OCWEN FINANCIAL CORP
Form 10-K/A
August 18, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
(Amendment No. 1)
(Mark one)

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

OR

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

Commission File No. 1-13219
OCWEN FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

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

(561) 682-8000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12 (g) of the Act: Not applicable.
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes T No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No T
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes T No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes T No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes o No T
Aggregate market value of the common stock of the registrant held by nonaffiliates as of June 28, 2013: $4,655,665,365
Number of shares of common stock outstanding as of February 24, 2014: 135,176,271 shares
DOCUMENTS INCORPORATED BY REFERENCE: Portions of our definitive Proxy Statement with respect to our Annual Meeting of Shareholders to be held on May 14, 2014, are incorporated by reference into Part II, Item 5 and Part III, Items 10 - 14.

Explanatory Note

Ocwen Financial Corporation (the “Company”, “Ocwen”, “we”, “us”, “our”) is filing this Amendment No. 1 (Amendment) to i Annual Report on Form 10-K for the year ended December 31, 2013 (Original Form 10-K) filed with the Securities and Exchange Commission (SEC) on March 3, 2014 (Original Filing Date) to restate and revise the Company’s previously issued audited consolidated financial statements and related financial information for the year and each of the quarterly periods in the year ended December 31, 2013 included in its Original Form 10-K. This Amendment is to correct an error in the application of the interest method in accounting for a financing liability. Approximately $17.3 million of cash payments were recognized as interest expense by the Company between January 1, 2013 and December 31, 2013 instead of being applied to reduce the outstanding balance of the financing liability. Concurrently with the filing of this Amendment, the Company is filing an amendment to its Quarterly Report on Form 10-Q for the three months ended March 31, 2014 to restate its previously issued unaudited consolidated financial statements for the first quarter of 2014 whereby $17.3 million of cash payments were applied to reduce the outstanding balance of the financing liability instead of being recognized as interest expense.

In this Amendment we have further revised the Company’s previously issued audited consolidated financial statements and related financial information for the year ended December 31, 2013 to retrospectively reflect certain measurement period adjustments identified in 2014 related to a business combination completed in 2013. This change is not being made in connection with the restatement, but instead is required by generally accepted accounting standards in the United States (GAAP).

Background on Restatement

The Company has sold rights to receive servicing fees, excluding ancillary income, with respect to certain of its mortgage servicing rights (Rights to MSRs) to Home Loan Servicing Solutions, Ltd. (HLSS). Because we retain legal title to the MSRs, the sales of Rights to MSRs are accounted for as financings. The liability, which represents the estimated future payments to HLSS relating to the Rights to MSRs, is included in Financing liabilities on our consolidated balance sheet. Until such time as we obtain certain third party consents for the transfer of legal title to the MSRs, we continue to recognize the full amount of servicing revenue and amortization of the MSRs. We initially establish the value of the liability based on the price at which the Rights to MSRs are sold to HLSS. Thereafter, the carrying value of the liability is adjusted to reflect changes in the net present value of the estimated future cash flows of the underlying MSRs, a Level 3 valuation . The future cash flows represent the estimated future payments to HLSS of principal and interest on the financing liability. Because the financing liability does not have any contractual maturity date, the liability is amortized over the estimated life of the underlying MSRs using the interest method. For purposes of applying the interest method, the balance of the liability is reduced each quarter based on the change in the present value of the estimated future cash flows, with any remaining cash payment recognized as interest expense. The Company utilizes a third-party valuation expert to provide the estimated fair value of the MSRs underlying the financing liability. In 2012, with the completion of the first Rights to MSRs sale to HLSS, the Company adopted an accounting convention whereby we applied a narrow (5%) range to the valuations received from the third-party valuation expert in determining the carrying value of our financing liability. Under this accounting convention, no adjustment was made to the amortization of the financing liability as long as the valuation from the third-party valuation expert was within 5% of our carrying value. This accounting convention and the use of a range, rather than the third-party valuation expert point estimate of fair value, resulted in the error in the Company’s financial statements. We also identified a data error in connection with the valuation of less than 1/2 of 1% of the unpaid principal balance (UPB) of the Rights to MSRs underyling the financing liability. This error overstated the estimated fair value of the Rights to MSRs underlying our financing liability by $5.9 million at December 31, 2013. The impact of this error is included in the $17.3 million adjustment described above.

On August 12, 2014, our Board of Directors and the Audit Committee of the Board of Directors (Audit Committee), after consultation with Deloitte & Touche LLP, the Company’s independent registered public accounting firm, determined that the Company’s consolidated financial statements for the fiscal year ended December 31, 2013 and the quarter ended March 31, 2014 could no longer be relied upon as being compliant with GAAP. Consequently, we have revised our financial results for the periods presented in this Amendment.

The adjustments to correct the error in applying the interest method to certain financing liabilities resulted in an increase in net income of $16.3 million and an increase in basic and diluted earnings per share of $0.12 and $0.11, respectively, for the year ended December 31, 2013.

Because these revisions represent corrections to our prior period financial results, the revisions are considered to be a “restatement” under GAAP. Accordingly, the revised financial information included in this Annual Report on Form 10-K/A has been identified as “As Restated.”

In connection with the restatement, management has re-evaluated the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as of December 31, 2013 based on the framework in "Internal Control-Integrated Framework (1992 framework)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were not effective as of December 31, 2013 solely due to a material weakness in internal control over financial reporting related to the accounting convention when applying the interest method in accounting for financing liabilities related to Rights to MSRs sold to HLSS. Specifically, our controls were not properly designed to calculate the appropriate allocation of cash payments between principal and interest in connection with the financing liability. For a discussion of management's consideration of our disclosure controls and procedures, internal controls over financial reporting, and the material weaknesses identified, see Part II, Item 9A, "Controls and Procedures" of this Amendment.

Background on Revision

In our Quarterly Report on Form 10-Q for the period ended March 31, 2014, filed on May 2, 2014, we revised our December 31, 2013 consolidated balance sheet to reflect measurement period adjustments attributable to the acquisition of certain assets and the loan servicing operations of Residential Capital, LLC on February 15, 2013 (ResCap Acquisition). These measurement period adjustments consisted primarily of additional settlements completed in January and February 2014. These revisions do not represent a correction of an error. Under GAAP we are required to revise prior period comparative financial information when it is reissued in subsequent financial statements to include the effect of the measurement period adjustment as if the accounting for the business combination had been completed on the acquisition date, which in this case is February 15, 2013. Consequently, we have revised our consolidated balance sheet as of December 31, 2013 in this Amendment. These changes did not have any effect on our consolidated results of operations or cash flows.

