursuant to Section 6.08 of this Agreement, no Loan Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any Loan Party without the prior written consent of all Lenders (and any purported assignment or delegation without such consent shall be null and void) and of the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed) . Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, Affiliates of each of the Agents and Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Right to Assign. Each Lender shall have the right at any time to sell, assign or transfer all or a portion of its rights and obligations under this Agreement, including all or a portion of its Commitment or Loans owing to it or other Obligations (provided, that pro rata assignments shall not be required and each assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any applicable Loan and any related Commitments):

(i) to any Person other than Excluded Institutions (unless an Event of Default has occurred) meeting the criteria of clause (i) of the definition of the term of "Eligible Assignee" upon the giving of notice to the Borrower and the Administrative Agent; and

(ii) to any Person other than Excluded Institutions (unless an Event of Default has occurred) meeting the criteria of clause (ii) of the definition of the term of "Eligible Assignee" upon giving of notice to the Borrower and the Administrative Agent; provided, that further each such assignment pursuant to this Section 10.06(b)(ii) shall be in an aggregate amount of not less than $1,000,000 (or such lesser amount as may be agreed to by the Administrative Agent or as shall constitute the aggregate amount of the Initial Term Loan or the or New Term Loans of a Series of the assigning Lender) with respect to the assignment of Loans; provided, that the Related Funds of any individual Lender may aggregate their Loans for purposes of determining compliance with such minimum assignment amounts.

(c) Assignment Agreements. Assignments and assumptions of Loans and Commitments by Lenders shall be effected by manual execution and delivery to the Administrative Agent of an Assignment Agreement. Assignments made pursuant to the foregoing provision shall be effective as of the Assignment Effective Date. In connection with all assignments there shall be delivered to the Administrative Agent such forms, certificates or other evidence, if any, with respect to United States federal income tax withholding matters as the assignee under such Assignment Agreement may be required to deliver pursuant to Section 2.18(c), together with payment to the Administrative Agent of a registration and processing fee of $3,500 (except that no such registration and processing fee shall be payable (y) in connection with an assignment by or to Barclays Bank or any Affiliate thereof or (z) in the case of an Eligible Assignee which is already a Lender or is an Affiliate or Related Fund of a Lender or a Person under common management with a Lender).

(d) Representations and Warranties of Assignee. Each Lender, upon execution and delivery hereof or upon succeeding to an interest in the Commitments and Loans, as the case may be, represents and warrants as of the Closing Date or as of the Assignment Effective Date that (i) it is an Eligible Assignee; (ii) it has experience and expertise in the making of or investing in commitments or loans such as the applicable Commitments or Loans, as the case may be; and (iii) it shall make or invest in, as the case may be, its Commitments or Loans for its own account in the ordinary course and without a view to distribution of such Commitments or Loans within the meaning of the Securities Act or the Exchange Act or other federal securities laws (it being understood that, subject to the provisions of this Section 10.06, the disposition of such Commitments or Loans or any interests therein shall at all times remain within its exclusive control).

(e) Effect of Assignment. Subject to the terms and conditions of this Section 10.06, as of the "Assignment Effective Date" (i) the assignee thereunder shall have the rights and obligations of a "Lender" hereunder to the extent of its interest in the Loans and Commitments as reflected in the Register and shall thereafter be a party hereto and a "Lender" for all purposes hereof; (ii) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned to the assignee, relinquish its rights (other than any rights which survive the termination hereof, including under Section 10.07) and be released from its obligations hereunder (and, in the case of an assignment covering all or the remaining portion of an assigning Lender's rights and obligations hereunder, such Lender shall cease to be a party hereto on the Assignment Effective Date; provided, that anything contained in any of the Loan Documents to the contrary notwithstanding, such assigning Lender shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Lender as a Lender hereunder); (iii) the Commitments shall be modified to reflect any Commitment of such assignee; and (iv) if any such assignment occurs after the issuance of any Note hereunder, the assigning Lender shall, upon the effectiveness of such assignment or as promptly thereafter as practicable, surrender its applicable Notes to the Administrative Agent for cancel lation, and thereupon the Borrower shall issue and deliver new Notes, if so requested by the assignee and/or assigning Lender, to such assignee and/or to such assigning Lender, with appropriate insertions, to reflect the new outstanding Loans of the assignee and/or the assigning Lender.

(f) Participations.

(i) Each Lender shall have the right at any time to sell one or more participations to any Person (other than the Borrower, any of its Subsidiaries or any of its Affiliates and other than any Excluded Institution) in all or any part of its Commitments, Loans or in any other Obligation.

(ii) The holder of any such participation shall not be entitled to require such Lender to take or omit to take any action hereunder except with respect to any amendment, modification or waiver that would (A) extend the final scheduled maturity of any Loan or Note in which such participant is participating, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (B) consent to the assignment or transfer by any Loan Party of any of its rights and obligations under this Agreement, (C) amend the definition of "Required Lenders" (or amend Section 10.05(a) in a manner that has the same effect as an amendment to such definition) or the definition of "Pro Rata Share" or (D) release all or substantially all of the Subsidiary Guarantors or all or substantially all of the Collateral under the Security Documents (except as expressly pr ovided in the Loan Documents) supporting the Loans hereunder in which such participant is participating.

(iii) The Borrower agrees that each participant shall be entitled to the benefits of Sections 2.16(c), 2.17 and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (c) of this Section; provided, that (x) a participant shall not be entitled to receive any greater payment under Section 2.17 or 2.18 than the applicable Le nder would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with the Borrower's prior written consent and (y) a participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 2.18 unless the Borrower is notified of the participation sold to such participant and such participant agrees, for the benefit of the Borrower, to comply with Section 2.18 as though it were a Lender; provided, further, that, except as specifically set forth in clauses (x) and (y) of this sentence, nothing herein shall require any notice to the Borrower or any other Person in connection with the sale of any participation. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 10.04 as though it were a Lender; provided, that such participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participating interest in its Commitments, Loans or in any other Obligation to a participant, shall, as agent of the Borrower solely for the purposes of this Section 10.06(f), record in book entries maintained by such Lender the name and amount of the participating interest of each participant entitled to receive payments in respect of such participating interests; provided, however, that the Lender shall have no obligation to show such book entries to any Loan Party.

(g) Certain Other Assignments and Participations. In addition to any other assignment or participation permitted pursuant to this Section 10.06 and subject to the limitations set forth Section 10.06(b)(ii), respectively, any Lender may assign and/or pledge (without the consent of the Borrower or the Administrative Agent) all or any portion of its Loans, the other Obligations owed by or to such Lender, and its Notes, if any, to secure obligations of such Lender including any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors and any operating circular issued by such Federal Reserve Bank; provided, that no Lender, as between the Borrower and such Lender, shall be relieved of any of its obligations hereunder as a result of any such assignment and pledge; provided, further, that in no event shall the applicable Federal Reserve Bank, pledgee or trustee, be considered to be a "Lender" or be entitled to require the assigning Lender to take or omit to take any action hereunder.

(h) Register. The Borrower, the Administrative Agent and Lenders shall deem and treat the Persons listed as Lenders in the Register as the holders and owners of the corresponding Commitments and Loans listed therein for all purposes hereof, and no assignment or transfer of any such Commitment or Loan shall be effective, in each case, unless and until recorded in the Register following receipt of a fully executed Assignment Agreement effecting the assignment or transfer thereof, together with the required forms and certificates regarding tax matters and any fees payable in connection with such assignment, in each case, as provided in Section 10.06(c) . Each assignment shall be recorded in the Register on the Business Day the fully executed Assignment Agreement is received by the Administrative Agent, if received by 12:00 p.m. (New York City time), and on the following Business Day if received after such time, prompt notice thereof shall be provided to the Borrower and a copy of such Assignment Agreement shall be maintained, as applicable; provided that failure to record any assignment in the Register shall not affect the rights of the Lenders. The date of such recordation of a transfer shall be referred to herein as the **"Assignment Effective Date."** Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the Register as a Lender shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Commitments or Loans.

Section 10.07 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Loan. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Loan Party set forth in Sections 2.16(c), 2.17, 2.18, 10.02, 10.03 and 10.04 and the agreements of Lenders set forth in Sections 2.15, 9.03(b) and 9.06 shall survive the payment of the Loans, and the termination hereof.

Section 10.08 No Waiver; Remedies Cumulative. No failure or delay on the part of any Agent or any Lender in the exercise of any power, right or privilege hereunder or under any other Loan Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to each Agent and ea ch Lender hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Loan Documents or any of the Hedge Agreements. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

Section 10.09 Marshalling; Payments Set Aside. Neither any Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Loan Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Loan Party makes a payment or payments to the Administrative Agent or Lenders (or to the Administrative Agent, on behalf of Lenders), or any Agent or Lenders enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such e nforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be automatically reinstated and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

Section 10.10 Severability. In case any provision in or obligation hereunder or under any other Loan Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 10.11 Obligations Several; Independent Nature of Lenders' Rights. The obligations of Lenders hereunder are several and no Lender shall be responsible for the obligations or Commitment of any other Lender hereunder. Nothing contained herein or in any other Loan Document, and no action taken by Lenders pursuant hereto or thereto, shall be deemed to constitute Lenders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and, subject to Section 9.08(b), each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

Section 10.12 Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

Section 10.13 APPLICABLE LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY LAW, RULE, PROVISION OR PRINCIPLE OF CONFLICTS OF LAWS THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED.

Section 10.14 CONSENT TO JURISDICTION. SUBJECT TO CLAUSE (E) OF THE FOLLOWING SENTENCE, ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY LOAN PARTY ARISING OUT OF OR RELATING HERETO OR ANY OTHER LOAN DOCUMENT, OR ANY OF THE OBLIGATIONS, WILL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH LOAN PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, HEREBY EXPRESSLY AND IRREVOCABLY (A) ACCEPTS GENERALLY AND UNCONDITIONALLY T HE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS (OTHER THAN WITH RESPECT TO ACTIONS BY ANY AGENT IN RESPECT OF RIGHTS UNDER ANY SECURITY AGREEMENT GOVERNED BY ANY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO); (B) WAIVES (I) JURISDICTION AND VENUE OF COURTS IN ANY OTHER JURISDICTION IN WHICH IT MAY BE ENTITLED TO BRING SUIT BY REASON OF ITS PRESENT OR FUTURE DOMICILE OR OTHERWISE AND (II) ANY DEFENSE OF FORUM NON CONVENIENS; (C) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE LOAN PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.01; (D) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (C) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE LOAN PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (E) AGREES THAT THE AGENTS AND THE LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY SECURITY DOCUMENT OR THE ENFORCEMENT OF ANY JUDGMENT.

