

Announcement - Servicer: [Ocwen Loan Servicing, LLC](#)

Moody's affirms Ocwen's SQ2- rating as a subprime residential mortgage servicer and SQ2 as a special servicer

U.S. Residential Mortgage Servicer Rating Actions

New York, February 18, 2009 -- Moody's Investors Service has affirmed Ocwen Loan Servicing, LLC's ("Ocwen") ratings of SQ2- as a primary servicer of subprime residential mortgage loans and SQ2 as a special servicer. Moody's ratings reflect Ocwen's above average collection abilities, strong loss mitigation results, above average foreclosure and REO timeline management and below average servicing stability. Ocwen is a third-party servicer that specializes in the servicing of subprime and seriously delinquent loans. The company's residential servicing operations are located in West Palm Beach, Florida; Orlando, Florida; Bangalore, India; and Mumbai, India.

Moody's has increased Ocwen's collections assessment to above average from average. The company has a robust technology infrastructure and solid processes in place in its collections area including interactive scripting, best-time-to-call software and weekend hours of operation. A challenge for the company going forward will be to manage its rate of abandonment calls in its collections area to ensure that delinquent borrowers have access to collections' agents.

As of January 31, 2009, Ocwen's servicing portfolio totaled approximately 328,000 loans for an unpaid principal balance of approximately \$41.1 billion.

Ocwen Financial Corporation, the holding company of Ocwen, is publicly-traded on the New York Stock Exchange and rated B2 on negative outlook for senior unsecured debt.

The previous rating actions for Ocwen's SQ ratings occurred on May 21, 2007. At that time, Ocwen's SQ2- rating as a Primary Servicer of subprime loans and SQ2 rating as a Special Servicer were affirmed.

Moody's SQ ratings represent its view of a servicer's ability to prevent or mitigate asset pool losses across changing markets. The rating scale ranges from SQ1 (strong) to SQ5 (weak). Where appropriate, a "+" or "-" modifier will be appended to the relevant rating to indicate a servicer's relative servicing quality within a particular category. Moody's servicer ratings are differentiated in the marketplace by focusing on performance measurement. SQ ratings for U.S. residential mortgage servicers incorporate assessments of delinquency transition rates, foreclosure timeline management, loan cure rates, recoveries, loan resolution outcomes, and REO management - all critical indicators of a servicer's ability to maximize returns from mortgage portfolios.

Moody's servicer ratings also consider the company's ability to maintain its focus on high quality servicing in an economic downturn. Servicing operations can be stressed by the increasing number of delinquent loans while at the same time increasing the need for liquidity. The SQ rating reflects our expectation of the impact that the servicing will have on the on-going credit performance of the portfolio. For this reason, Moody's monitors SQ ratings based on periodic information provided by servicers and conducts a formal re-evaluation of its servicer ratings annually.

Moody's analyzes and monitors Ocwen's Primary Servicer of Subprime rating using the rating methodology described in "Moody's Approach to Rating Residential Mortgage Servicers" (January 2001) and "Updated Moody's Servicer Quality Rating Scale and Definitions" (May 2005). A detailed description of the methodologies can be found on Moody's website: www.moody.com

Moody's analyzes and monitors Ocwen's Special Servicer rating by evaluating factors determined to be applicable to the special servicing profile of the entity, such as i) an evaluation of a servicer's default management abilities including collections, loss mitigation and foreclosure & REO timeline management, ii) an analysis of the performance of seasoned loans adjusted for collateral characteristics, iii) a servicer's financial profile, organizational structure, corporate governance, operational procedures and controls, as well as strategic goals and the ability to react to changes in the marketplace, iv) a review of the servicer's technology infrastructure, supporting systems and business continuity planning, v) an evaluation of management experience, adequacy of staffing, training policies, and staff turnover rates, and (vi) a comparison of these attributes against those of other Special Servicers. Other methodologies and factors that may have been considered in the process of rating this Special Servicer can also be found at www.moody.com in the Credit Policy & Methodologies directory.

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