Effects of Restatement and Revision

Revisions to the Original Form 10-K have been made to the Company's Consolidated Financial Statements and related disclosures in Part II, Item 8 - Financial Statements and Supplementary Data for the year ended December 31, 2013. In addition, corresponding changes have been made to the following other items to reflect the restatement and the revision related to the ResCap Acquisition described above:

(A) Amendments to Part I, Item 1A - Risk Factors, to add an additional risk factor regarding our internal controls over financial reporting as a result of the identification of a material weakness in our financial reporting.

(B) Amendments to Part II, Item 6 - Selected Financial Data, to restate (a) our 2013 annual results of operations to reflect a reduction in interest expense related to a change in the value of Financing liabilities which had the effect of overstating our consolidated Other expense, net and understating Income before tax by $17.3 million and increasing income tax expense by $1.0 million for the year ended 2013 and to revise and/or restate (b) our 2013 balance sheet to reflect (i) an increase in Total assets and Total liabilities of $54.2 million to reflect final purchase accounting adjustments in connection with the ResCap Acquisition; (ii) a reduction in Total liabilities and Financing liabilities of $17.3 million; and (iii) the impact on our income tax accounts for the effects of above items within our results of operations and/or balance sheet as of December 31, 2013.

(C) Amendments to Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, to reflect the restatement of our financial results, described in (B) above.

(D) Amendments to Part II, Item 8 - Financial Statements and Supplementary Data , to restate our 2013 consolidated balance sheet as of December 31, 2013, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year ended December 31, 2013 and related disclosures for the items noted within (B) above.

(E) Amendments to Part II, Item 9A - Controls and Procedures, to (i) describe changes in our disclosure controls and procedures and our internal controls over financial reporting to address a material weakness, (ii) modify management's opinion of the effectiveness of our internal controls over financial reporting as of December 31, 2013, and (iii) modify the Report of our Independent Registered Public Accounting Firm for its opinion on the effectiveness of our internal controls over financial reporting as of December 31, 2013.

(F) Part IV, Item 15 - Exhibits, Financial Statement Schedules, including exhibits 12.1, 23.1, 31.1, 31.2, 32.1 and 32.2.

We believe that presenting the restated information regarding the restated period in this Form 10-K/A allows investors to review all pertinent data in a single presentation. Accordingly, investors should rely only on the financial information and other disclosures regarding the restated period in this Form 10-K/A or in future filings with the SEC, as applicable, and not on any previously issued or filed reports, earnings releases or similar communications relating to these periods.

Except as described in this Explanatory Note, the consolidated financial statements and financial statement footnote disclosures in the Original Form 10-K are unchanged. In particular, except for the events described above, this Amendment has not been updated to reflect any events that have occurred after the Original Form 10-K was filed or to modify or update disclosures affected by other subsequent events, except where required by GAAP. Accordingly, forward-looking statements

included in this Amendment represent management’s views as of the Original Filing Date and should not be assumed to be accurate as of any date thereafter. This Amendment should be read in conjunction with the Company’s other filings with the SEC, together with any amendments to those filings.

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

		PAGE
PART I		
Item 1.	Business	3
Item 1A.	Risk Factors	12
Item 1B.	Unresolved Staff Comments	27
Item 2.	Properties	27
Item 3.	Legal Proceedings	28
Item 4.	Mine Safety Disclosures	28
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	28
Item 6.	Selected Financial Data (As Restated)	31
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations (As Restated)	33
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	69
Item 8.	Financial Statements and Supplementary Data (As Restated)	69
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	69
Item 9A.	Controls and Procedures (As Amended)	70
Item 9B.	Other Information	71
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	71
Item 11.	Executive Compensation	71
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	71
Item 13.	Certain Relationships and Related Transactions, and Director Independence	71

Item 14.	Principal Accounting Fees and Services	71
PART IV		
Item 15.	Exhibits, Financial Statement Schedules	72
Signatures		76

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact included in this report, including, without limitation, statements regarding our financial position, business strategy and other plans and objectives for our future operations, are forward-looking statements.

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

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

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

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

PART I

ITEM 1. BUSINESS

GENERAL

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

RESTATEMENT

On August 12, 2014, our Board of Directors and the Audit Committee of the Board of Directors (Audit Committee), after consultation with Deloitte & Touche LLP, the Company’s independent registered public accounting firm, determined that the Company’s consolidated financial statements for the fiscal year ended December 31, 2013 and the quarter ended March 31, 2014 could no longer be relied upon as being compliant with GAAP. Consequently, we have revised our financial results for the periods presented in this Amendment. Because these revisions are treated as corrections to our prior period financial results, the revisions are considered to be a “restatement” under GAAP. Accordingly, the revised financial information included in this Annual Report on Form 10-K/A has been identified as “As Restated.” See Note 1A - Restatement and Revision of Previously Issued Consolidated Financial Statements to the Consolidated Financial Statements in Part II, Item 8 for further discussion.

OVERVIEW

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

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

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

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

growth strategies and to which we believe our competitive advantages in process management and financial services are transferable.

Finally, Ocwen has implemented an "asset-light" strategy that we believe will improve returns to our shareholders. The most important example of this strategy has been the sale of rights to receive servicing fees, excluding ancillary income, with respect to certain mortgage servicing rights (Rights to MSRs), together with the related servicing advances, to a third party, Home Loan Servicing Solutions, Ltd. (HLSS), while retaining the rights to subservice the portfolio. Similarly, we developed a means to mitigate the prepayment risks associated with conventional and government insured mortgage servicing rights (MSRs) by financing a portion of the servicing fees. On February 26, 2014, we issued $123.6 million of Ocwen Asset Servicing Income Series (OASIS), Series 2014-1 Notes (Notes) secured by Ocwen-owned MSRs relating to mortgages with an unpaid principal balance (UPB) of approximately $11.8 billion (such mortgages, the reference pool). Noteholders are entitled to receive a monthly payment amount equal to the sum of: a) the designated servicing fee amount (21 basis points of the UPB of the reference pool); b) any termination payment amounts; c) any excess refinance amounts; and d) the note redemption amounts, each as defined in the indenture supplement for the Notes. The Notes have a final stated maturity of February 2028. This transaction is recorded as a financing and mitigates our match-funding risk as a result of prepayments as the noteholders' payments vary over the life of the Notes based on the duration of the underlying MSRs.