Section 10.15 Confidentiality. Each Agent and each Lender shall hold all non-public information regarding the Borrower and its Subsidiaries and their businesses identified as such by the Borrower and obtained by such Agent or such Lender pursuant to the requirements hereof in accordance with such Agent's and such Lender's customary procedures for handling confidential information of such nature, it being understood and agreed by the Borrower that, in any event, the Administrative Agent may disclose such information to the Lender s and each Agent and each Lender may make (i) disclosures of such information to Affiliates or Related Funds of such Lender or Agent and to their respective agents and advisors (and to other Persons authorized by a Lender or Agent to organize, present or disseminate such information in connection with disclosures otherwise made in accordance with this Section 10.15), (ii) disclosures of such information reasonably required by any bona fide or potential assignee, transferee or participant in connection with the contemplated assignment, transfer or participation of any Loans or any participations therein or by any direct or indirect contractual counterparties (or the professional advisors thereto) to any swap or derivative transaction relating to the Borrower and its obligations; provided, that such assignees, transferees, participants, counterparties and advisors are advised of and agree to be bound by either the provisions of this Sec tion 10.15 or other provisions at least as restrictive as this Section 10.15, (iii) disclosure to any rating agency when required by it; provided, that, prior to any disclosure, such rating agency has undertaken in writing to preserve the confidentiality of any confidential information relating to the Loan Parties received by it from any Agent or any Lender, (iv) disclosures in connection with the exercise of any remedies hereunder or under any other Loan Document, (v) disclosures required or requested by any governmental agency or representative thereof or by the NAIC or pursuant to legal or judicial process or by any regulatory authority having or claiming authority over any Lender, (vi) disclosures to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates and (vii) disclosures requested or required to be made in connection with any litigation or similar procee ding; provided, that unless prohibited by applicable law or court order, each Lender and each Agent shall make reasonable efforts to notify the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with any examination of the financial condition or other routine examination of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information. In addition, each Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement and the other Loan Documents. Notwithstanding anything to the contrary set forth herein, each party (and each of their respective employees, re presentatives or other agents) may disclose to any and all persons without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions and other tax analyses) that are provided to any such party relating to such tax treatment and tax structure. However, any information relating to the tax treatment or tax structure shall remain subject to the confidentiality provisions hereof (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable the parties hereto, their respective Affiliates, and their and their respective Affiliates' directors and employees to comply with applicable securities laws. For this purpose, "tax structure" means any facts relevant to the federal income tax treatment of the transactions contemplated by this Agreement but does not include information relating to the identity of any of the parties hereto or any of their respe ctive Affiliates.

Section 10.16 Usury Savings Clause. Notwithstanding any other provision herein, the aggregate interest rate charged with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law, shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans made hereunder shall bear interest at the Highest Law ful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of Lenders and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges , or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrower.

Section 10.17 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic transmission will be effective as delivery of a manually executed counterpart thereof.

Section 10.18 Effectiveness; Entire Agreement; No Third Party Beneficiaries. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by the Borrower and the Administrative Agent of written notification of such execution and authorization of delivery thereof. This Agreement and the other Loan Documents represent the entire agreement of the Borrower and its Subsidiaries, the Agents, the Arranger, the Joint Bookrunner and the Lenders with respect to the subject matter her eof and thereof, and there are no promises, undertakings, representations or warranties by any Agent, Arranger, Joint Bookrunner or Lender relative to the subject matter hereof or thereof not expressly set forth or referred to herein or in the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, express or implied, is intended to confer upon any Person (other than the parties hereto and thereto, their respective successors and assigns permitted hereunder and, to the extent expressly contemplated hereby, the Indemnitees) any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 10.19 PATRIOT Act. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Loan Party that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that shall allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the PATRIOT Act.

Section 10.20 Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electro nic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.21 No Fiduciary Duty. (a) Each Agent, Arranger, Joint Bookrunner, each Lender and their Affiliates (collectively, solely for purposes of this section, the **"Lenders"**), may have economic interests that conflict with those of the Borrower. The Borrower agrees that nothing in the Loan Documents or otherwise shall be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Lenders and the Borrower, its stockho lders or its affiliates. The Loan Parties acknowledge and agree that (i) the transactions contemplated by the Loan Documents are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, (ii) in connection therewith and with the process leading to such transaction each of the Lenders is acting solely as a principal and not the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other person, (iii) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether any Lender or any of its affiliates has advised or is currently advising the Borrower on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Loan Documents and (iv) the Borrower has consulted its own legal and financial advisors to the extent it deemed app ropriate. The Borrower further acknowledges and agrees that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it shall not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto, and agrees to waive any claims for breach of any alleged fiduciary duty by any Lender.

(b) Each Loan Party acknowledges and agrees (i) that Barclays Capital Inc. has been retained by Barclays Bank PLC and Barclays Capital Real Estate Inc., as Sellers under the Asset Purchase Agreement as financial advisor (in such capacity, the "**Financial Advisor**") to such Sellers in connection with the Acquisition, and each Loan Party agrees to such retention, (ii) not to assert any claim such Loan Party might allege based on any actual or potential conflicts of interest that might be asserted to arise or result from each Lender's and their respective affiliates' relationships with each Loan Party and (iii) that no Lender will be imputed to have knowledge of confidential information provided to or obtained by the Financial Advisor.

Section 10.22 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TR ANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.22 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER WILL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMEN TS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[*Remainder of page intentionally left blank***]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

OCWEN FINANCIAL CORPORATION

By: _____
Name:
Title:

OCWEN LOAN SERVICING, LLC

By: _____
Name:
Title:

REAL ESTATE SERVICING SOLUTIONS INC.

By: _____
Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral Agent and a Lender

By: _____
Name:
Title:

EXHIBIT 10.9

PLEDGE AND SECURITY AGREEMENT

dated as of July 29, 2010

between

EACH OF THE GRANTORS PARTY HERETO

and

BARCLAYS BANK PLC,

as Collateral Agent

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This **PLEDGE AND SECURITY AGREEMENT**, dated as of July 29, 2010 (this "**Agreement**"), between Ocwen Financial Corporation (the "**Borrower**"), Ocwen Loan Servicing, LLC ("**OLS**") and each of the other subsidiaries of the Borrower party hereto from time to time, whether as an original signatory hereto or as an Additional Grantor (as herein defined) (other than the Collateral Agent, each, a "**Grantor**"), and Barclays Bank PLC, as collateral agent for the Secured Parties (as herein defined) (in such capacity as collateral agen t, together with its successors and permitted assigns, the "**Collateral Agent**").

RECITALS:

WHEREAS, reference is made to that certain Senior Secured Term Loan Facility Agreement, dated as of the date hereof (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among the Borrower, OLS, the other subsidiary guarantors party thereto, the lenders party thereto from time to time (the "**Lenders**") and Barclays Bank PLC, as Administrative Agent and Collateral Agent;

WHEREAS, subject to the terms and conditions of the Credit Agreement, certain Grantors may enter into one or more Hedge Agreements with one or more Lender Counterparties; and

WHEREAS, in consideration of the extensions of credit and other accommodations of Lenders and Lender Counterparties as set forth in the Credit Agreement and the Hedge Agreements, respectively, each Grantor has agreed to secure such Grantor's obligations under the Loan Documents and the Hedge Agreements as set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, each Grantor and the Collateral Agent agree as follows:

Section 1. DEFINITIONS; GRANT OF SECURITY.

1.1 General Definitions. In this Agreement, the following terms shall have the following meanings:

"**Additional Grantors**" shall have the meaning assigned in Section 7.3.

"**Agreement**" shall have the meaning set forth in the preamble.

"**Borrower**" shall have the meaning set forth in the preamble.

"**Cash Proceeds**" shall have the meaning assigned in Section 9.7.

"**Collateral**" shall have the meaning assigned in Section 2.1.

"**Collateral Agent**" shall have the meaning set forth in the preamble.

"**Collateral Records**" shall mean books, records, ledger cards, files, correspondence, customer lists, supplier lists, blueprints, technical specifications, manuals, computer software and related documentation, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

"**Collateral Support**" shall mean all property (real or personal) assigned, hypothecated or otherwise securing any Collateral and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

"**Contracts**" shall mean all contracts, leases and other agreements entered into by any Grantor pursuant to which such Grantor has the right to (i) receive moneys due and to become due to it thereunder or in connection therewith, (ii) to damages arising thereunder and (iii) to perform and to exercise all remedies thereunder.

"**Control**" shall mean: (1) with respect to any Deposit Accounts, control within the meaning of Section 9-104 of the UCC, (2) with respect to any Securities Accounts, Security Entitlements, Commodity Contracts or Commodity Accounts, control within the meaning of Section 9-106 of the UCC, (3) with respect to any Uncertificated Securities, control within the meaning of Section 8-106(c) of the UCC, (4) with respect to any Certificated Security, control within the meaning of Section 8-106(a) or (b) of the UCC, (5) with respect to any Electronic Chattel Paper, control within the meaning of Section 9-105 of the UCC, (6) with respect to Letter of Credit Rights, control within the meaning of Section 9-107 of the UCC and (7) with respect to any "transferable record"(as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction), control within the meaning of Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in the jurisdiction relevant to such transferable record.

"**Controlled Foreign Corporation**" shall mean "controlled foreign corporation" as defined in the Internal Revenue Code.

"**Copyright Licenses**" shall mean any and all agreements, licenses and covenants providing for the granting of any right in or any Copyright or otherwise providing for a covenant not to sue for infringement or other violation of any Copyright including, without limitation, each agreement required to be listed in Schedule 5.2(II) under the heading "Copyright Licenses" (as such schedule may be amended or supplemented from time to time).

"**Copyrights**" shall mean all United States, and foreign copyrights (whether or not the underlying works of authorship have been published), including but not limited to copyrights in software and all rights in and to databases, all designs (including but not limited to industrial designs, Protected Designs within the meaning of 17 U.S.C. 1301 et. Seq. and Community designs) and all Mask Works (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, as well as all moral rights, reversionary interests, and termination rights, and, with respect to any and all of the foregoing: (i) all registrations and applications therefor including, without limitation, the registrations and applications required to be listed in Schedule 5.2(II) und er the heading "Copyrights" (as such schedule may be amended or supplemented from time to time), (ii) all extensions and renewals thereof, (iii) the right to sue or otherwise recover for any past, present and future infringement or other violation thereof, (iv) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages and proceeds of suit now or hereafter due and/or payable with respect thereto, and (v) all other rights of any kind accruing thereunder or pertaining thereto throughout the world.

