

OCWEN FINANCIAL CORP  
Form 10-Q  
November 04, 2010  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-13219

Ocwen Financial Corporation  
(Exact name of registrant as specified in its charter)

Florida  
(State or other jurisdiction  
of incorporation or organization)

65-0039856  
(I.R.S. Employer  
Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

Number of shares of Common Stock, \$0.01 par value, outstanding as of October 31, 2010: 100,496,378 shares.

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OCWEN FINANCIAL CORPORATION

FORM 10-Q

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## FORWARD-LOOKING STATEMENTS

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

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

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

- availability of adequate and timely sources of liquidity;
- delinquencies, advances and availability of servicing;
- general economic and market conditions;
- uncertainty related to the actions of loan owners, including mortgage-backed securities investors, regarding loan putbacks and other servicing practices;
- uncertainty related to the processes for judicial and non-judicial foreclosure proceedings, including potential additional costs or delays in the future or claims pertaining to past practices;
- uncertainty related to government programs, regulations and policies; and
- uncertainty related to dispute resolution and litigation.

Further information on the risks specific to our business are detailed within this report and our other reports and filings with the Securities and Exchange Commission including our Annual report on Form 10-K for the year ended December 31, 2009, our quarterly reports on Form 10-Q and our current reports on Form 8-K. Forward-looking statements speak only as of the date they are made and should not be relied upon. Ocwen Financial Corporation

undertakes no obligation to update or revise forward-looking statements.

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

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

	September 30, 2010	December 31, 2009
<b>Assets</b>		
Cash	\$ 163,911	\$ 90,919
Restricted cash – for securitization investors	942	—
Trading securities, at fair value:		
Auction rate	74,712	247,464
Subordinates and residuals	—	3,692
Loans held for resale, at lower of cost or fair value	29,352	33,197
Advances	218,936	145,914
Match funded advances	2,126,991	822,615
Loans, net – restricted for securitization investors	69,736	—
Mortgage servicing rights	203,930	117,802
Receivables, net	42,747	67,095
Deferred tax assets, net	133,782	132,683
Goodwill	19,457	—
Premises and equipment, net	11,893	3,325
Investments in unconsolidated entities	12,284	15,008
Other assets	147,101	89,636
<b>Total assets</b>	<b>\$ 3,255,774</b>	<b>\$ 1,769,350</b>
<b>Liabilities and Equity Liabilities</b>		
Match funded liabilities	\$ 1,606,346	\$ 465,691
Secured borrowings – owed to securitization investors	64,564	—
Lines of credit and other secured borrowings	444,499	55,810
Investment line	—	156,968
Servicer liabilities	2,368	38,672
Debt securities	82,554	95,564
Other liabilities	166,751	90,782
<b>Total liabilities</b>	<b>2,367,082</b>	<b>903,487</b>
<b>Commitments and Contingencies (Note 25)</b>		
<b>Equity</b>		
Ocwen Financial Corporation stockholders' equity		
Common stock, \$.01 par value; 200,000,000 shares authorized; 100,476,378 and 99,956,833 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	1,005	1,000
Additional paid-in capital	465,005	459,542
Retained earnings	435,535	405,198
Accumulated other comprehensive loss, net of income taxes	(13,104 )	(129 )

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Total Ocwen Financial Corporation stockholders' equity	888,441	865,611
Non-controlling interest in subsidiaries	251	252
Total equity	888,692	