CORPORATE STRATEGY

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

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

Access to New Business

Servicing portfolio and platform acquisitions

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

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

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

		August 2013 - March 2014		
Greenpoint (10)	Asset	December 2013	31,400	6.3

4

(1) Consists of conventional and non-Agency (includes forward mortgage loans originated as Alt-A and subprime) MSRs acquired from Saxon Mortgage Services, Inc. (Saxon).

(2) Represents the U.S. non-Agency mortgage servicing business (HomeEq) acquired from Barclays Bank PLC.

(3) Represents the acquisition of the outstanding partnership interests of Litton Loan Servicing LP (Litton), a servicer and subservicer of primarily non-Agency mortgage loans, from The Goldman Sachs Group, Inc.

(4) Consists of non-Agency MSRs acquired from JP Morgan Chase Bank, N.A. (JPMorgan).

(5) Consists of conventional MSRs acquired from Bank of America, N.A. (Bank of America).

(6) On December 27, 2012, completed the merger of O&H Acquisition Corp. (O&H), a wholly-owned subsidiary of Ocwen, and Homeward Residential Holdings, Inc. (Homeward), a servicer and subservicer of conventional, government insured and non-Agency mortgage loans and conventional and government insured loan originator, substantially all of the stock of which was owned by certain private equity funds that were managed by WL Ross & Co. LLC.

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

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

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

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

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

Subservicing opportunities

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

Expansion into adjacent markets

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

Low Cost Structure

We believe we have a strong, sustainable cost advantage with respect to competing mortgage servicers. For example, based on a comparison of Mortgage Industry Advisory Corporation (MIAC) cost per non-performing loan as of the

second quarter of 2013 to Ocwen's marginal cost study for the same period, our cost of servicing non-performing, non-Agency loans on the REALServicing® platform is approximately 70% lower than industry averages. Our analysis of the businesses that we have acquired and our discussions with other market participants have also confirmed our belief that we are an industry leader in terms of our cost to service non-performing loans. We believe that our substantial cost advantages are primarily a result of proprietary technology and processes as well as through scale and global sourcing strategies.

Customer Service and Process Management

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

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

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

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

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

Superior Default Management

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

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

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

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

Scalable and Compliant Servicing Platform

We believe that we have the most scalable servicing platform in the industry primarily as a result of our access to superior technology. The significant growth in our servicing portfolio over the past three years demonstrates our ability to scale up our platform. On average, we complete all contractual conditions to initial closing in connection with portfolio acquisitions and transfer onto our platform in 60 to 90 days. Boarding timelines have ranged from 11 days to 150 days. It typically takes longer

to fully complete transfers of loans from acquired platforms onto Ocwen's platform. Asset only acquisitions are typically boarded more quickly from signing an agreement to initial boarding. All loans were transferred off of the Homeward platform by April 2013, and we expect to complete the transfer of loans off of the ResCap platform by June 2014. The length of our integration timelines is driven by our obligations to our customers, investors and regulators.

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

Diverse, Cost-Effective Sources of Capital

A significant portion of our growth since 2009 has been financed through term loans and assets sales under an increasingly efficient capital strategy which seeks to minimize the cost of capital and reduce the need for new equity issuance to fund growth. Improving debt markets have allowed us to lower funding costs for both corporate debt and servicing advance financing. We will continue to look for opportunities to improve our capital structure from both a strength and cost perspective. Key examples of our past ability to create and capture value include the asset sales and capital efficiency strategies discussed below.

Asset Sales

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

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

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

Capital Efficiency Strategies

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

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

On October 31, 2013, we announced that our board of directors had authorized a share repurchase program for an aggregate of up to $500.0 million of our issued and outstanding shares of common stock. The purpose of this plan is to provide a tax efficient way to return cash to shareholders when it is deemed the shares are attractively priced. Repurchases may be made in open market transactions at prevailing market prices or in privately negotiated transactions. Unless we amend the share repurchase program or repurchase the full $500.0 million amount by an earlier date, the share repurchase program will continue through July 2016. We may use SEC Rule 10b5-1 plans in connection with our share repurchase program. On February 27, 2014, we announced a general goal of buying at least

the prior quarter's earnings in the three months following our earnings announcements. We may buy more or less in any given period and our intentions may change. During the fourth quarter of 2013, we repurchased 1,125,707 shares of common stock in the open market under this program for a total purchase price of $60.0 million.

BUSINESS LINES

Servicing and Lending are our primary lines of business.

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

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

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

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

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

COMPETITION

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

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

source of competitive strength.
In the servicing industry, we compete on the basis of price, quality and counterparty risk. We face fee competition for subservicing transactions as well as MSR price competition in acquiring servicing portfolios and platforms. Potential sources of business also examine the quality of our servicing, including our systems and processes, for demonstrating regulatory compliance. Some of our competitors, including the larger financial institutions, have substantially lower costs of capital. We

believe that our competitive strengths flow from our ability to control and drive down delinquencies through the use of proprietary technology and processes and our lower cost to service.
In the lending industry, we face significant competition in most areas, including product offerings, rates, pricing and fees, and customer service. Some of our competitors, including the larger financial institutions, have substantially lower costs of capital. We believe our competitive strengths flow from our customer service (e.g., time to close) and our customer relationships, especially our close work with the Lenders One network.
THIRD-PARTY SERVICER RATINGS
HUD, Freddie Mac, Fannie Mae and Ginnie Mae have approved OLS as a loan servicer. We are also the subject of mortgage servicer ratings issued and revised from time to time by credit rating agencies including Moody's Investors Services, Inc. (Moody's), Morningstar, Inc. (Morningstar), Standard & Poor's Rating Services (S&P) and Fitch Ratings (Fitch).
The following table summarizes our current ratings and outlook by the respective nationally recognized rating agencies.