"**Credit Agreement**" shall have the meaning set forth in the recitals.

"Custodial Accounts" shall mean any custodial accounts established in the name of any Grantor in the ordinary course of business to hold funds on behalf of a third party in connection with the origination or funding of any mortgage or other consumer loans or pursuant to Servicing Agreements in such Grantor's capacity as servicer, bailee or custodian and any related accounts maintained in the ordinary course of such Grantor's origination or servicing businesses in the name of such Grantor that are used solely for the collection, maintenance and disbursement of such funds on behalf of third parties for insurance payments, tax payments, suspense payments and other similar payments required to be made by such Grantor in its capacity as originator or servicer; provided that the books and records of such Grantor indicate that such accounts are being held "in trust for" or on behalf of another Person; provided further that the accounts listed on Schedule 5.2(G), (H) and (I) shall not qualify as Custodial Accounts.

"Dormant Subsidiary" shall mean each entity set forth on Schedule 5.5.

"**Excluded Asset**" shall mean any asset of any Grantor excluded from the security interest hereunder by virtue of Section 2.2 hereof but only to the extent, and for so long as, so excluded thereunder.

"**Excluded Equity Interest**" shall mean any equity interest listed on Schedule 5.2(I) under the heading "Excluded Equity Interest."

"**Grantors**" shall have the meaning set forth in the preamble.

"**Insurance**" shall mean (i) all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Agent is the loss payee thereof) and (ii) any key man life insurance policies.

"**Intellectual Property**" shall mean, the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under the United States, multinational or foreign laws or otherwise, including without limitation, Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, Trademark Licenses, Trade Secrets, and Trade Secret Licenses, and the right to sue or otherwise recover for any past, present and future infringement, dilution, misappropriation, or other violation or impairment thereof, including the right to receive all Proceeds therefrom, including without limitation license fees, royalties, income, payments, claims, damages and proceeds of suit, now or hereafter due and/or payable with respect thereto.

"**Intellectual Property Security Agreement**" shall mean each intellectual property security agreement executed and delivered by the applicable Grantors, substantially in the form set forth in Exhibit E, Exhibit F and Exhibit G, as applicable.

"**Investment Accounts**" shall mean the Securities Accounts, Commodity Accounts and Deposit Accounts.

"**Investment Related Property**" shall mean: (i) all "investment property" (as such term is defined in Article 9 of the UCC) and (ii) all of the following (regardless of whether classified as investment property under the UCC): all Pledged Equity Interests, Pledged Debt, Investment Accounts and certificates of deposit.

"**Lender**" shall have the meaning set forth in the recitals.

"**Majority Holder**" shall have the meaning set forth in Section 10.

"**Material Intellectual Property**" shall mean any Intellectual Property included in the Collateral that is material to the business of any Grantor, as determined by such Grantor.

"**Patent Licenses**" shall mean all agreements, licenses and covenants providing for the granting of any right in or to any Patent or otherwise providing for a covenant not to sue for infringement or other violation of any Patent (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement required to be listed in Schedule 5.2(II) under the heading "Patent Licenses" (as such schedule may be amended or supplemented from time to time).

"**Patents**" shall mean all United States and foreign patents and certificates of invention, or similar industrial property rights, and applications for any of the foregoing, including, without limitation: (i) each patent and patent application required to be listed in Schedule 5.2(II) under the heading "Patents" (as such schedule may be amended or supplemented from time to time), (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (iii) the right to sue or otherwise recover for any past, present and future infringement or other violation thereof, (iv) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, paymen ts, claims, damages, and proceeds of suit now or hereafter due and/or payable with respect thereto, and (v) all other rights of any kind accruing thereunder or pertaining thereto throughout the world.

"**Pledged Debt**" shall mean, subject to Section 2.2, all indebtedness for borrowed money owed to such Grantor, whether or not evidenced by any Instrument, including, without limitation, all indebtedness described on Schedule 5.2(I) under the heading "Pledged Debt" (as such schedule may be amended or supplemented from time to time), issued by the obligors named therein, the instruments, if any, evidencing such any of the foregoing, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing.

"**Pledged Equity Interests**" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and any other participation or interests in any equity or profits of any business entity including, without limitation, any trust and all management rights relating to any entity whose equity interests are included as Pledged Equity Interests.

"**Pledged LLC Interests**" shall mean, subject to Section 2.2, all interests in any limited liability company and each series thereof including, without limitation, all limited liability company interests listed on Schedule 5.2(I) under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such limited liability company interests and any interest of such Grantor on the books and records of such limited liability company or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests and all rights as a member of the related limited liability company.

"**Pledged Partnership Interests**" shall mean, subject to Section 2.2, all interests in any general partnership, limited partnership, limited liability partnership or other partnership including, without limitation, all partnership interests listed on Schedule 5.2(I) under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other prop erty or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests and all rights as a partner of the related partnership.

"**Pledged Stock**" shall mean, subject to Section 2.2, all shares of capital stock owned by such Grantor, including, without limitation, all shares of capital stock described on Schedule 5.2(I) under the heading "Pledged Stock" (as such schedule may be amended or supplemented from time to time), and the certificates, if any, representing such shares and any interest of such Grantor in the entries on the books of the issuer of such shares or on the books of any securities intermediary pertaining to such shares, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exch ange for any or all of such shares.

"**Pledge Supplement**" shall mean an agreement substantially in the form of Exhibit A hereto.

"**Receivables**" shall mean all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, including, without limitation all such rights constituting or evidenced by any Account, Chattel Paper, Instrument, General Intangible or Investment Related Property, together with all of Grantor's rights, if any, in any goods or other property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Receivables Records.

"**Receivables Records**" shall mean (i) all original copies of all documents, instruments or other writings or electronic records or other Records evidencing the Receivables, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices, and other papers relating to Receivables, including, without limitation, all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to the Receivables, whether in the possession or under the control of Grantor or any computer bureau or agent from time to time acting for Grantor or otherwise, (iii) all evidences of the filing of financing statements and the registration of other instruments in connection therewith, and amendments, suppl ements or other modifications thereto, notices to other creditors, secured parties or agents thereof, and certificates, acknowledgments, or other writings, including, without limitation, lien search reports, from filing or other registration officers, (iv) all credit information, reports and memoranda relating thereto and (v) all other written or non-written forms of information related in any way to the foregoing or any Receivable.

"**Secured Obligations**" shall have the meaning assigned in Section 3.1.

"**Secured Parties**" shall mean the Agents, Lenders and the Lender Counterparties and shall include, without limitation, all former Agents, Lenders and Lender Counterparties to the extent that any Obligations owing to such Persons were incurred while such Persons were Agents, Lenders or Lender Counterparties and such Obligations have not been paid or satisfied in full.

"**Securities**" shall mean any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Trademark Licenses**" shall mean any and all agreements, licenses and covenants providing for the granting of any right in or to any Trademark or otherwise providing for a covenant not to sue for infringement, dilution or other violation of any Trademark or permitting co-existence with respect to a Trademark (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement required to be listed in Schedule 5.2(II) under the heading "Trademark Licenses" (as such schedule may be amended or supplemented from time to time).

"**Trademarks**" shall mean all United States, and foreign trademarks, trade names, trade dress, corporate names, company names, business names, fictitious business names, Internet domain names, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, whether or not registered and with respect to any and all of the foregoing: (i) all registrations and applications therefor including, without limitation, the registrations and applications required to be listed in Schedule 5.2(II) under the heading "Trademarks"(as such schedule may be amended or supplemented from time to time), (ii) all extensions or renewals of any of the forego ing, (iii) all of the goodwill of the business connected with the use of and symbolized by any of the foregoing, (iv) the right to sue or otherwise recover for any past, present and future infringement, dilution or other violation of any of the foregoing or for any injury to the related goodwill, (v) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages, and proceeds of suit now or hereafter due and/or payable with respect thereto, and (vi) all other rights of any kind accruing thereunder or pertaining thereto throughout the world.

"**Trade Secret Licenses**" shall mean any and all agreements providing for the granting of any right in or to Trade Secrets (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement required to be listed in Schedule 5.2(II) under the heading "Trade Secret Licenses" (as such schedule may be amended or supplemented from time to time).

"**Trade Secrets**" shall mean all trade secrets, including all documents and things embodying, incorporating, or referring in any way to the foregoing, and with respect to any and all of the foregoing: (i) the right to sue or otherwise recover for any past, present and future misappropriation or other violation thereof, and (ii) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages, and proceeds of suit now or hereafter due and/or payable with respect thereto, and (iii) all other rights of any kind accruing thereunder or pertaining thereto throughout the world.

"**UCC**" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of, or remedies with respect to, any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such perfection, priority or remedies.

"**United States**" shall mean the United States of America.

1.2 Definitions; Interpretation.

(a) In this Agreement, the following capitalized terms shall have the meaning given to them in the UCC (and, if defined in more than one Article of the UCC, shall have the meaning given in Article 9 thereof): Account, Account Debtor, As-Extracted Collateral, Bank, Certificated Security, Chattel Paper, Consignee, Consignment, Consignor, Commercial Tort Claims, Commodity Account, Commodity Contract, Commodity Intermediary, Deposit Account, Document, Entitlement Order, Electronic Chattel Paper, Equipment, Farm Products, Fixtures, General Intangibles, Goods, Health-Care-Insurance Receivable, Instrument, Inventory, Letter of Credit Right, Manufactured Home, Money, Payment Inta ngible, Proceeds, Record, Securities Account, Securities Intermediary, Security Certificate, Security Entitlement, Supporting Obligations, Tangible Chattel Paper and Uncertificated Security.

(b) All other capitalized terms used herein (including the preamble and recitals hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement. The incorporation by reference of terms defined in the Credit Agreement shall survive any termination of the Credit Agreement until this agreement is terminated as provided in Section 11 hereof. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exh ibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The terms lease and license shall include sub-lease and sub-license, as applicable. If any conflict or inconsistenc y exists between this Agreement and the Credit Agreement, the Credit Agreement shall govern. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

Section 2. GRANT OF SECURITY.

