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Ocwen Residential Servicer Rankings Affirmed, Taken Off CreditWatch Negative; Stable Outlook Assigned

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NEW YORK (Standard & Poor's) Feb. 12, 2009--Standard & Poor's Ratings Services today affirmed its STRONG rankings on Ocwen Loan Servicing LLC, a wholly owned subsidiary of Ocwen Financial Corp., as a residential subprime loan servicer and a residential special servicer. Concurrently, we affirmed our ABOVE AVERAGE ranking on Ocwen for residential subordinate-lien servicing. In addition, we removed all three rankings from CreditWatch with negative implications and assigned them a stable outlook.

The rankings reflect the company's seasoned management team, along with its thorough training programs and employee development curriculum. In addition, Ocwen's superior technology environment and comprehensive audit, quality control, and risk assessment methodologies contribute to a highly structured and risk-averse loan servicing environment. Ocwen continues to invest in technology that improves workflow efficiency while enhancing management reporting and portfolio data analytics.

Ocwen's multiple servicing sites in the U.S. and India provide substantial disaster recovery and business continuity advantages, as well as access to a diverse and educated workforce. Additionally, Ocwen has been able to successfully meet the demand for default management personnel commensurate with the significant increase in loss mitigation activity, loan defaults, and asset dispositions. Throughout the past 24 months, Ocwen's default management and homeownership retention have remained consistently strong, and its

performance in these areas compares favorably both with its peer group in Standard & Poor's SEAM (Servicer Evaluation Analytical Methodology) and with industry performance metrics in general.

Lastly, Ocwen has strengthened its borrower outreach efforts. It has formed alliances with various nonprofit organizations to more effectively communicate with borrowers in distress and to maximize the potential for successful loan workouts, thereby minimizing losses and helping borrowers keep their homes. Ocwen's established track record as a special servicer of distressed assets has allowed it to develop the requisite infrastructure for effective servicing of distressed and underperforming loan assets.

Outlook

The outlook is stable. Since shedding its "thrift" status in 2005, Ocwen is no longer under the purview of the Office of Thrift Supervision (OTS) and the related OTS Supervisory Agreement. In the past 36 months, Ocwen has focused on its primary core business of residential loan subservicing. In recent months, market conditions have substantially reduced the number of newly originated alternative-A, subprime, and subordinate-lien loans, resulting in a decline in Ocwen's first- and second-lien loan servicing portfolios and less demand for subservicing.

We will revisit the stable outlook on Ocwen if its subordinate-lien portfolio continues to decline significantly in 2009. However, Ocwen serves as a backup servicer in various capacities for a significant volume of securitized mortgage backed securities. Additionally, Ocwen's longstanding reputation as an effective special servicer, along with the company's highly efficient and flexible technology environment, put the company in a good position to handle the anticipated volume of distressed assets that the government and private sectors may offer in the months ahead.

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