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

(1) Non-prime rating.
See "Risk Factors - Risks Relating to Our Business" for a discussion of the adverse effects that a downgrade in our servicer ratings could have on our business, financing activities, financial condition or results of operations.
ALTISOURCE SPIN-OFF
In 2009, we completed the distribution of our Ocwen Solutions (OS) line of business (the Separation) via the spin-off of a separate publicly traded company, Altisource. OS consisted primarily of Ocwen's former unsecured collections business, residential fee-based loan processing businesses and technology platforms. Altisource provides important technology products and other services to us that support our servicing and origination businesses. In addition, Ocwen and Altisource continue to provide corporate services to each other under agreements entered into following the Separation. In 2013, we completed the sale of the diversified fee-based businesses acquired in the Homeward and ResCap acquisitions to Altisource.
REGULATION
Our business is subject to extensive regulation by federal, state and local governmental authorities, including the CFPB), the Federal Trade Commission (FTC), the SEC and various state agencies that license, audit and conduct examinations of our mortgage servicing, origination and collection activities. From time to time, we also receive requests from federal, state and local agencies for records, documents and information relating to our policies, procedures and practices regarding our mortgage servicing, origination and collection activities. In addition, the GSEs and their regulator, the Federal Housing Finance Authority (FHFA), Ginnie Mae, various investors, non-Agency securitization trustees and others also subject us to periodic reviews and audits.
As a result of the current regulatory environment, we have faced and expect to continue to face increased regulatory and public scrutiny as well as stricter and more comprehensive regulation of our business. We continue to work diligently to assess and understand the implications of the regulatory environment in which we operate and the regulatory changes we are facing. We devote substantial resources to regulatory compliance, while, at the same time, striving to meet the needs and expectations of our customers and clients.
We must comply with a number of federal, state and local consumer protection laws including, among others, the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the Real Estate Settlement Procedures Act (RESPA), the Truth in Lending Act (TILA), the Fair Credit Reporting Act, the Servicemembers Civil Relief Act, the

Homeowners Protection Act, the Federal Trade Commission Act and, more recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and state foreclosure laws. These statutes apply to loan origination, debt collection, use of credit reports, safeguarding of non-public, personally identifiable information about our customers, foreclosure and claims handling, investment of and interest payments on escrow balances and escrow payment features, and mandate certain disclosures and notices to borrowers. These requirements can and do change as statutes and regulations are enacted, promulgated or amended.

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

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

The recent trend among federal, state and local lawmakers and regulators has been toward increasing laws, regulations and investigative proceedings with regard to residential real estate lenders and servicers. Over the past few years, state and federal lawmakers and regulators have adopted a variety of new or expanded laws and regulations, including the Dodd-Frank Act discussed below. These regulatory and legislative measures, or changes in enforcement practices, could, either individually, in combination or in the aggregate, require that we further change our business practices, impose additional costs on us, limit our product offerings, limit our ability to efficiently pursue business opportunities, negatively impact asset values and reduce our revenues. Accordingly, they could materially and adversely affect our business and our financial condition, liquidity and results of operations. For additional information, see Item 1A, Risk Factors, below.

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

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

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

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

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

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

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

- force-placing insurance, unless there is a reasonable belief that the borrower has failed to comply with a contractual requirement to maintain insurance;
- charging a fee for responding to a valid qualified written request;

10

- failing to take timely action to respond to the borrower's request to correct errors related to payment, payoff amounts, or avoiding foreclosure;
- failing to respond within 10 business days of a request from the borrower to provide contact information about the owner or assignee of their loan; and
- failing to return an escrow balance or provide a credit within 20 business days of a residential mortgage loan being paid off by the borrower.

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

- acknowledging receipt of a qualified written request under RESPA within 5 business days and providing a final response within 30 business days;
- promptly crediting mortgage payments received from the borrower on the date of receipt except where payment does not conform to previously established requirements; and
- sending an accurate payoff statement within a reasonable period of time but in no case more than 7 business days after receipt of a written request from the borrower.

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

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

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

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

EMPLOYEES

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

SUBSIDIARIES

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

AVAILABLE INFORMATION

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are made available free of charge through our website (www.ocwen.com) as soon as such material is electronically filed with or furnished to the SEC. The public may read or copy any materials we file with the SEC at

the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers, including Ocwen, that file electronically with the SEC. The address of that site is www.sec.gov. We have also posted on our website, and have available in print upon request, the charters for our Audit Committee, Compensation Committee, Nomination/Governance Committee and Compliance Committee, our

Corporate Governance Guidelines, our Code of Conduct and Ethics and our Code of Ethics for Senior Financial Officers. Within the time period required by the SEC and the New York Stock Exchange, we will post on our website any amendment to or waiver of the Code of Ethics for Senior Financial Officers, as well as any amendment to the Code of Conduct and Ethics or waiver thereto applicable to any executive officer or director. We may post information that is important to investors on our website. The information provided on our website is not part of this report and is, therefore, not incorporated herein by reference.

ITEM 1A. RISK FACTORS

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

Risks Relating to Government Regulation and Financial Regulatory Reforms

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

Our business is subject to extensive regulation by federal, state and local governmental authorities, including the CFPB, the FTC, the SEC and various state agencies that license, audit and conduct examinations of our mortgage servicing, origination and collection activities. From time to time, we also receive requests from federal, state and local agencies for records, documents and information relating to our policies, procedures and practices regarding our mortgage servicing, origination and collection activities. In addition, the GSEs and their regulator, the FHFA, Ginnie Mae, various investors, non-Agency securitization trustees and others also subject us to periodic reviews and audits. As a result of the current regulatory environment, we have faced and expect to continue to face increased regulatory and public scrutiny as well as stricter and more comprehensive regulation of our business. We must devote substantial resources to regulatory compliance, and we incur, and expect to continue to incur, significant ongoing costs to comply with new and existing laws and governmental regulation of our business. If we fail to effectively manage our regulatory and contractual compliance obligations, the resources we are required to devote and our compliance expenses would likely increase.

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

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

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

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

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

impact asset values and reduce our revenues. Accordingly, they could materially and adversely affect our business and our financial condition, liquidity and results of operations.

