

OCWEN FINANCIAL CORP
Form DEF 14A
March 30, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to ss.240.14a-12

OCWEN FINANCIAL CORPORATION

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No Fee Required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

- 1) Title of each class of securities to which transaction applies: N/A
- 2) Aggregate number of securities to which the transaction applies: N/A
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined.): N/A
- 4) Proposed maximum aggregate value of transaction: N/A
- 5) Total fee paid:
 - Fee paid previously with preliminary materials.
 - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid: N/A

- 2) Form, Schedule or Registration Statement No.: N/A
 - 3) Filing Party: N/A
 - 4) Date Filed: N/A
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March 31, 2010

Dear Fellow Shareholder:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Shareholders of Ocwen Financial Corporation which will be held at the offices of the Company located at 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409, on Thursday, May 6, 2010, at 9:00 a.m., Eastern Daylight Time. The matters to be considered by shareholders at the Annual Meeting are described in detail in the accompanying materials.

It is very important that you be represented at the Annual Meeting regardless of the number of shares you own or whether you are able to attend the Annual Meeting in person. Let me urge you to mark, sign and date your proxy card today and return it in the envelope provided even if you plan to attend the Annual Meeting. This will not prevent you from voting in person but will ensure that your vote is counted if you are unable to attend.

Your continued support of and interest in Ocwen Financial Corporation are sincerely appreciated.

Sincerely,

William C. Erbey
Chairman and Chief Executive Officer

OCWEN FINANCIAL CORPORATION
1661 Worthington Road, Suite 100
West Palm Beach, Florida 33409

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 6, 2010

NOTICE

Our Annual Meeting of Shareholders will be held:

Date: Thursday, May 6, 2010

Time: 9:00 a.m., Eastern Daylight Time

Location: Ocwen Financial Corporation
1661 Worthington Road, Suite 100
West Palm Beach, Florida 33409

PURPOSE

- To elect six (6) Directors for a one (1) year term and/or until their successors are elected and qualified;
- To ratify the appointment by the Audit Committee of our Board of Directors of Deloitte & Touche LLP as the independent registered certified public accounting firm of Ocwen Financial Corporation for the fiscal year ending December 31, 2010; and
- To transact such other business as may properly come before the meeting and any adjournment of the meeting. Management is not aware of any such other business at this time.

PROCEDURES

- Our Board of Directors has fixed Monday, March 8, 2010 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting.
- Only shareholders of record at the close of business on that date will be entitled to vote at the Annual Meeting.
- The proxy statement for our 2010 Annual Meeting of Shareholders and our annual report to shareholders on Form 10-K for the year ended December 31, 2009 are available on our website at www.ocwen.com under Shareholder Relations. Additionally, and in accordance with Securities and Exchange Commission rules, you may access our proxy statement at <http://www.cfonews.com/ocn>, a website that does not identify or track visitors of the site.

By Order of the Board of Directors,

Paul A. Koches
Secretary

March 31, 2010
West Palm Beach, Florida

OCWEN FINANCIAL CORPORATION
PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

General Information

As a holder of common stock, we have sent you this proxy statement on or about March 31, 2010, because our Board of Directors is soliciting your proxy to be used at our Annual Meeting of Shareholders and at any adjournment of this meeting. The meeting will be held at our offices located at 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409, on Thursday, May 6, 2010, at 9:00 a.m., Eastern Daylight Time for the purposes listed in the Notice of Annual Meeting of Shareholders.

How a Proxy Works

If you properly complete, sign and return your proxy to Ocwen and do not revoke it prior to its use, it will be voted in accordance with your instructions. If no contrary instructions are given, each proxy received will be voted:

- for each of the nominees for Director;
- for ratification of the appointment of Deloitte & Touche LLP as our independent registered certified public accounting firm for 2010; and
- with regard to any other business that properly comes before the meeting, in accordance with the best judgment of the persons appointed as proxies.