2.1 Grant of Security. Each Grantor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under all personal property of such Grantor including, but not limited to the following, in each case whether now owned or existing or hereafter acquired or arising and wherever located (all of which being hereinafter collectively referred to as the "**Collateral**"):

(a) Accounts;

(b) Contracts;

(c) Chattel Paper;

(d) Documents;

(e) General Intangibles;

(f) Goods (including all of its Equipment, Fixtures and Inventory), together with all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;

(g) Instruments;

(h) Insurance;

(i) Intellectual Property;

(j) Investment Related Property (including, without limitation, Deposit Accounts);

(k) Letter of Credit Rights;

(l) Money;

(m) Receivables and Receivable Records;

(n) Commercial Tort Claims now or hereafter described on Schedule 5.2(III);

(o) to the extent not otherwise included above, all other personal property of any kind and all Collateral Records, Collateral Support and Supporting Obligations relating to any of the foregoing; and

(p) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

2.2 Certain Limited Exclusions. Notwithstanding anything herein to the contrary, in no event shall the Collateral include or the security interest granted under Section 2.1 hereof attach to (a) any lease, license, contract or agreement to which any Grantor is a party, and any of its rights or interest thereunder, if and to the extent that a security interest is prohibited by or in violat ion of (i) any law, rule or regulation applicable to such Grantor, or (ii) a term, provision or condition of any such lease, license, contract, property right or agreement (unless such law, rule, regulation, term, provision or condition would be rendered ineffective with respect to the creation of the security interest hereunder pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity); provided however that the Collateral shall include (and such security interest shall attach) immediately at such time as the contractual or legal prohibition shall no longer be applicable and to the extent severable, shall attach immediately to any portion of such lease, license, contract or agreement not subject to the prohibitions specified in (i) or (ii) above; provided further that the exclusions referred to in clause (a) of this Section 2.2 shall not include any Proceeds of any such lease, license, contract or agreement; (b) in any of the outstanding capital stock of a Controlled Foreign Corporation in excess of 65% of all classes of capital stock of such Controlled Foreign Corporation; provided that immediately upon the amendment of the Internal Revenue Code to allow the pledge of a greater percentage of the capital stock in a Controlled Foreign Corporation without adverse tax consequences, the Collateral shall include, and the security interest granted by each Grantor shall attach to, such greater percentage of capital stock of each Controlled Foreign Corporation; (c) any applications for trademarks or service marks filed in the United States Patent and Trademark Office (the "PTO") pursuant to 15 U.S.C. §1051 Section 1(b) unless and until evidence of use of the mark in interstate commerce is submitted to the PTO pursuant to 15 U.S.C. §1051 Section 1(c) or Section 1(d); (d) Excluded Equity Interests; (e) Securitization Assets and any asset s or property subject to a Permitted Lien securing Non-Recourse Indebtedness, Permitted Funding Indebtedness, Permitted Securitization Indebtedness and Indebtedness under Credit Enhancement Agreements; (f) any Custodial Accounts; (g) any REO Assets; and (h) any equity interest issued by a Securitization Entity that cannot be pledged as a result of restrictions in its or its parent's Organizational Documents or documents governing or related to its or its subsidiaries' Indebtedness; provided that, irrespective of the foregoing, the following assets shall constitute "Collateral": (1) Unencumbered Servicing Advances, (2) Specified Deferred Servicing Fees and (3) Specified MSRs.

Section 3. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.

3.1 Security for Obligations. This Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a) (and any successor provision thereof)), of all Obligations with respect to every Grantor (the "**Secured Obligations**").

3.2 Continuing Liability Under Collateral. Notwithstanding anything herein to the contrary, (i) each Grantor shall remain liable for all obligations under the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Collateral Agent or any Secured Party, (ii) each Grantor shall remain liable under each of the agreements included in the C ollateral, including, without limitation, any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Collateral Agent nor any Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including, without limitation, any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, and (iii) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral.

Section 4. CERTAIN PERFECTION REQUIREMENTS.

4.1 Delivery Requirements.

(a) With respect to any Certificated Securities included in the Collateral, each Grantor shall deliver to the Collateral Agent the Security Certificates evidencing such Certificated Securities duly indorsed by an effective indorsement (within the meaning of Section 8-107 of the UCC), or accompanied by share transfer powers or other instruments of transfer duly endorsed by such an effective endorsement, in each case, to the Collateral Agent or in blank. In addition, except as set forth in Section 6.8, each Grantor shall cause any certificates evidencing any Pledged Equity Interests, including, without limitation, any Pledged Partnership Interests or Pledged LLC Interests, to be similarly delivered to the Collateral Agent regardl ess of whether such Pledged Equity Interests constitute Certificated Securities.

(b) With respect to any Instruments or Tangible Chattel Paper included in the Collateral, each Grantor shall deliver to the Collateral Agent all such Instruments or Tangible Chattel Paper (other than any mortgage loans or consumer loans owned by any Grantor in the ordinary course of business) to the Collateral Agent duly indorsed in blank; provided, however, that such delivery requirement shall not apply to any Instruments or Tangible Chattel Paper having a face amount of less than $500,000 individually or $1,000,000 in the aggregate.

4.2 Control Requirements.

(a) With respect to any Deposit Accounts, Securities Accounts, Security Entitlements, Commodity Accounts and Commodity Contracts included in the Collateral, each Grantor shall ensure that the Collateral Agent has Control thereof; provided, however, that such Control requirement shall not apply to any Deposit Accounts, Securities Accounts, Security Entitlements, Commodity Accounts and Commodity Contracts with a value of less than, or having funds or other assets credited thereto with a value of less than, $500,000 individually or $1,000,000 in the aggregate. With respect to any Securities Accounts or Securities Entitlements, such Control shall be accomplished by the Grantor causing the Securities Intermediary maintaining such Se curities Account or Security Entitlement to enter into an agreement substantially in the form of Exhibit C hereto (or such other agreement in form and substance reasonably satisfactory to the Collateral Agent) pursuant to which the Securities Intermediary shall agree to comply with the Collateral Agent's Entitlement Orders without further consent by such Grantor. With respect to any Deposit Account, each Grantor shall cause the depositary institution maintaining such account to enter into an agreement substantially in the form of Exhibit D hereto (or such other agreement in form and substance reasonably satisfactory to the Collateral Agent), pursuant to which the Bank shall agree to comply with the Collateral Agent's instructions with respect to disposition of funds in the Deposit Account without further consent by such Grantor. With respect to any Commodity Accounts or Commodity Contracts each Grantor shall cause Control in favor of the Collateral Agent in a manner reasonab ly acceptable to the Collateral Agent.

(b) With respect to any Uncertificated Security included in the Collateral (other than any Uncertificated Securities credited to a Securities Account), each Grantor shall cause the issuer of such Uncertificated Security (other than any such issuer which is a Foreign Subsidiary or a Securitization Entity) to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute an agreement substantially in the form of Exhibit B hereto (or such other agreement in form and substance reasonably satisfactory to the Collateral Agent), pursuant to which such issuer agrees to comply with the Collateral Agent's instructions with respect to such Uncertificated Security without further consen t by such Grantor.

(c) With respect to any Letter of Credit Rights relating to letters of credit drawable for an amount of $5,000,000 or more included in the Collateral (other than any Letter of Credit Rights constituting a Supporting Obligation for a Receivable in which the Collateral Agent has a valid and perfected security interest), Grantor shall ensure that Collateral Agent has Control thereof by obtaining the written consent of each issuer of each related letter of credit to the assignment of the proceeds of such letter of credit to the Collateral Agent.

(d) With respect any Electronic Chattel Paper or "transferable record"(as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction) included in the Collateral (other than any mortgage loans or consumer loans owned by any Grantor in the ordinary course of business), Grantor shall ensure that the Collateral Agent has Control thereof; provided, however, that such Control requirement shall not apply to any Electronic Chattel Paper or transferable record having a face amount of less than $500,000 individually or $1,000,000 in the aggregate.

4.3 Intellectual Property Recording Requirements.

(a) In the case of any Material Intellectual Property (whether now owned or hereafter acquired) consisting of U.S. Patents and Patent Licenses in respect of U.S. Patents for which any Grantor is the licensee and the U.S. Patents are specifically identified, Grantor shall execute and deliver to the Collateral Agent a Patent Security Agreement in substantially the form of Exhibit G hereto (or a supplement thereto) covering all such Patents and Patent Licenses in appropriate form for recordation with the U.S. Patent and Trademark Office with respect to the security interest of the Collateral Agent.

(b) In the case of any Material Intellectual Property (whether now owned or hereafter acquired) consisting of U.S. Trademarks and Trademark Licenses in respect of U.S. Trademarks for which any Grantor is the licensee and the U.S. Trademarks are specifically identified, Grantor shall execute and deliver to the Collateral Agent a Trademark Security Agreement in substantially the form of Exhibit E hereto (or a supplement thereto) covering all such Trademarks and Trademark Licenses in appropriate form for recordation with the U.S. Patent and Trademark Office with respect to the security interest of the Collateral Agent.

(c) In the case of any Material Intellectual Property (whether now owned or hereafter acquired) consisting of registered U.S. Copyrights and Copyright Licenses in respect of U.S. Copyrights for which any Grantor is the licensee and the U.S. Copyright registrations are specifically identified, Grantor execute and deliver to the Collateral Agent a Copyright Security Agreement in substantially the form of Exhibit F hereto (or a supplement thereto) covering all such Copyright and Copyright Licenses is in appropriate form for recordation with the U.S. Copyright Office with respect to the security interest of the Collateral Agent.

4.4 Other Actions. With respect to any Pledged Partnership Interests and Pledged LLC Interests included in the Collateral, if the Grantors own less than 100% of the equity interests in any issuer of such Pledged Partnership Interests or Pledged LLC Interests, Grantors shall use their commercially reasonable efforts to obtain the consent of each other holder of partnership interest or limited liability company interests in such issu er to the security interest of the Collateral Agent hereunder and following an Event of Default, the transfer of such Pledged Partnership Interests and Pledged LLC Interests to the Collateral Agent or its designee, and to the substitution of the Collateral Agent or its designee as a partner or member with all the rights and powers related thereto. Each Grantor consents to the grant by each other Grantor of a Lien in all Investment Related Property to the Collateral Agent and without limiting the generality of the foregoing consents to the transfer of any Pledged Partnership Interest and any Pledged LLC Interest to the Collateral Agent or its designee following an Event of Default and to the substitution of the Collateral Agent or its designee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

4.5 Timing and Notice. With respect to any Collateral in existence on the Closing Date, each Grantor shall comply with the requirements of Section 4 on the date hereof and with respect to any Collateral hereafter owned or acquired, such Grantor shall use commercially reasonable efforts to comply with such requirements within 30 days of Grantor acquiring rights therein. Each Grantor shall promptly inform the Collateral Agent o f its acquisition of any Collateral for which any action is required by Section 4 hereof (including, for the avoidance of doubt, the filing of any applications for, or the issuance or registration of, any Patents, Copyrights or Trademarks). Notwithstanding the foregoing, each Grantor shall have 60 days from the Closing Date (which period may be extended in the sole discretion of the Collateral Agent) to provide the Collateral Agent with Control over any Investment Accounts in existence on the Closing Date.