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

We are subject to a number of pending federal and state regulatory investigations, examinations, inquiries and requests for information which could result in adverse regulatory action against us. For example, on January 18, 2012, OLS received a subpoena from the New York Department of Financial Services (NY DFS) requesting documents regarding OLS' policies, procedures and practices regarding lender-placed or "force-placed" insurance which is required to be provided for borrowers who allow their hazard insurance policies to lapse. Separately, on December 5, 2012, we entered into a Consent Order with the NY DFS in which we agreed to the appointment of a Monitor to oversee our compliance with an Agreement on Servicing Practices. The Monitor began its work in 2013, and we continue to cooperate with the Monitor. We devote substantial resources to regulatory compliance, and we incur, and expect to continue to incur, significant ongoing costs with respect to compliance in connection with the Agreement on Servicing Practices and the work of the Monitor. In early February 2014, the NY DFS requested that OLS put an indefinite hold on an acquisition from Wells Fargo Bank, N.A. (Wells Fargo) of MSRs and related servicing advances relating to a portfolio of approximately 184,000 loans with a UPB of approximately $39.0 billion. The NY DFS expressed an interest in evaluating further our ability to handle more servicing. We have agreed to place the transaction on indefinite hold. We are cooperating with the NY DFS on this matter.

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

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

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

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

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

resources and devote additional management time to addressing any such regulatory concerns which would reduce the resources available to address other issues and the time management is able to devote to other issues.

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

The Dodd-Frank Act constitutes a sweeping reform of the regulation and supervision of financial institutions, including mortgage servicing, origination, sales and securitization. Among other things, the Dodd-Frank Act creates the CFPB, a new federal entity responsible for regulating consumer financial services. We have devoted substantial resources and incurred significant compliance costs responding to the Dodd-Frank Act and rules and regulations issued thereunder. We expect to continue to devote substantial resources and incur significant costs going forward. In addition, many provisions of the Dodd-Frank Act must be implemented through rule making by the appropriate federal regulatory agency and will take effect over several years. The ultimate impact of the Dodd-Frank Act and its effects on our business will, therefore, not be fully known for an extended period of time.

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

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

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

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

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

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

When a mortgage loan is in foreclosure, we are generally required to continue to advance delinquent principal and interest to the securitization trust and to make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent that we determine that such amounts are recoverable. These servicing advances are generally recovered when the delinquency is resolved. Regulatory actions that lengthen the foreclosure process will increase the amount of servicing advances that we are required to make, lengthen the time it takes for us to be reimbursed for such advances and increase the costs incurred during the foreclosure process. In

addition, advance financing facilities generally contain provisions that limit the eligibility of servicing advances to be financed based on the length of time that the servicing advances are outstanding. Certain of our match funded advance facilities have provisions that limit new borrowings if average foreclosure timelines extend beyond a certain time period. As a result, an increase in foreclosure timelines could further increase the amount of servicing advances that we need to fund with our own capital. Such increases in foreclosure timelines could increase our interest expense, delay the collection of servicing fee revenue until the foreclosure has been resolved and, therefore, reduce the cash that we have available to pay our operating expenses.

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

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

In 2011, Freddie Mac and Fannie Mae each issued their Servicing Alignment Initiative as directed by the FHFA. The Servicing Alignment Initiative established new requirements primarily related to loss mitigation processes, including servicer incentives and compensatory fees that could be charged to servicers based on performance against benchmarks for various metrics. Through our servicing relationship with Freddie Mac and Fannie Mae, we have potential exposure to such compensatory fees. It is possible that the compensatory fees could substantially increase the costs and risks associated with servicing Freddie Mac or Fannie Mae non-performing loans. Moreover, due to the significant role Fannie Mae and Freddie Mac play in the secondary mortgage market, it is possible that compensatory fee requirements and similar initiatives that they implement could become prevalent in the mortgage servicing industry generally. Other industry stakeholders or regulators may also implement or require changes in response to the perception that current mortgage servicing practices and compensation do not serve broader housing policy objectives well. To the extent that FHFA and/or the GSEs implement reforms that materially affect the market for conventional and/or government insured loans, there may also be indirect effects on the subprime and Alt-A markets, which could include material adverse effects on the creation of new mortgage servicing rights, the economics or performance of any mortgage servicing rights that we acquire, servicing fees that we can charge and costs that we incur to comply with new servicing requirements.

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

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

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

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

state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. If we are found to have violated predatory or abusive lending laws, we could suffer reputational damage, and we could incur losses which could materially and adversely impact our business, financial condition and results of operations.

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

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

material effect on our business. If we decrease our participation in government programs such as HAMP, or if the financial benefits from such programs decrease, our revenues will be adversely affected.

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

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the S.A.F.E. Act) requires the individual licensing and registration of those engaged in the business of loan origination. The S.A.F.E. Act is designed to improve accountability on the part of loan originators, combat fraud and enhance consumer protections by encouraging states to establish a national licensing system and minimum qualification requirements for applicants. HUD is the federal agency charged with establishing and enforcing a licensing and registration system that meets the minimum requirements of the S.A.F.E. Act. On December 15, 2009, HUD proposed a rule that would extend the licensing requirements for loan originators to servicing personnel who are performing modifications. The servicing industry has responded to this proposed rule by requesting that HUD reconsider its position as the licensing costs and impact to the modification process will increase the cost of servicing, including our costs of servicing any affected mortgage loans. It is not known at this time whether HUD will modify its proposed licensing requirements for servicing personnel.

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

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

Risks Relating to Our Business

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

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

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

financial condition and results of operations and could trigger cross-defaults under our various credit agreements.

- Valuation of MSRs. Apart from the risk of losing our servicing rights, defaults are involuntary prepayments resulting in a reduction in UPB. This may result in higher amortization and impairment in the value of our MSRs.