How to Revoke a Proxy

Your proxy may be used only at the Annual Meeting and any adjournment of this meeting and will not be used for any other meeting. You have the power to revoke your proxy at any time before it is exercised by:

- filing written notice with our Secretary at the following address:

Paul A. Koches, Secretary
Ocwen Financial Corporation
1661 Worthington Road, Suite 100
West Palm Beach, Florida 33409
- submitting a properly executed proxy bearing a later date; or
- appearing at the Annual Meeting and giving the Secretary notice of your intention to vote in person.

Who May Vote

You are entitled to vote at the Annual Meeting or any adjournment of the meeting if you are a holder of record of our common stock at the close of business on March 8, 2010. At the close of business on March 8, 2010, there were 99,993,395 shares of common stock issued and outstanding, and no other class of equity securities outstanding. Each

share of our common stock is entitled to one (1) vote at the Annual Meeting on all matters properly presented.

Quorum and Voting Information

The presence at the Annual Meeting of a majority of the votes of our common stock entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting.

Assuming a quorum, the six (6) persons receiving the greatest number of votes for Director will be elected as Directors of Ocwen. You may vote in favor of or withhold authority to vote for one (1) or more nominees for Director. The proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered certified public accounting firm for 2010 and any other matter properly submitted for your consideration at the Annual Meeting (other than the election of Directors), will be approved if the votes cast in favor of the action exceed the votes cast opposing the action.

Abstentions and broker “non-votes” will not be counted in determining the votes cast in connection with the foregoing matters. A broker “non-vote” occurs when a shareholder has not provided voting instructions to the broker on a non-routine item. In such cases, the New York Stock Exchange precludes brokers from giving a proxy to vote on non-routine items.

If the shares you own are held in “street name” by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. To vote your shares, you will need to follow the directions your bank or brokerage firm provides you. Many banks and brokerage firms offer the option of voting over the Internet or by telephone. Please contact your bank or brokerage firm for further information.

ELECTION OF DIRECTORS
(Proposal One)

Our Bylaws provide that our Board of Directors shall consist of no less than three (3) and no more than eight (8) members, with the exact number to be fixed by our Board of Directors. On March 2, 2010, our Board of Directors fixed the number of Directors at six (6), to be effective immediately following the 2010 Annual Meeting of Shareholders to be held on May 6, 2010. Directors are elected annually and hold office until the earlier of the election and qualification of their successors or their resignation and removal.

We will propose the six (6) nominees listed below for election as Directors at the Annual Meeting. All nominees currently serve as our Directors. Ms. Martha Goss, who has served as a Director since July 2005, will not be seeking re-election in 2010. There are no arrangements or understandings between any nominee and any other person for selection as a nominee.

If any nominee is unable or unwilling to stand for election at the time of the Annual Meeting, the person or persons appointed as proxies will nominate and vote for a replacement nominee or nominees recommended by our Board of Directors. At this time, our Board of Directors knows of no reason why any of the nominees would not be able or willing to serve as Director if elected.

Nominees for Director

The following table sets forth certain information concerning our Directors:

Name	Age(1)	Director Since	Executive Committee	Audit Committee	Compensation Committee	Nomination/Governance Committee
William C. Erbey	60	1988	X (2)			
Ronald M. Faris	47	2003	X			
Ronald J. Korn	69	2003		X (2)	X	
William H. Lacy	65	2002			X (2)	X
David B. Reiner	54	2009		X		X
Barry N. Wish	68	1988	X	X	X	X (2)

(1) As of March 8, 2010

(2) Committee Chairman

The principal occupation for the last five (5) years, additional biographical information and specific qualifications of each Director are set forth below.

William C. Erbey. Mr. Erbey has served as the Chairman of the Board of Directors of Ocwen since September 1996, as the Chief Executive Officer of Ocwen since January 1988 and as the President of Ocwen from January 1988 to May 1998. Mr. Erbey has also served as Chairman of the Board of Directors for Altisource Portfolio Solutions S.A. since August 10, 2009. From 1983 to 1995, Mr. Erbey served as a Managing General Partner of The Oxford Financial Group, a private investment partnership that was the predecessor of Ocwen. From 1975 to 1983, Mr. Erbey served at General Electric Capital Corporation in various capacities, most recently as the President and Chief Operating Officer of General Electric Mortgage Insurance Corporation. Mr. Erbey also served as the Program General Manager of GECC's Commercial Financial Services Department and as the President of Acquisition Funding Corporation. He holds a Bachelor of Arts in Economics from Allegheny College and a Masters of Business Administration from

Harvard University.