Section 5. REPRESENTATIONS AND WARRANTIES.

Each Grantor hereby represents and warrants, on the Closing Date and on each Increased Amount Date, that:

5.1 Grantor Information & Status.

(a) Schedule 5.1(A) & (B) (as such schedule may be amended or supplemented from time to time) sets forth under the appropriate headings: (1) the full legal name of such Grantor, (2) all trade names or other names under which such Grantor currently conducts business, (3) the type of organization of such Grantor, (4) the jurisdiction of organization of such Grantor, (5) its organizational identification number, if any, and (6) the jurisdiction where the chief executive office or its sole place of business (or the principal residence if such Grantor is a natural person) is located;

(b) except as provided on Schedule 5.1(C), it has not changed its name, jurisdiction of organization, chief executive office or sole place of business (or principal residence if such Grantor is a natural person) or its corporate structure in any way (e.g., by merger, consolidation, change in corporate form or otherwise) and has not done business under any other name, in each case, within the past five (5) years;

(c) such Grantor has been duly organized and is validly existing as an entity of the type as set forth opposite such Grantor's name on Schedule 5.1(A) solely under the laws of the jurisdiction as set forth opposite such Grantor's name on Schedule 5.1(A) and remains duly existing as such. Such Grantor has not filed any certificates of dissolution or liquidation, any certificates of domestication, transfer or continuance in any other jurisdiction; and

(d) no Grantor is a "transmitting utility" (as defined in Section 9-102(a)(80) of the UCC).

5.2 Collateral Identification, Special Collateral.

(a) Schedule 5.2 (as such schedule may be amended or supplemented from time to time) sets forth under the appropriate headings all of such Grantor's: (1) Pledged Equity Interests (other than Equity Interests held by any Grantor in any Dormant Subsidiary), (2) all Equity Interests held by a Grantor (that would otherwise constitute a Pledged Equity Interest) to the extent it secures or is the subject of a negative pledge to support Non-Recourse Indebtedness of the Borrower or any other Grantor is set forth under the heading "Excluded Equity Interests," (3) Pledged Debt (other than mortgage loans or consumer loans owned by any Grantor in the ordinary course of business), (4) Securities Accounts other than any Securities Acc ounts holding assets with a market value of less than $500,000 individually or $1,000,000 in the aggregate, (5) Deposit Accounts other than any Deposit Accounts holding less than $500,000 individually or $1,000,000 in the aggregate, (6) Commodity Contracts and Commodity Accounts, (7) all United States and foreign registrations and issuances of and applications for Patents, Trademarks, and Copyrights owned by each Grantor, (8) all Patent Licenses, Trademark Licenses, Trade Secret Licenses and Copyright Licenses constituting Material Intellectual Property, (9) Commercial Tort Claims other than any Commercial Tort Claims having a value of less than $500,000 individually and $1,000,000 in the aggregate, and (10) Letter of Credit Rights for letters of credit other than any Letters of Credit Rights worth less than $500,000, individually or $1,000,000 in the aggregate. Each Grantor shall supplement such schedules as necessary to ensure that such schedules are accurate on each Increased Amount Date;< /font>

(b) none of the Collateral constitutes, or is the Proceeds of, (1) Farm Products, (2) As-Extracted Collateral, (3) Health-Care-Insurance Receivables, (4) timber to be cut, or (5) aircraft, aircraft engines, satellites, ships or railroad rolling stock. No material portion of the collateral consists of motor vehicles or other goods subject to a certificate of title statute of any jurisdiction;

(c) all information supplied by any Grantor with respect to any of the Collateral (in each case taken as a whole with respect to any particular Collateral) is accurate and complete in all material respects; and

(d) not more than 10% of the value of all personal property included in the Collateral is located in any country other than the United States.

5.3 Ownership of Collateral and Absence of Other Liens.

(a) it owns the Collateral purported to be owned by it or otherwise has the rights it purports to have in each item of Collateral and, as to all Collateral whether now existing or hereafter acquired, developed or created (including by way of lease or license), will continue to own or have such rights in each item of the Collateral (except as otherwise permitted by the Credit Agreement), in each case free and clear of any and all Liens, rights or claims of all other Persons, including, without limitation, liens arising as a result of such Grantor becoming bound (as a result of merger or otherwise) as debtor under a security agreement entered into by another Person other than, in the case of priority only, any Permitted Liens; and

(b) other than any financing statements filed in favor of the Collateral Agent, no effective financing statement, fixture filing or other instrument similar in effect under any applicable law covering all or any part of the Collateral is on file in any filing or recording office except for (x) financing statements for which duly authorized proper termination statements have been delivered to the Collateral Agent for filing and (y) financing statements filed in connection with Permitted Liens. Other than the Collateral Agent and any automatic control in favor of a Bank, Securities Intermediary or Commodity Intermediary maintaining a Deposit Account, Securities Account or Commodity Contract, no Person is in Control of any Collateral.< /font>

5.4 Status of Security Interest.

(a) upon the filing of financing statements naming each Grantor as "debtor" and the Collateral Agent as "secured party" and describing the Collateral in the filing offices set forth opposite such Grantor's name on Schedule 5.4 hereof (as such schedule may be amended or supplemented from time to time), the security interest of the Collateral Agent in all Collateral that can be perfected by the filing of a financing statement under the Uniform Commercial Code as in effect in any jurisdiction will constitute a valid, perfected, first priority Lien in favor of the Collateral Agent subject in the case of priority only, to any Permitte d Liens with respect to Collateral. Each agreement purporting to give the Collateral Agent Control over any Collateral is effective to establish the Collateral Agent's Control of the Collateral subject thereto;

(b) to the extent perfection or priority of the security interest therein is not subject to Article 9 of the UCC, upon recordation of the security interests granted hereunder in Patents, Trademarks, Copyrights and exclusive Copyright Licenses in the applicable intellectual property registries, including but not limited to the United States Patent and Trademark Office and the United States Copyright Office, the security interests granted to the Collateral Agent hereunder shall constitute valid, perfected, first priority Liens (subject, in the case of priority only, to Permitted Liens);

(c) no authorization, consent, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or any other Person is required for either (i) the pledge or grant by any Grantor of the Liens purported to be created in favor of the Collateral Agent hereunder or (ii) the exercise by Collateral Agent of any rights or remedies in respect of any Collateral (whether specifically granted or created hereunder or created or provided for by applicable law), except (A) for the filings contemplated by clause (a) above, (B) as may be required, in connection with the disposition of any Investment Related Property, by laws generally affecting the offering and sale of Securities and (C) any consents needed to transfe r the servicing under any servicing agreement to any successor servicer; and

(d) each Grantor is in compliance with its obligations under Section 4 hereof.

5.5 [Reserved.]

5.6 Pledged Equity Interests, Investment Related Property.

(a) it is the record and beneficial owner of the Pledged Equity Interests free of all Liens, rights or claims of other Persons and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests;

(b) no consent of any Person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary or desirable in connection with the creation, perfection or first priority status of the security interest of the Collateral Agent in any Pledged Equity Interests or the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the exercise of remedies in respect thereof except such as have been obtained; and

(c) all of the Pledged LLC Interests and Pledged Partnership Interests either (i) are or represent interests that by their terms provide that they are securities governed by the uniform commercial code of an applicable jurisdiction or (ii)(A) are not traded on securities exchanges or in securities markets, (B) are not "investment company securities" (as defined in Section 8-103(b) of the UCC) and (C) do not provide, in the related operating or partnership agreement, as applicable, certificates, if any, representing such Pledged LLC Interests or Pledged Partnership Interests, as applicable, or otherwise that they are securities governed by the Uniform Commercial Code of any jurisdiction.

5.7 Intellectual Property.

(a) To the best of the Grantor's knowledge: it is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property listed on Schedule 5.2(II) (as such schedule may be amended or supplemented from time to time), or owns or has the right to use and, where such Grantor does so, sublicense others to use, all other Material Intellectual Property, free and clear of all Liens, claims and encumbrances, except for Permitted Liens and the licenses set forth on Schedule 5.2(II) (as such schedule may be amended or supplemented from time to time);

(b) To the best of the Grantor's knowledge: all Material Intellectual Property of such Grantor is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, nor, in the case of Patents, is any of the Intellectual Property the subject of a reexamination proceeding, and such Grantor has performed all acts reasonably necessary and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application of Copyrights, Patents and Trademarks of such Grantor constituting Material Intellectual Property in full force and effect;

(c) To the best of the Grantor's knowledge and excluding Intellectual Property that is the subject of a pending application: all Material Intellectual Property is valid and enforceable; no holding, decision, ruling, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity, enforceability, or scope of, or such Grantor's right to register, own or use, any Material Intellectual Property of such Grantor, and no such action or proceeding is pending or, to the best of such Grantor's knowledge, threatened;

(d) To the best of the Grantor's knowledge: all registrations, issuances and applications for Copyrights, Patents and Trademarks of such Grantor are standing in the name of such Grantor, and none of the Trademarks, Patents, Copyrights or Trade Secrets owned by such Grantor has been licensed by such Grantor to any Affiliate or third party, except as disclosed in Schedule 5.2(II) (as such schedule may be amended or supplemented from time to time);

(e) Except for all Intellectual Property transferred to Altisource Portfolio Solutions SA (Altisource) or any of its affiliates as part of the "spin off" of Altisource from Ocwen Financial Corporation, as indicated on Schedule 5.2(II), such Grantor has not made a previous assignment, sale, transfer, exclusive license or similar arrangement constituting a present or future assignment, sale, transfer, exclusive license or similar arrangement of any Material Intellectual Property that has not been terminated or released;

(f) such Grantor generally used appropriate statutory notice of registration in connection with its use of its registered Trademarks and proper marking practices in connection with the use of Patents constituting Material Intellectual Property;

(g) such Grantor has taken commercially reasonable steps to protect the confidentiality of its Trade Secrets;

(h) such Grantor controls the nature and quality of all products sold and all services rendered under or in connection with all Trademarks of such Grantor and has taken all action reasonably necessary to insure that all licensees of the Trademarks owned by such Grantor comply with such Grantor's standards of quality, in each case, to the extent constituting Material Intellectual Property; and

(i) To the best of the Grantor's knowledge: the conduct of such Grantor's business does not infringe, misappropriate, dilute or otherwise violate any Intellectual Property right of any other Person; and no claim has been made that the use of any Material Intellectual Property owned or used by such Grantor (or any of its respective licensees) infringes, misappropriates, dilutes or otherwise violates the asserted rights of any other Person, and no demand that such Grantor enter into a license or co-existence agreement has been made but not resolved.