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

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

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

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

- limitations imposed on us by existing lending and similar agreements that contain restrictive covenants that may limit our ability to raise additional debt
- liquidity in the credit markets
- the strength of the lenders from whom we borrow
- limitations on borrowing on advance facilities that are limited by the amount of eligible collateral pledged

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

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

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

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

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

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

Our servicing portfolio may be prepaid prior to maturity, refinanced with a mortgage loan not serviced by us or involuntarily liquidated through foreclosure or other liquidation process. As a result, our ability to maintain the size of

our servicing portfolio depends on our ability to acquire the right to service or subservice additional pools of mortgage loans or to originate additional loans for which we retain the MSRs. We may not be able to acquire MSRs or enter into additional fee-based servicing agreements on terms favorable to us or at all, due to factors such as decreased mortgage loan production or the regulatory environment. We may not be able to originate as many loans for which we retain the MSRs as we desire. Although Homeward has been originating mortgage loans since November 2011, its track record in this line of business is still limited

and subject to uncertainty. Furthermore, third party originators have relationships with more than one correspondent lender and may elect to sell some or all of their loans to one or more correspondent lenders other than us.

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

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

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

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

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

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

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

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

We are dependent on Altisource for our technology.

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

18

We have identified a material weakness in our internal control over financial reporting which has resulted in material misstatements in our previously issued financial statements. If our remedial measures are insufficient to address the material weakness, or if one or more additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to further restate our financial results, which could adversely affect our financial condition, stock price, reputation and investors' and counterparties' perceptions of us.

In connection with the restatement discussed in the Explanatory Note to this Form 10-K/A and in Note 1A — Restatement and Revision of Previously Issued Consolidated Financial Statements to the Consolidated Financial Statements included in Item 8 of this Form 10-K/A, management identified a material weakness in internal control over financial reporting as of December 31, 2013 related to the use of an accounting convention in our application of the interest method to financing liabilities related to Rights to MSRs sold to HLSS. Specifically, our controls were not properly designed to calculate the appropriate allocation of cash payments between principal and interest in connection with the financing liability.

The material weakness resulted in the restatement of our financial statements and related financial information for the year and quarters in the year ended December 31, 2013, as well as for the quarter ended March 31, 2014 (the Restated Periods). On August 12, 2014, our Board of Directors and the Audit Committee of the Board of Directors (Audit Committee), after consultation with Deloitte & Touche LLP, the Company's independent registered public accounting firm, determined that the Company's consolidated financial statements for the Restated Periods could no longer be relied upon as being compliant with GAAP. In connection with the restatement, management re-evaluated its assessment of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2013 and concluded each was ineffective as of December 31, 2013. Our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2014 have been amended by Amendments No. 1 on Forms 10-K/A and 10-Q/A, respectively, to reflect the restatement of our financial statements for the Restated Periods and the change in management's conclusion regarding the effectiveness of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2013 and March 31, 2014.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. See also Part II, Item 9A, "Controls and Procedures" of this Amendment. The existence of this issue could adversely affect us, our reputation, investors' and counterparties' perceptions of us and our stock price. It could also lead to increased scrutiny from regulators or the media, rumors concerning us and the initiation of legal proceedings, or adverse developments in existing legal proceedings.

We have corrected our application of the interest method in connection with the accounting for financing liabilities related to sales of Rights to MSRs to HLSS by eliminating the accounting convention as a result of the restatement. We are also in the process of implementing new controls related to the monitoring and oversight of valuations of Level 3 assets and liabilities and the level and timing of critical assumptions used in third-party valuations we use in our accounting processes and reporting. Management believes these initiatives will remediate the material weakness in internal control over financial reporting described above. We will test the ongoing operating effectiveness of the new controls in future periods. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

If our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to further restate our financial results, which could adversely affect our financial condition, reputation and investors' and counterparties' perceptions of us. In addition, if we are unable to successfully remediate the material weaknesses in our internal controls or if we are unable to produce accurate and timely financial statements, our stock price may be adversely affected and we may be unable to maintain compliance with applicable stock exchange listing requirements.

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

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

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

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

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

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

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

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

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

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

- representations and warranties concerning loan quality, contents of the loan file or loan underwriting circumstances are inaccurate
- adequate mortgage insurance is not secured within a certain period after closing
- a mortgage insurance provider denies coverage
- there is a failure to comply, at the individual loan level or otherwise, with regulatory requirements. We believe that, as a result of the current market environment, many purchasers of residential mortgage loans are particularly aware of

the conditions under which originators must indemnify or repurchase loans and under which such purchasers would benefit from enforcing any indemnification rights and repurchase remedies they may have.

As our lending business grows, we expect that our exposure to indemnification risks and repurchase requests is likely to increase. If home values decrease, our realized loan losses from loan repurchases and indemnifications may increase as well. As a result, our reserve for repurchases may increase beyond our current expectations. If we are required to indemnify or repurchase loans that we originate and sell, and where we have assumed this risk on loans that we service, as discussed above, in either case resulting in losses that exceed our related reserve, our business, financial condition and results of operations could

be adversely affected. We are aware of several recent court actions in which mortgage loan sellers are defending against repurchase claims have been asserted against them based on alleged breaches of representations and warranties. The grounds for the defense of such claims include the expiration of statutes of limitation, lack of notice and opportunity to cure and vitiation of the obligation to repurchase as a result of foreclosure or charge off of the loan. Ocwen is not a party to any of the actions, but we are the servicer for certain securitizations involved in such actions. Ocwen has entered into tolling agreements with respect to its role as servicer for a very small number of securitizations and may enter into additional tolling agreements in the future. Should Ocwen be made a party to these or similar actions, we may need to defend allegations that we failed to service loans in accordance with applicable agreements and that such failures prejudiced the rights of repurchase claimants against loan sellers. We believe that any such allegations would be without merit and, if necessary, would vigorously defend against them. If, however, we were required to compensate claimants for losses related to seller breaches of representations and warranties in respect of loans we service, then our business, financial condition and results of operations could be adversely affected.

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

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

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

Our business is substantially dependent on our ability to process and monitor a large number of transactions, many of which are complex, across various parts of our business. These transactions often must adhere to the terms of complex legal agreements, as well as legal and regulatory standards. In addition, given the volume of transactions that we process and monitor, certain errors may be repeated or compounded before they are discovered and rectified. We are responsible for developing and maintaining sophisticated operational systems and infrastructure, which is challenging. System disruptions and failures may interrupt or delay our ability to provide services to our customers and otherwise adversely affect our operations. The secure transmission of confidential information over the Internet and other electronic distribution and communication systems is essential to our maintaining consumer confidence in certain of our services. Security breaches, computer viruses, hacking and other acts of vandalism could result in a compromise or breach of the technology that we use to protect our borrowers' personal information and transaction data. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume or unforeseen catastrophic events, potentially resulting in data loss and adversely affecting our ability to process these transactions. If one or more of such events occurs, this could potentially jeopardize data integrity or confidentiality of information processed and stored in, or transmitted through, our computer systems and networks, which could result in our facing significant losses, reputational damage and legal liabilities.