With extensive experience in the financial services and mortgage industries, Mr. Erbey provides the Board of Directors with an informed perspective and thoughtful insights into strategic and operational opportunities, economic and industry trends and guidance on competitive financial positioning of the Company. Throughout his tenure as the Chairman and Chief Executive Officer of Ocwen, Mr. Erbey has successfully demonstrated his business acumen and commitment to our Company. His wide-ranging expertise in the financial services business and extraordinary leadership capabilities are recognized as invaluable by the Board of Directors.

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Ronald M. Faris. Mr. Faris has served as a Director of Ocwen since May 2003 and as the President of Ocwen since March 2001. Mr. Faris served as Executive Vice President of Ocwen from May 1998 to March 2001 and as Vice President and Chief Accounting Officer of Ocwen from June 1995 to May 1997. From March 1991 to July 1994, he served as Controller for a subsidiary of Ocwen. From 1986 to 1991, Mr. Faris was a Vice President with Kidder, Peabody & Co., Inc. and from 1984 to 1986 worked in the General Audit Department of PricewaterhouseCoopers LLP. He holds a Bachelor of Science in Accounting from The Pennsylvania State University.

Through nineteen (19) years of experience and various roles within Ocwen, particularly over the past nine (9) years serving as President of the Company, Mr. Faris has acquired an intimate knowledge of our business and plays an active role in the day-to-day management of our operations. Mr. Faris is able to offer our Board of Directors critical insight into company-specific issues. In addition to his working knowledge of the operations, Mr. Faris also provides the Board of Directors with accounting expertise.

Ronald J. Korn. Mr. Korn has served as a Director of Ocwen since May 2003. Mr. Korn is currently the President of Ronald Korn Consulting, which provides business and marketing services to a limited number of clients. Mr. Korn has been Director and Chairman of the Audit Committee of PetMed Express, Inc. since 2002. He has also served as a Director and Chairman of the Audit Committee of comScore, Inc. since October 2005. He was a partner and employee of KPMG, LLP from 1961 to 1991, where his client responsibilities included a number of large financial institutions and various public corporations. He was admitted as a Certified Public Accountant in New York, Michigan and Florida, with licenses currently inactive. He was also admitted to the New York Bar in 1966, but has never practiced law. Mr. Korn holds a Bachelor of Science in Economics from the University of Pennsylvania, Wharton School and a Juris Doctorate degree from New York University Law School.

Chosen for his diverse background and experience, Mr. Korn brings valuable insight to our Board of Directors from an audit and accounting perspective. As determined by our Board of Directors, Mr. Korn is financially literate and qualifies as an audit committee financial expert, as that term is defined in Securities and Exchange Commission rules implementing requirements of the Sarbanes-Oxley Act of 2002. Additionally, Mr. Korn's prior experience with other large financial institutions and public corporations provide him with a wealth of knowledge on matters that are pertinent to our ongoing activities.

William H. Lacy. Mr. Lacy has served as a Director of Ocwen since May 2002. Mr. Lacy was formerly Chairman of Mortgage Guaranty Insurance Corporation and Chairman and Chief Executive Officer of MGIC Investment Corporation, Milwaukee, Wisconsin. Both corporations are providers of private mortgage guaranty insurance and other mortgage-related services. Mr. Lacy is also a Director of Johnson Controls, Inc. Mr. Lacy is Chairman of Johnson Controls' Finance Committee and serves on Johnson Controls' Compensation Committee. Mr. Lacy holds a Bachelor of Arts from the School of Business at the University of Wisconsin.