5.8 Dormant Subsidiaries. Each Dormant Subsidiary does not and will not own any assets, earn any revenue or engage in any type of business activity, other than immaterial assets and any related immaterial revenues.

Section 6. COVENANTS AND AGREEMENTS.

Each Grantor hereby covenants and agrees that:

6.1 Grantor Information & Status.

(a) Without limiting any prohibitions or restrictions on mergers or other transactions set forth in the Credit Agreement, it shall not change such Grantor's name, identity, corporate structure (e.g. by merger, consolidation, change in corporate form or otherwise), sole place of business (or principal residence if such Grantor is a natural person), chief executive office, type of organization or jurisdiction of organization or establish any trade names unless it shall have (a) notified the Collateral Agent in writing at least thirty (30) days prior to any such change or establishment, identifying such new proposed name, identity, corporate structure, sole place of business (or principal residence if such Grantor is a natural person), chie f executive office, jurisdiction of organization or trade name and providing such other information in connection therewith as the Collateral Agent may reasonably request and (b) taken all actions necessary to maintain the continuous validity, perfection and the same or better priority of the Collateral Agent's security interest in the Collateral granted or intended to be granted and agreed to hereby, which in the case of any merger or other change in corporate structure shall include, without limitation, executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Annex A attached hereto together with all Supplements to Schedules thereto, upon completion of such merger or other change in corporate structure confirming the grant of the security interest hereunder.

6.2 Collateral Identification; Special Collateral.

(a) in the event that it hereafter acquires any Collateral of a type described in Section 5.2(b) hereof, it shall promptly notify the Collateral Agent thereof in writing and take such actions and execute such documents and make such filings all at Grantor's expense as the Collateral Agent may reasonably request in order to ensure that the Collateral Agent has a valid, perfected, first priority security interest in such Collateral, subject in the case of priority only, to any Permitted Liens. Notwithstanding the foregoing, no Grantor shall be required to notify the Collateral Agent or take any such action unless such Collateral is of a material value or is material to such Grantor's business; and

(b) in the event that it hereafter acquires or has any Commercial Tort Claim in excess of $500,000 individually or $1,000,000 in the aggregate it shall deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, identifying such new Commercial Tort Claims.

6.3 Ownership of Collateral and Absence of Other Liens.

(a) except for the security interest created by this Agreement, it shall not create or suffer to exist any Lien upon or with respect to any of the Collateral, other than Permitted Liens, and such Grantor shall defend the Collateral against all Persons at any time claiming any interest therein;

(b) upon such Grantor or any officer of such Grantor obtaining knowledge thereof, it shall promptly notify the Collateral Agent in writing of any event that is reasonably likely to have a Material Adverse Effect on the value of the Collateral or any portion thereof, the ability of any Grantor or the Collateral Agent to dispose of the Collateral or any portion thereof, or the rights and remedies of the Collateral Agent in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any material portion thereof; and

(c) it shall not sell, transfer or assign (by operation of law or otherwise) or exclusively license to another Person any Collateral except as otherwise permitted by the Credit Agreement.

6.4 Status of Security Interest.

(a) Subject to the limitations set forth in subsection (b) of this Section 6.4, each Grantor shall maintain the security interest of the Collateral Agent hereunder in all Collateral as valid, perfected, first priority Liens (subject, in the case of priority only, to Permitted Liens).

(b) Notwithstanding the foregoing (or anything else to the contrary herein or in any other Loan Document), no Grantor shall be required to take any action to (i) perfect any Collateral that can only be perfected by Control, (ii) make foreign filings with respect to Intellectual Property or (iii) make any filings with registrars of motor vehicles or similar governmental authorities with respect to goods covered by a certificate of title, in each case except as and to the extent specified in Section 4 hereof.

6.5 Receivables.

(a) it shall keep and maintain at its own cost and expense satisfactory and complete records of the Receivables, including, but not limited to, the originals of all documentation with respect to all Receivables and records of all payments received and all credits granted on the Receivables, all merchandise returned and all other dealings therewith;

(b) other than in the ordinary course of business or as permitted by the Loan Documents, following and during the continuation of an Event of Default, (i) it shall not amend, modify, terminate or waive any provision of any Receivable in any manner which could reasonably be expected to have a material adverse effect on the value of such Receivable; (ii) it shall not (w) grant any extension or renewal of the time of payment of any Receivable, (x) compromise or settle any dispute, claim or legal proceeding with respect to any Receivable for less than the total unpaid balance thereof, (y) release, wholly or partially, any Person liable for the payment thereof, or (z) allow any credit or discount thereon; and

(c) at any time following the occurrence and during the continuation of an Event of Default, the Collateral Agent shall have the right to notify, or require any Grantor to notify, any Account Debtor of the Collateral Agent's security interest in the Receivables and any Supporting Obligation and, in addition, the Collateral Agent may: (1) direct the Account Debtors under any Receivables to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent; (2) notify, or require any Grantor to notify, each Person maintaining a lockbox or similar arrangement to which Account Debtors under any Receivables have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Collateral Agent; and (3) enforce, at the expense of such Grantor, collection of any such Receivables and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. If the Collateral Agent notifies any Grantor that it has elected to collect the Receivables in accordance with the preceding sentence, any payments of Receivables received by such Grantor shall be forthwith (and in any event within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent and until so turned over, all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of the Receivables, any Supporting Obligation or Collateral Support shall be received in trust for the benefit of the Collateral Agent hereunder and shall be segrega ted from other funds of such Grantor and such Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any Account Debtor or obligor thereof, or allow any credit or discount thereon.

6.6 Pledged Equity Interests, Investment Related Property.

(a) Except as provided in the next sentence, in the event such Grantor receives any dividends, interest or distributions on any Pledged Equity Interest or other Investment Related Property, upon the merger, consolidation, liquidation or dissolution of any issuer of any Pledged Equity Interest or Investment Related Property, then (a) such dividends, interest or distributions and securities or other property shall be included in the definition of Collateral without further action and (b) such Grantor shall immediately take all steps, if any, necessary to ensure the validity, perfection, priority and, if applicable, control of the Collateral Agent over such Investment Related Property (including, without limitation, delivery thereof to the Collat eral Agent) and pending any such action such Grantor shall be deemed to hold such dividends, interest, distributions, securities or other property in trust for the benefit of the Collateral Agent and shall segregate such dividends, distributions, Securities or other property from all other property of such Grantor. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, the Collateral Agent authorizes each Grantor to retain all cash dividends and distributions paid in the normal course of the business of the issuer and consistent with the past practice of the issuer and all payments of interest;

(b) Voting.

(i) So long as no Event of Default shall have occurred and be continuing, except as otherwise provided under the covenants and agreements relating to Investment Related Property in this Agreement or elsewhere herein or in the Credit Agreement, each Grantor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Investment Related Property or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Credit Agreement; provided, no Grantor shall exercise or refrain from exercising any such right without the prior written consent of the Collateral Agent if such action would have a Material Adverse Ef fect on the value of the Collateral; it being understood, however, that neither the voting by such Grantor of any Pledged Stock for, or such Grantor's consent to, the election of directors (or similar governing body) at a regularly scheduled annual or other meeting of stockholders or with respect to incidental matters at any such meeting, nor such Grantor's consent to or approval of any action otherwise permitted under this Agreement and the Credit Agreement, shall be deemed inconsistent with the terms of this Agreement or the Credit Agreement within the meaning of this Section 6.6(b)(i); and

(ii) Upon the occurrence and during the continuation of an Event of Default:

(1) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other consensual rights; and

(2) in order to permit the Collateral Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder: (1) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Agent all proxies, dividend payment orders and other instruments as the Collateral Agent may from time to time reasonably request and (2) each Grantor acknowledges that the Collateral Agent may utilize the power of attorney set forth in Section 8.1; and

(c) Except to the extent not prohibited by the Credit Agreement, without the prior written consent of the Collateral Agent, it shall not vote to enable or take any other action to: (i) amend or terminate any partnership agreement, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents in any way that materially changes the rights of such Grantor with respect to any Investment Related Property or adversely affects the validity, perfection or priority of the Collateral Agent's security interest, (ii) permit any Subsidiary that is an issuer of any Pledged Equity Interest to issue any additional stock, partnership interests, limited liability company interests or other equity interes ts of any nature or to issue securities convertible into or granting the right of purchase or exchange for any stock or other equity interest of any nature of such issuer, (iii) permit any issuer of any Pledged Equity Interest to dispose of all or a material portion of their assets, (iv) waive any default under or breach of any terms of organizational document relating to the issuer of any Pledged Equity Interest or the terms of any Pledged Debt consisting of intercompany debt, or (v) cause any issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as securities for purposes of the UCC; provided, however, notwithstanding the foregoing, if any issuer of any Pledged Partnership Interests or Pledged LLC Interests takes any such action in violation of the foregoing in this clause (v), such Grantor shall promptl y notify the Collateral Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Collateral Agent's "control" thereof; and

(d) Except to the extent not prohibited by the Credit Agreement, without the prior written consent of the Collateral Agent, it shall not permit any issuer of any Pledged Equity Interest to merge or consolidate unless (i) all the outstanding capital stock or other equity interests of the surviving or resulting corporation, limited liability company, partnership or other entity is, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding equity interests of any other constituent Grantor; provided that if the surviving or resulting Grantors upon any such merger or consolidation involving an issuer which is a Controlled Foreign Corporation, then such Grantor shall o nly be required to pledge equity interests in accordance with Section 2.2 and (ii) Grantor promptly complies with the delivery and control requirements of Section 4 hereof.

(e) Such Grantor covenants and agrees that, without the prior express written consent of the Collateral Agent, it will not agree to any election by any limited liability company or partnership, as applicable, to treat the Pledged LLC Interests or Pledged Partnership Interests, as applicable, as securities governed by the Uniform Commercial Code of any jurisdiction and in any event will promptly notify the Collateral Agent in writing if the representation set forth in Section 5.6(c) becomes untrue for any reason and, in such event, take such action as the Collateral Agent may reasonably request in order to establish the Collateral Agent's "control" (within the meaning of Section 8-106 of the New York UCC) over such Pledge d LLC Interests or Pledged Partnership Interests, as applicable. Such Grantor shall not consent to any amendment to any related operating or partnership agreement, as applicable, that would render the representation in Section 5.6(c) to no longer be true and correct.