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

Our earnings may be inconsistent.

Our past financial performance should not be considered a reliable indicator of future performance, and historical trends may not be reliable indicators of anticipated financial performance or trends in future periods.
The consistency of our operating results may be significantly affected by inter-period variations in our current operations including the amount of servicing rights acquired and the changes in realizable value of those assets due to, among other factors, increases or decreases in prepayment speeds, delinquencies or defaults.
Certain non-recurring gains and losses that have significantly affected our operating results in the past may result in substantial inter-period variations in financial performance in the future.

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

Our ability to measure and report our financial position and operating results is influenced by the need to estimate the impact or outcome of future events on the basis of information available at the time of the financial statements. An accounting estimate is considered critical if it requires that management make assumptions about matters that were highly uncertain at the time the accounting estimate was made. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of operations and cash flows. Management has processes in place to monitor these judgments and assumptions, including with the Audit Committee of the Board of Directors.

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

As a result of acquisitions and our ongoing and potential future business activities, the number and complexity of estimates we use in determining fair value has increased. At December 31, 2013, 17% and 10% of our consolidated total assets and liabilities are measured at fair value, respectively, on a recurring and nonrecurring basis, 61% and 100% of which are considered Level 3 valuations. Our largest Level 3 asset and liability carried at fair value on a recurring basis is Loans held for investment - reverse mortgages and the related secured financing. We pool home equity conversion mortgages (reverse mortgages) into Ginnie Mae Home Equity Conversion Mortgage-Backed Securities (HMBS). Because the transfers of reverse mortgages do not qualify for sale accounting, we account for these transfers as secured financings and classify the transferred reverse mortgages as Loans held for investment - reverse mortgages and Financing liabilities. Holders of HMBS have no recourse against the assets of Ocwen, except for standard representations and warranties and our contractual obligations to service the reverse mortgages and HMBS. We estimate the fair value of our assets and liabilities utilizing assumptions that we believe are appropriate and are used by market participants. The methodology used to estimate these values is complex and uses asset- and liability-specific data and market inputs for assumptions including interest and discount rates, collateral status and expected future performance and liquidity dates.

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

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

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

Nevertheless, no hedging strategy can completely protect us. The derivative financial instruments that we select may not have the effect of reducing our interest rate risks. Poorly designed strategies, improperly executed and documented transactions or inaccurate assumptions could actually increase our risks and losses. In addition, hedging strategies

involve transaction and other costs. We cannot be assured that our hedging strategies and the derivatives that we use will adequately offset the risks of interest rate volatility or that our hedging transactions will not result in or magnify losses.

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

We are exposed to liquidity risk primarily because of the highly variable daily cash requirements to support our servicing business including the requirement to make advances pursuant to servicing contracts and the process of remitting borrower payments to the custodial accounts. We are also exposed to liquidity risk by our need to originate and finance mortgage loans and sell mortgage loans into the secondary market. In general, we finance our operations through operating cash flows and

various other sources of funding including match funded agreements, secured lines of credit and repurchase agreements. We believe that we have adequate financing for the next twelve months.

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

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

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

We are exposed to foreign currency exchange rate risk in connection with our investment in non-U.S. dollar functional currency operations to the extent that our foreign exchange positions remain unhedged. Our operations in Uruguay, the Philippines and India expose us to foreign currency exchange rate risk, but we consider this risk to be insignificant. We have periodically entered into foreign exchange forward contracts to hedge against the effect of changes in the value of the India Rupee on amounts payable to our subsidiaries in India. No such forward contracts were outstanding as of December 31, 2013.

Risks Relating to Acquisitions

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

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

The risks associated with acquisitions include, among others:

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

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

anticipate from acquired businesses, and we may not be able to grow acquired businesses in the manner we anticipate. In fact, the businesses we acquire could decrease in size, even if the integration process is successful.
Further, prices at which acquisitions can be made fluctuate with market conditions. We have experienced times during which acquisitions could not be made in specific markets at prices that we considered to be acceptable, and we expect that we will experience this condition in the future. In addition, in order to finance an acquisition we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or we could raise additional equity capital, which could dilute the interests of our existing shareholders.
The timing of closing of our acquisitions is often uncertain. We have in the past and may in the future experience delays in closing our acquisitions, or certain tranches of them. For example, we and the applicable seller are often required to obtain certain contractual consents as a prerequisite to closing, such as the consents of trustees to RMBS securitization trusts in connections with transfers of MSRs. Accordingly, even if we and the applicable seller are efficient and proactive, the actions of third parties can impact the timing under which such consents are obtained. We and the applicable seller may not be able to obtain all of the required consents, which may mean that we are unable to acquire all of the assets that we wish to acquire. Regulators may have questions relating to aspects of our acquisitions and we may be required to devote time and resources responding to those questions. For example, as discussed above, in early February 2014, the NY DFS requested that OLS put an indefinite hold on an acquisition from Wells Fargo. We have agreed to place the acquisition on indefinite hold. We are cooperating with the NY DFS on this matter. It is also possible that we will expend considerable resources in the pursuit of an acquisition that, ultimately, either does not close or is terminated.
Pursuit of business acquisitions, MSRs or other asset acquisition opportunities exposes us to additional liabilities that could adversely affect us.
As a result of our pursuit of business acquisitions, MSRs or other asset acquisition opportunities, we may be exposed to unknown or contingent liabilities associated with the businesses or assets that we acquire, and if these liabilities exceed our estimates, our results of operations and financial condition may be materially and negatively affected.
As a part of the Litton Acquisition, Goldman Sachs and Ocwen have agreed to indemnification provisions for the benefit of the other party. While Goldman Sachs has agreed to retain certain potential liabilities for fines and penalties that could be imposed by certain government authorities relating to Litton’s pre-closing foreclosure and servicing practices, Goldman Sachs and Ocwen have agreed to share certain losses arising out of potential third-party claims in connection with Litton’s pre-closing performance under its servicing agreements. Goldman Sachs has agreed to be liable for (i) 80% of any such losses until the amount paid by Goldman Sachs is equal to 80% of the Goldman Shared Loss Cap and (ii) thereafter, 20% of any such losses until the amount paid by Goldman Sachs is equal to the Goldman Shared Loss Cap. Ocwen has agreed to be liable for (i) 20% of any such losses until the amount paid by Ocwen is equal to 20% of the Goldman Shared Loss Cap, (ii) thereafter, 80% of any such losses until the amount paid by Ocwen is equal to the Goldman Shared Loss Cap and (iii) thereafter, 100% of any such losses in excess of the Goldman Shared Loss Cap. The “Goldman Shared Loss Cap” is $123.7 million, or 50%, of the adjusted base purchase price of the Litton Acquisition. We cannot assure you that the losses incurred by Ocwen will not exceed our original projections or that Goldman Sachs will fulfill its indemnification obligations.
As a part of the 2012 Saxon MSR Transaction, the sellers and Ocwen have agreed to indemnification provisions for the benefit of the other party. While the sellers have agreed to retain certain contingent liabilities for losses, fines and penalties that could result from claims by government authorities and certain third parties relating to pre-closing foreclosure, servicing and loan origination practices, the sellers and Ocwen have agreed to share certain losses arising out of potential third-party claims in connection with the seller’s pre-closing performance under its servicing agreements. The sellers have agreed to be liable for (i) 75% of any such losses until the amount paid by the sellers is equal to 60% of the Saxon Shared Loss Cap of $83 million and (ii) thereafter, 25% of any such losses until the amount paid by the sellers is equal to the Saxon Shared Loss Cap. Ocwen has agreed to be liable for (i) first, 25% of any such losses until the amount paid by the sellers is equal to 60% of the Saxon Shared Loss Cap, (ii) second, 75% of any such losses until the amount paid by the sellers is equal to the Saxon Shared Loss Cap and (iii) thereafter, 100% of any such losses in excess of the Saxon Shared Loss Cap. We cannot assure you that the losses incurred by Ocwen will not exceed our original projections or that the sellers will fulfill their indemnification obligations.

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

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

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

Risks Relating to Tax Matters

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

Pursuant to the formation of OMS, Ocwen transferred significant assets to OMS in a taxable transaction. Ocwen recognized gain, but not loss, on this transfer equal to the excess, if any, of the fair market value of the transferred assets over Ocwen's tax basis therein. The fair market value of the transferred assets was based on market standard valuation methodology and confirmed by an independent valuation firm. However, the Internal Revenue Service (the IRS) could challenge this valuation, and if such a challenge were successful, any tax imposed as a result of the transfer could be significant.

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

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

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

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

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

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

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

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

IRS tax regulations under Section 7874 can apply to transactions where a U.S. corporation contributes substantially all of its assets, including subsidiary equity interests, to a foreign corporation and distributes shares of such corporation. We do not believe that Section 7874 of the Code applies to the Separation because "substantially all" of Ocwen's assets were not transferred to the distributed company or its subsidiaries. Ocwen's board of directors required that Ocwen and Altisource

25

receive an independent valuation prior to completing the Separation; however, if the IRS were to successfully challenge the independent valuation, then Ocwen may not be permitted to offset the taxable gain recognized on the transfer of assets to Altisource with net operating losses, tax credits or other tax attributes. This could materially increase the tax costs to Ocwen of the Separation.

Risks Relating to Ownership of Our Common Stock

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

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

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

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

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

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS
None.

ITEM 2: PROPERTIES
The following table sets forth information relating to our primary facilities at December 31, 2013:

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

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

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

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

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

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

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

27

will relocate from a 23,140 square foot facility, and the transfers will be complete. The leases on the older facilities will be terminated in the first quarter of 2014.

(7) At December 31, 2013, we were in the process of transferring employees from three older facilities to a new facility. The total square footage shown includes only facilities that were occupied at December 31, 2013. In March 2014, employees will relocate from a 56,530 square foot facility, and the transfers will be complete. The leases on the older facilities will be terminated in the first quarter of 2014.

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Price Range of the Company's Common Stock

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

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

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

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

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

Total Return Performance (1)

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

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

Purchases of Equity Securities by the Issuer and Affiliates

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

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

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

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

Number of Holders of Common Stock

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

Securities Authorized for Issuance under Equity Compensation Plans

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

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

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

The information presented in the table below has been revised to give effect to the restatement of our Consolidated Financial Statements for the year ended December 31, 2013 due to an accounting error in connection with the application of the interest method to certain financing liabilities. The effect of the restatement is a $17.3 million reduction in interest expense and financing liabilities. For additional information, see Note 1A — Restatement and Revision of Previously Issued Consolidated Financial Statements to our Consolidated Financial Statements and "Explanatory Note" preceding Part I. In addition, the December 31, 2013 balance sheet data has been revised for certain measurement period adjustments identified in 2014 related to the ResCap Acquisition completed on February 15, 2013. See Note 3 - Business Acquisitions for additional information.

	December 31,				
	2013 (1) (2)	2012 (1) (2)	2011 (1)	2010 (1)	2009 (3)
Selected Balance Sheet Data					
Total Assets	$7,927,003	$5,685,962	$4,728,024	$2,921,409	$1,769,350
Loans held for sale	$566,660	$509,346	$20,633	$25,803	$33,197
Loans held for investment - Reverse mortgages	618,018	—	—	—	—
Advances and match funded advances	3,443,215	3,233,707	3,733,502	2,108,885	968,529
Mortgage servicing rights	2,069,381	764,150	293,152	193,985	117,802
Goodwill	420,201	416,176	70,240	12,810	—
Trading securities, at fair value (4)	—	—	—	—	251,156
Total Liabilities	$6,054,051	$3,921,168	$3,384,713	$2,016,592	$903,487
Match funded liabilities	$2,364,814	$2,532,745	$2,558,951	$1,482,529	$465,691
Financing liabilities	1,266,973				