Mr. Lacy was selected to serve as a member of our Board of Directors due to his expertise in the financial services industry and experience as a Chairman and Chief Executive Officer of another public company serving the mortgage industry. Mr. Lacy brings a unique perspective as a leader facing economic, social and corporate governance issues in a similar context as our Company.

David B. Reiner. Mr. Reiner currently serves as a Managing Director with Grosvenor Investment Management US Inc. Since joining Grosvenor Investment Management's predecessor Legg Mason Real Estate Services in 2003, Mr. Reiner has been responsible for the development and implementation of business strategy, capital markets activities, fund and investment development, fund raising, fund operations and investor relations. He also chairs Grosvenor Investment Management's Strategy Committee, is a member of the Management Committee and is a member of the Investment Committee for Grosvenor Investment Management's Investment Funds business. He also serves on Grosvenor Fund Management Ltd.'s Capital Markets Committee. Mr. Reiner holds a Bachelor of Arts from the

University of South Carolina and a Juris Doctorate degree from George Mason University School of Law. He also completed graduate work in international affairs and economics at the Fletcher School of Law & Diplomacy at Tufts University and the Johns Hopkins School of Advanced International Studies.

Mr. Reiner has the relevant experience and background to provide to the Board of Directors useful advice and guidance on a wide array of matters related to capital markets, investment strategies and funding operations. Mr. Reiner is also considered by our Board of Directors to be financially literate and an audit committee financial expert, as that term is defined in Securities and Exchange Commission rules implementing requirements of the Sarbanes-Oxley Act of 2002.

Barry N. Wish. Mr. Wish has served as Chairman Emeritus of the Board of Directors of Ocwen since September 1996. He previously served as Chairman of the Board of Ocwen from January 1988 to September 1996. From 1983 to 1995, he served as a Managing General Partner of The Oxford Financial Group, which he founded. From 1979 to 1983, he was a Managing General Partner of Walsh, Greenwood, Wish & Co., a member firm of the New York Stock Exchange. Prior to founding that firm, Mr. Wish was a Vice President and shareholder of Kidder, Peabody & Co., Inc. He holds a Bachelor of Science in Political Science and Doctorate degree from Bowdoin College.

Having founded The Oxford Financial Group, Ocwen's predecessor, previously serving as Chairman of the Board for Ocwen and with his deep and long-standing institutional knowledge of the Company's history and operations, Mr. Wish provides leadership direction and critical guidance on strategic goals to the Board of Direction. Mr. Wish is financially literate and considered an audit committee financial expert, as that term is defined in Securities and Exchange Commission rules implementing requirements of the Sarbanes-Oxley Act of 2002.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT YOU VOTE "FOR" EACH OF THE NOMINEES FOR DIRECTOR.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Meetings of the Board of Directors

The Board of Directors plays an active role in overseeing management and representing the interests of the shareholders. Directors are expected to attend all Board meetings, the meetings of Committees on which they serve and the Annual Meeting of Shareholders. Directors are also consulted for advice and counsel between formal meetings.

Our Board of Directors held six (6) meetings during 2009. All of our incumbent Directors attended at least 75% of these meetings as well as the meetings held by all Committees of our Board of Directors on which they served during the period. Although we do not have a formal policy regarding Director attendance at the Annual Meeting, our Directors are expected to attend. All of the incumbent members of our Board of Directors attended our 2009 Annual Meeting.

Independence of Directors

Our Corporate Governance Guidelines provide that a majority of our Board of Directors must qualify as independent Directors under the listing standards of the New York Stock Exchange and applicable law.

Our Board of Directors annually reviews the direct and indirect relationships that we have with each Director. The purpose of this review is to determine whether any such transactions or relationships are inconsistent with a determination that the Director is independent. Only those Directors who are determined by our Board of Directors to have no material relationship with Ocwen are considered independent. This determination is based in part on the analysis of questionnaire responses that follow the independence standards and qualifications established by the New York Stock Exchange and applicable law. Our current Board of Directors has determined that Messrs. Korn, Lacy, Reiner and Wish are independent Directors. Specifically with regard to Mr. Wish, our Board of Directors considered his previous service as the managing General Partner of The Oxford Financial Group, the predecessor of Ocwen, and the Chairman of the Board of Ocwen and determined that such service has not impaired his independence from Ocwen and our management. The Board of Directors also considered shares of our common stock beneficially owned by each of the Directors, as set forth under "Security Ownership of Certain Beneficial Owners and Related Shareholder Matters," although our Board of Directors generally believes that stock ownership tends to further align a Director's interests with those of our other shareholders.