6.7 Intellectual Property.

(a) Except in each case as shall be consistent with commercially reasonable business judgment, it shall not do any act or omit to do any act whereby any of the Material Intellectual Property, as determined at the time of the determination, may lapse, or become abandoned, canceled, dedicated to the public, forfeited, unenforceable or otherwise impaired, or which would adversely affect the validity, grant, or enforceability of the security interest granted therein;

(b) it shall not, with respect to any Trademarks constituting Material Intellectual Property at the time, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered under any of such Trademark at a level at least substantially consistent with the quality of such products and services as of the date hereof, and each Grantor shall take all steps reasonably necessary to insure that licensees of such Trademarks use such consistent standards of quality;

(c) it shall promptly notify the Collateral Agent if it receives any demand or threat or is the subject of any claim in a formal proceeding before a tribunal of competent authority of which it knows or has reason to know that any item of Material Intellectual Property is or has become, or may become, (i) abandoned or dedicated to the public or placed in the public domain, (ii) invalid or unenforceable, (iii) subject to any adverse determination (including the institution of, or any adverse claim with respect to, any action or proceeding in the United States Patent and Trademark Office, the United States Copyright Office, any state registry, any foreign counterpart of the foregoin g, or any court) or (iv) the subject of any reversion or termination rights;

(d) except in each case as shall be consistent with commercially reasonable business judgment, it shall take all reasonable steps, including in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office, any state registry or any foreign counterpart of the foregoing, to pursue any application and maintain any registration or issuance of each Trademark, Patent, and Copyright owned by any Grantor and constituting Material Intellectual Property which is now or shall become included in the Intellectual Property including, but not limited to, those items on Schedule 5.2(II) (as such schedule may be amended or supplemented from time to time); and

(e) it shall use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or may in any way materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Material Intellectual Property acquired under such contracts.

6.8 Dormant Subsidiaries. Each Grantor hereby covenants and agrees that it will use its commercially reasonable efforts to cause the dissolution of (i) each Dormant Subsidiary that is a Domestic Subsidiary within 90 days following the Closing Date, and (ii) each Dormant Subsidiary that is a Foreign Subsidiary within 120 days following the Closing Date; provided that, if any Dormant Subsidiary that is a Domestic Subsidiary is not dissolved within 90 days following the Closing Date or if any Dormant Subsidiary that is a Foreign Subsidiary is not dissolved within 120 days following the Closing Date, then the applicable Grantor shall promptly supplement Schedule 5.2 to include its Equity Interests in such Dormant Subsidiary as a Pledged Equity Interest, and such Grantor shall promptly deliver to the Collateral Agent any certificates evidencing its Equity Interest in such Dormant Subsidiary. The Collateral Agent shall have the ability to extend any periods of time referred to in the previous sentence in its sole discretion.

Section 7. ACCESS; RIGHT OF INSPECTION AND FURTHER ASSURANCES; ADDITIONAL GRANTORS.

7.1 Access; Right of Inspection. The Collateral Agent shall at all times have full and free access (following reasonable advance notice) during normal business hours to all the books, correspondence and records of each Grantor, and the Collateral Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and each Grantor agrees to render to the Collateral Agent, at such Grantor&# 8217;s cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Collateral Agent and its representatives shall at all times (following reasonable advance notice) also have the right to enter any premises of each Grantor and inspect any property of each Grantor where any of the Collateral of such Grantor granted pursuant to this Agreement is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

7.2 Further Assurances.

(a) Each Grantor agrees that from time to time, at the expense of such Grantor, that it shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that the Collateral Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor shall:

(i) file such financing or continuation statements, or amendments thereto, record security interests in Intellectual Property and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to effect, reflect, perfect and preserve the security interests granted or purported to be granted hereby;

(ii) take all actions necessary to ensure the recordation of appropriate evidence of the liens and security interest granted hereunder in any Intellectual Property with any United States intellectual property registry in which said Intellectual Property is registered or issued or in which an application for registration or issuance is pending including, without limitation, the United States Patent and Trademark Office, the United States Copyright Office, the various Secretaries of State;

(iii) at any reasonable time, upon reasonable request by the Collateral Agent, assemble the Collateral and allow inspection of the Collateral by the Collateral Agent, or persons designated by the Collateral Agent;

(iv) at the Collateral Agent's request, appear in and defend any action or proceeding that may affect such Grantor's title to or the Collateral Agent's security interest in all or any part of the Collateral; and

(v) furnish the Collateral Agent with such information regarding the Collateral, including, without limitation, the location thereof, as the Collateral Agent may reasonably request from time to time.

(b) Each Grantor hereby authorizes the Collateral Agent to file a Record or Records, including, without limitation, financing or continuation statements, Intellectual Property Security Agreements and amendments and supplements to any of the foregoing, in any jurisdictions and with any filing offices as the Collateral Agent may determine, in its sole discretion, are necessary to perfect or otherwise protect the security interest granted to the Collateral Agent herein. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is nece ssary to ensure the perfection of the security interest in the Collateral granted to the Collateral Agent herein, including, without limitation, describing such property as "all assets, whether now owned or hereafter acquired, developed or created" or words of similar effect. Each Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(c) Each Grantor hereby authorizes the Collateral Agent to modify this Agreement after obtaining such Grantor's approval of or signature to such modification by amending Schedule 5.2 (as such schedule may be amended or supplemented from time to time) to include reference to any right, title or interest in any existing Intellectual Property or any Intellectual Property acquired or developed by any Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property in which any Grantor no longer has or claims any right, title or interest.

7.3 Additional Grantors. From time to time subsequent to the date hereof, additional Persons may become parties hereto as additional Grantors (each, an "**Additional Grantor**"), by executing a Pledge Supplement. Upon delivery of any such Pledge Supplement to the Collateral Agent, notice of which is hereby waived by Grantors, each Additional Grantor shall be a Grantor and shal l be as fully a party hereto as if Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Collateral Agent not to cause any Subsidiary of the Borrower to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

Section 8. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT.

8.1 Power of Attorney. Each Grantor hereby irrevocably appoints the Collateral Agent (such appointment being coupled with an interest) as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, the Collateral Agent or otherwise, from time to time in the Collateral Agent's discretion to take any action and to execute any instrument that the Collateral Agent may deem reaso nably necessary to accomplish the purposes of this Agreement, including, without limitation, the following:

(a) upon the occurrence and during the continuance of any Event of Default, to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Credit Agreement;

(b) upon the occurrence and during the continuance of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (b) above;

(d) upon the occurrence and during the continuance of any Event of Default, to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(e) upon the occurrence and during the continuance of any Event of Default, to prepare and file any UCC financing statements against such Grantor as debtor;

(f) upon the occurrence and during the continuance of any Event of Default, to prepare, sign, and file for recordation in any United States intellectual property registry, appropriate evidence of the lien and security interest granted herein in the Intellectual Property in the name of such Grantor as debtor;

(g) upon the occurrence and during the continuance of any Event of Default,, to take or cause to be taken all actions necessary to perform or comply or cause performance or compliance with the terms of this Agreement, including, without limitation, access to pay or discharge taxes or Liens (other than Permitted Liens) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Collateral Agent in its sole discretion, any such payments made by the Collateral Agent to become obligations of such Grantor to the Collateral Agent, due and payable immediately without demand; and

(h) upon the occurrence and during the continuance of any Event of Default generally to sell, transfer, lease, license, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and such Grantor's expense, at any time or from time to time, all acts and things that the Collateral Agent deems reasonably necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

8.2 No Duty on the Part of Collateral Agent or Secured Parties. The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty upon the Collateral Agent or any Secured Party to exercise any such powers. The Collateral Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

Section 9. REMEDIES.

9.1 Generally.

(a) If any Event of Default shall have occurred and be continuing, the Collateral Agent may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it at law or in equity, all the rights and remedies of the Collateral Agent on default under the UCC (whether or not the UCC applies to the affected Collateral) to collect, enforce or satisfy any Secured Obligations then owing, whether by acceleration or otherwise, and also may pursue any of the following separately, successively or simultaneously:

(i) require any Grantor to, and each Grantor hereby agrees that it shall at its expense and promptly upon request of the Collateral Agent forthwith, assemble all or part of the tangible Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;

(ii) enter onto the property where any Collateral is located and take possession thereof with or without judicial process;

(iii) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent the Collateral Agent deems appropriate; and

(iv) without notice except as specified below or under the UCC, sell, assign, lease, license (on an exclusive or nonexclusive basis) or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable.

(b) The Collateral Agent or any other Secured Party may be the purchaser of any or all of the Collateral at any public or private (to the extent to the portion of the Collateral being privately sold is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations) sale in accordance with the UCC and the Collateral Agent, as collateral agent for and representative of the Secured Parties, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such sale made in accordance with the UCC, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any C ollateral payable by the Collateral Agent at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, wi thout further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that it would not be commercially unreasonable for the Collateral Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. Each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be liable for the deficiency and the fees of any attorne ys employed by the Collateral Agent to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to the Collateral Agent, that the Collateral Agent has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way limit the rights of the Collateral Agent hereunder.

(c) The Collateral Agent may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(d) The Collateral Agent shall have no obligation to marshal any of the Collateral.

9.2 Application of Proceeds. Except as expressly provided elsewhere in this Agreement, all proceeds received by the Collateral Agent in respect of any sale of, any collection from, or other realization upon all or any part of the Collateral shall be applied in full or in part by the Collateral Agent against, the Secured Obligations in the following order of priority: first, to the payment of all reasonable costs and expenses of such sale, collection or other realization, including reasonable compensation to the Collateral Agent and its agents and counsel, and all other expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith, and all amounts for which the Collateral Agent is entitled to indemnification hereunder (in its capacity as the Collateral Agent and not as a Lender) and all advances made by the Collateral Agent hereunder for the account of the applicable Grantor, and to the payment of all reasonable costs and expenses paid or incurred by the Collateral Agent in connection with the exercise of any right or remedy hereunder or under the Credit Agreement, all in accordance with the terms hereof or thereof; second, to the extent of any excess of such proceeds, to the payment of all other Secured Obligations for the ratable benefit of the Lenders and the Lender Counterparties; and third, to the extent of any excess of such proceeds, to the payment to or upon the order of such Grantor or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

9.3 Sales on Credit. If the Collateral Agent sells any of the Collateral upon credit, Grantor will be credited only with payments actually made by purchaser and received by Collateral Agent and applied to indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Collateral Agent may resell the Collateral and Grantor shall be credited with proceeds of the sale.

9.4 Investment Related Property. Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Investment Related Property conducted without prior registration or qualification of such Investment Related Property under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Related Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, each Grantor agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely as a result of such limitation and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Related Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If the Collateral Agent determines to exercise its right to sell any or all of the Investment Related Property, upon written request, each Grantor shall and shall cause each issuer of any Pledged Stock to be sold hereunder, each partnership and each limited liability company from time to time to furnish to the Collateral Agent all such information as the Collateral Agent may reasonably request in order to determine the number and nature of interest, shares or other instruments included in the Investment Related Property which may be sold by the Collateral Agent in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

9.5 Grant of Intellectual Property License. For the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under Section 9 hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of such Trademarks, to use, assign, license or sublicense any of the Intellectual Property now owned or hereafter acquired, developed or created by such Grantor, wherever the same may be located. Such license shall include access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

9.6 Intellectual Property.

(a) Anything contained herein to the contrary notwithstanding, in addition to the other rights and remedies provided herein, upon the occurrence and during the continuation of an Event of Default:

(i) the Collateral Agent shall have the right (but not the obligation) to bring suit or otherwise commence any action or proceeding in the name of any Grantor, the Collateral Agent or otherwise, in the Collateral Agent's sole discretion, to enforce any Intellectual Property rights of such Grantor, in which event such Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all documents reasonably required by the Collateral Agent in aid of such enforcement and such Grantor shall promptly, upon demand, reimburse and indemnify the Collateral Agent as provided in Section 10.03 of the Credit Agreement in connection with the exercise of its rights under this Se ction, and, to the extent that the Collateral Agent shall elect not to bring suit to enforce any Intellectual Property rights as provided in this Section 9.6, each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation, dilution or other violation of any of such Grantor's rights in the Intellectual Property by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing, misappropriating, diluting or otherwise violating, as shall be necessary to prevent such infringement, misappropriation, dilution or other violation;

(ii) upon written demand from the Collateral Agent, each Grantor shall grant, assign, convey or otherwise transfer to the Collateral Agent or such Collateral Agent's designee all of such Grantor's right, title and interest in and to any Intellectual Property and shall execute and deliver to the Collateral Agent such documents as are necessary or appropriate to carry out the intent and purposes of this Agreement;

(iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that the Collateral Agent (or any Secured Party) receives cash proceeds in respect of the sale of, or other realization upon, any such Intellectual Property;

(iv) within five (5) Business Days after written notice from the Collateral Agent, each Grantor shall make available to the Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of such Event of Default as the Collateral Agent may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with any Trademarks or Trademark Licenses, such persons to be available to perform their prior functions on the Collateral Agent's behalf and to be compensated by the Collateral Agent at such Grantor's expense on a per diem, pro-rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default; and

(v) the Collateral Agent shall have the right to notify, or require each Grantor to notify, any obligors with respect to amounts due or to become due to such Grantor in respect of the Intellectual Property of such Grantor, of the existence of the security interest created herein, to direct such obligors to make payment of all such amounts directly to the Collateral Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done;

(1) all amounts and proceeds (including checks and other instruments) received by Grantor in respect of amounts due to such Grantor in respect of the Collateral or any portion thereof shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 9.7 hereof; and

(2) Grantor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(b) If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment or other transfer to the Collateral Agent of any rights, title and interests in and to any Intellectual Property of such Grantor shall have been previously made and shall have become absolute and effective, and (iv) the Secured Obligations shall not have become immediately due and payable, upon the written request of any Grantor, the Collateral Agent shall promptly execute and deliver to such Grantor, at such Grantor's sole cost and expense, such assignments or other transfer as may be necessary to re assign to such Grantor any such rights, title and interests as may have been assigned to the Collateral Agent as aforesaid, subject to any disposition thereof that may have been made by the Collateral Agent; provided, after giving effect to such reassignment, the Collateral Agent's security interest granted pursuant hereto, as well as all other rights and remedies of the Collateral Agent granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interests so reassigned shall be free and clear of any other Liens granted by or on behalf of the Collateral Agent and the Secured Parties.

9.7 Cash Proceeds; Deposit Accounts.

(a) If any Event of Default shall have occurred and be continuing, in addition to the rights of the Collateral Agent specified in Section 6.5 with respect to payments of Receivables, all proceeds of any Collateral received by any Grantor consisting of cash, checks and other near-cash items (collectively, "**Cash Proceeds**") shall be held by such Grantor in trust for the Collateral Agent, segregated from other funds of such Grantor, and upon request by the Collateral Agent shall, forthwith upon receipt by such Grantor, be turned over to the Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Collateral Agent, if required) and held by the Collateral Agent. Any Cash Proceeds received by the Collateral Agent (whether from a Grantor or otherwise) may, in the sole discretion of the Collateral Agent, (A) be held by the Collateral Agent for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations (whether matured or unmatured) and/or (B) then or at any time thereafter may be applied by the Collateral Agent against the Secured Obligations then due and owing.

(b) If any Event of Default shall have occurred and be continuing, the Collateral Agent may apply the balance from any Deposit Account or instruct the bank at which any Deposit Account is maintained to pay the balance of any Deposit Account to or for the benefit of the Collateral Agent.

Section 10. COLLATERAL AGENT.

The Collateral Agent has been appointed to act as Collateral Agent hereunder by Lenders and, by their acceptance of the benefits hereof, the other Secured Parties. The Collateral Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement; provided, the Collateral Agent shall, after payment in full of all Obligations under the Credit Agreement and the other Loan Documents, exercise, or refrain from exercising, any remedies provided for herein in accordance with the instructions of the holders (the "**Majorit y Holders**") of a majority of the aggregate "settlement amount" as defined in the Hedge Agreements (or, with respect to any Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any early termination payments then due) under such Hedge Agreement) under all Hedge Agreements. For purposes of the foregoing sentence, settlement amount for any Hedge Agreement that has not been terminated shall be the settlement amount as of the last Business Day of the month preceding any date of determination and shall be calculated by the appropriate swap counterparties and reported to the Collateral Agent upon request; provided any Hedge Agreement with a settlement amount that is a negative number shall be disregarded for purposes of determining the Majority Holders. In furtherance of the foregoing provisions of this Section, each Sec ured Party, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such Secured Party that all rights and remedies hereunder may be exercised solely by the Collateral Agent for the benefit of Secured Parties in accordance with the terms of this Section. The provisions of the Credit Agreement relating to the Collateral Agent including, without limitation, the provisions relating to resignation or removal of the Collateral Agent and the powers and duties and immunities of the Collateral Agent are incorporated herein by this reference and shall survive any termination of the Credit Agreement.

Section 11. CONTINUING SECURITY INTEREST; TRANSFER OF LOANS.

This Agreement shall create a continuing security interest in the Collateral and shall remain in full force and effect until the payment in full of all Secured Obligations (other than (x) obligations under Hedge Agreements not yet due and payable and (y) contingent indemnification obligations for which no claim has been made), and the cancellation or termination of the Commitments, be binding upon each Grantor, its successors and assigns, and inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing, but subject to the terms of the Credit Agreement, any Lender may assign or otherwise transfer any Loans held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Lenders herein or otherwise. Upon the payment in full of all Secured Obligations (other than (x) obligations under Hedge Agreements not yet due and payable and (y) contingent indemnification obligations for which no claim has been made), and the cancellation or termination of the Commitments, the security interest granted hereby shall automatically terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any such termination the Collateral Agent shall, at Grantors' expense, execute and deliver to Grantors or otherwise authorize the filing of such documents as Grantors shall reasonably request, including financing statement amendments to evidence such termination. Upon any disposition of property permitted by the Credit Agreement, the Liens granted herein shall be deemed to be automatically released and such property shall automatically revert to the applicable Gran tor with no further action on the part of any Person. The Collateral Agent shall, at the applicable Grantor's expense, execute and deliver or otherwise authorize the filing of such documents as such Grantor shall reasonably request, in form and substance reasonably satisfactory to the Collateral Agent, including financing statement amendments to evidence such release.

Section 12. STANDARD OF CARE; COLLATERAL AGENT MAY PERFORM.

The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property. Neither the Collateral Agen t nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or otherwise. If any Grantor fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by each Grantor under Section 10.02 of the Credit Agreement.

Section 13. MISCELLANEOUS.

Any notice required or permitted to be given under this Agreement shall be given in accordance with Section 10.01 of the Credit Agreement. No failure or delay on the part of the Collateral Agent in the exercise of any power, right or privilege hereunder or under any other Loan Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement and the other Loan Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. This Agreement shall be binding upon and inure to the benefit of the Collateral Agent and Grantors and their respective successors and assigns. No Grantor shall, without the prior written consent of the Collateral Agent given in accordance with the Credit Agreement, assign any right, duty or obligation hereunder. This Agreement and the other Loan Doc uments embody the entire agreement and understanding between Grantors and the Collateral Agent and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND ALL CLAIMS AND CONTROVERSIES ARISING OUT OF THE SUBJECT MATTER HEREOF WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF ANY OTHER LAW (OTHER THAN ANY MANDATORY PROVISIONS OF THE UCC RELATING TO THE LAW GOVERNING PERFECTION AND THE EFFECT OF PERFECTION OF THE SECURITY INTEREST).

THE PROVISIONS OF THE CREDIT AGREEMENT UNDER THE HEADINGS "CONSENT TO JURISDICTION" AND "WAIVER OF JURY TRIAL" ARE INCORPORATED HEREIN BY THIS REFERENCE AND SUCH INCORPORATION SHALL SURVIVE ANY TERMINATION OF THE CREDIT AGREEMENT.

IN WITNESS WHEREOF, each Grantor and the Collateral Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

OCWEN FINANCIAL CORPORATION,
as Grantor

By: _____
Name:
Title:

OCWEN LOAN SERVICING, LLC,
as Grantor

By: _____
Name:
Title:

REAL ESTATE SERVICING SOLUTIONS INC.,
as Grantor

By: _____
Name:
Title:

BARCLAYS BANK PLC,
as Collateral Agent

By: _____
Title: Authorized Signatory

EXHIBIT 31.1

CERTIFICATION PURSUANT TO 15 U.S.C. SECTION 7241,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, William C. Erbey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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 changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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: August 4, 2010

/s/ William C. Erbey
William C. Erbey
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO 15 U.S.C. SECTION 7241,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, David J. Gunter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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 changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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: August 4, 2010

/s/ David J. Gunter
David J. Gunter,
Executive Vice President, Chief Financial Officer and
Chief Accounting Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES OXLEY ACT OF 2002

I, William C. Erbey, state and attest that:

1. I am the Chief Executive 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 Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2010 (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/ William C. Erbey
Title: Chairman and Chief Executive Officer
Date: August 4, 2010

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, David J. Gunter, 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 Quarterly Report on Form 10-Q of the Registrant for the quarter ended June 30, 2010 (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/ David J. Gunter
Title: Executive Vice President, Chief Financial Officer and
Chief Accounting Officer
Date: August 4, 2010