Board Leadership Structure

Since 1996, Mr. Erbey has served in the capacity as both Chairman and Chief Executive Officer. The independent Directors believe this is in the best interest of the Company and its shareholders. Through the combined roles, Mr. Erbey has provided decisive leadership, ensured clear accountability and enhanced the Company's ability to communicate its message and strategy clearly and consistently to the marketplace, as well as to the Company's shareholders and employees. This was particularly important during the most recent economic crisis and continues to be relevant as the Company positions itself for new opportunities.

The Board periodically reviews its leadership structure and considers the Company's governance practices to provide for strong independent leadership through the activities conducted by independent Directors as various committee chairman. As described in greater detail below, each of the Audit, Compensation and Nomination/Governance Committees are chaired and lead by independent Directors. The respective Committee meetings themselves foster independent discussion among Directors and provide for independent evaluation of, and communication with, many

members of senior management. Additionally, outside of their roles as committee chairman, the independent Directors meet in executive session at least five (5) times annually.

Committees of the Board of Directors

Our Board of Directors has established an Executive Committee, an Audit Committee, a Compensation Committee and a Nomination/Governance Committee. A brief description of these Committees is provided below.

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Executive Committee. Our Executive Committee is generally responsible to act on behalf of our Board of Directors during the intervals between meetings of our Board of Directors. On March 25, 2003, our Board of Directors authorized the Chairman and Chief Executive Officer to approve and/or to designate in writing certain individuals to approve ordinary course of business actions that are required to be documented by counter parties but do not require action by the Board of Directors or its Committees. Such actions would include approving, signing and executing checks and electronic funds transmissions, dissolving or merging our wholly-owned subsidiaries and performing such other ministerial actions on such terms, conditions and limits as the Chairman deems appropriate in his sole discretion. In 2009, the Chairman approved twelve (12) transactions in this manner on behalf of the Board of Directors. All such approvals and designations by the Chairman were provided to the Board of Directors at or before their next meeting and ratified by the Board of Directors at the next meeting.

Audit Committee. The Audit Committee of our Board of Directors oversees the relationship with our independent registered certified public accounting firm, reviews and advises our Board of Directors with respect to reports by our independent registered certified public accounting firm and monitors our compliance with laws and regulations applicable to our operations, including the evaluation of significant matters relating to the financial reporting process and our system of internal accounting controls and the review of the scope and results of the annual audit conducted by the independent registered certified public accounting firm. Each member of our Audit Committee is independent as defined in regulations adopted by the Securities and Exchange Commission and the listing standards of the New York Stock Exchange. Our Board of Directors has determined that all members of our Audit Committee are financially literate. Further, our Board of Directors has determined that Ronald J. Korn, David B. Reiner and Barry N. Wish all possess accounting or related financial management expertise within the meaning of the listing standards of the New York Stock Exchange and each qualifies as an audit committee financial expert as that term is defined in the Securities and Exchange Commission rules implementing requirements of the Sarbanes-Oxley Act of 2002. Our Audit Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at www.ocwen.com and is available in print to any shareholder who requests it. This Committee met ten (10) times during 2009.

Compensation Committee. The Compensation Committee of our Board of Directors oversees our compensation and employee benefit plans and practices. Our Compensation Committee also evaluates and makes recommendations to our Board of Directors for human resource and compensation matters relating to our executive officers. The Compensation Committee reviews with the Chief Executive Officer and subsequently approves all executive compensation plans, any executive severance or termination arrangements and any equity compensation plans that are not subject to shareholder approval. The Compensation Committee also has the power to review our other compensation plans including the goals and objectives thereof and to recommend changes to these plans to our Board of Directors. The Compensation Committee shares jurisdiction with our full Board of Directors over the administration of grants under the 2007 Equity Incentive Plan. This Committee met five (5) times during 2009.

The Compensation Committee is comprised of three (3) Directors, Messrs. Lacy, Korn and Wish. Each of these Directors served on the Committee throughout 2009. The members are elected annually, and Mr. Lacy serves as the Chairman of the Committee. Each member of the Compensation Committee is independent as defined in the listing standards of the New York Stock Exchange. While we have no specific qualification requirements for members of the Compensation Committee, our members have knowledge and experience regarding compensation matters as developed through their respective business experience in both management and advisory roles including general business management, executive compensation and employee benefits experience. We feel that their collective achievements and knowledge provide us with extensive diversity in experience, culture and viewpoints.

Our Compensation Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at www.ocwen.com and is available in print to any shareholder who requests it. On an annual basis, the Compensation Committee evaluates its performance under the charter to ensure that it appropriately

addresses the matters that are within the scope of committee responsibility. When necessary, the Compensation Committee recommends amendments to its charter to the Board of Directors for approval. The charter was last reviewed and approved by the Compensation Committee in January 2010.

The Secretary develops the meeting calendar for the year based on committee member availability and other relevant events within our corporate calendar. Compensation Committee meeting agendas are generally developed by our Secretary and our Compensation Committee Chairman. The Compensation Committee generally meets in executive session at each scheduled meeting.

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The Compensation Committee has the authority to, at the Company's expense, retain independent counsel or other advisers as it deems necessary in connection with its responsibilities. In 2008, the Compensation Committee retained Exequity, LLC, an independent compensation consultant, to review a proposed Senior Management Equity Incentive Program. Exequity, LLC obtained relevant information from management, conducted an independent assessment of the Program and reported its findings and conclusions to the Compensation Committee. Subsequent to this engagement, the Compensation Committee entered into an advisory agreement with Exequity, LLC. Additional details on the services offered as part of the advisory agreement are provided in the "Compensation Discussion and Analysis" section below.

Compensation Committee Interlocks and Insider Participation. No member of this Committee was, at any time during the 2009 fiscal year or at any other time, an officer or employee of the Company, and no member had any relationship with us requiring disclosure under Item 404 of Securities and Exchange Commission Regulation S-K. None of our executive officers has served on the Board of Directors or Compensation Committee of any other entity that has or had one (1) or more executive officers who served as a member of our Board of Directors or our Compensation Committee during the 2009 fiscal year.

Nomination/Governance Committee. The Nomination/Governance Committee of our Board of Directors makes recommendations to our Board of Directors of individuals qualified to serve as Directors and committee members for our Board of Directors; advises our Board of Directors with respect to Board of Directors composition, procedures and Committees; develops and presents our Board of Directors with a set of corporate governance principles; and oversees the evaluation of our Board of Directors and our management. Each member of our Nomination/Governance Committee is independent as defined in the listing standards of the New York Stock Exchange. Our Nomination/Governance Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our web site at www.ocwen.com and is available in print to any shareholder who requests it. This Committee met four (4) times during 2009.

It is the policy of our Nomination/Governance Committee to consider candidates for Director recommended by you, our shareholders. In evaluating all nominees for Director, our Nomination/Governance Committee takes into account the applicable requirements for Directors under the Securities Exchange Act of 1934, as amended, and the listing standards of the New York Stock Exchange. In addition, our Nomination/Governance Committee takes into account our best interests, as well as such factors as knowledge, experience, skills, expertise, diversity and the interplay of the candidate's experience with the background of other members of our Board of Directors. The Nomination/Governance Committee views diversity in an expansive way to include differences in prior work experience, viewpoint, education and skill set. The Nomination/Governance Committee regularly assesses the appropriate size of the Board of Directors and whether any vacancies on the Board of Directors are anticipated. Various potential candidates for Director are then identified. Candidates may come to the attention of the Nomination/Governance Committee through current Board of Directors members, professional search firms, shareholders or industry sources.

In evaluating the candidate, the Nomination/Governance Committee will consider factors other than the candidate's qualifications including the current composition of the Board of Directors, the balance of management and independent Directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Nomination/Governance Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Nomination/Governance Committee, and others as appropriate, interview prospective nominees. After completing this evaluation and interview, the Nomination/Governance Committee makes a recommendation to the full Board of Directors as to the persons who should be nominated by the Board of Directors. The Board of Directors determines the nominees after considering the recommendation and report of the Nomination/Governance Committee. Should you recommend a candidate for Director, our Nomination/Governance Committee would evaluate such candidate in the same manner that it evaluates any other nominee. To date, no shareholder or group of shareholders owning more than 5% of our common stock has

put forth any Director nominees.

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If you want to recommend persons for consideration by our Nomination/Governance Committee as nominees for election to our Board of Directors, you can do so by writing to our Secretary at Ocwen Financial Corporation, 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409. You should provide each proposed nominee's name, biographical data and qualifications. Your recommendation should also include a written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a Director. For consideration at the 2011 Annual Meeting, we must receive your recommendations by November 1, 2010.

Corporate Governance Guidelines

The Corporate Governance Guidelines adopted by our Board of Directors provide guidelines for us and our Board of Directors to ensure effective corporate governance. The Corporate Governance Guidelines cover topics such as: Director qualification standards, Board of Directors and committee composition, Director responsibilities, Director access to management and independent advisors, Director compensation, Director orientation and continuing education, management succession and annual performance appraisal of the Board of Directors.

Our Nomination/Governance Committee reviews our Corporate Governance Guidelines at least once a year and, if necessary, recommends changes to our Board of Directors. Our Corporate Governance Guidelines are available on our web site at www.ocwen.com and are available to any shareholder who requests them by writing to our Secretary at Ocwen Financial Corporation, 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409.

Executive Sessions of Non-Management Directors

Non-management Directors met in executive session without management five (5) times during 2009. A non-management Director presides on a rotational basis as determined by our Board of Directors at each executive session.

Communications with Directors

If you desire to contact our Board of Directors or any individual Director regarding Ocwen, you may do so by mail addressed to our Secretary at Ocwen Financial Corporation, 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409. Communications received in writing are distributed to our Board of Directors or to individual Directors, as appropriate, depending on the facts and circumstances outlined in the communication received.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our Directors, officers and employees, as required by the New York Stock Exchange rules. Any waivers from the Code of Business Conduct and Ethics for Directors or executive officers must be approved by our Board of Directors or a Board Committee and must be promptly disclosed to you. We have also adopted a Code of Ethics for Senior Financial Officers that applies to our Chief Executive Officer, our Chief Financial Officer and our Chief Accounting Officer. The Code of Business Conduct and Ethics and the Code of Ethics for Senior Financial Officers are available on our web site at www.ocwen.com and are available to any shareholder who requests a copy by writing to our Secretary at 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409. Any amendments to the Code of Business Conduct and Ethics or the Code of Ethics for Senior Financial Officers, as well as any waivers that are required to be disclosed under the rules of the Securities and Exchange Commission or the New York Stock Exchange, will be posted on our website.

Risk Management and Oversight Process

Our Board of Directors and each of its Committees are involved in overseeing risk associated with the Company. The Board of Directors and the Audit Committee monitor Ocwen's credit risk, liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and internal and external auditors. In its periodic meetings with the internal auditors and the independent accountants, the Audit Committee discusses the scope and plan for the internal audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs. The Board of Directors and the Nomination/Governance Committee monitor the Company's governance and succession risk by regular review with management. The Board of Directors and the Compensation Committee monitor the Company's compensation policies and related risks by regular reviews with management.

BOARD OF DIRECTORS COMPENSATION

The following table discloses compensation received by each non-management member of our Board of Directors who served as a Director during fiscal year 2009. Our management Directors do not receive an annual retainer or any other compensation for their service on the Board of Directors.

Name	Fees Earned Or Paid in Cash	Stock Awards(1)(2)	All Other Compensation	Total
Martha C. Goss(3)	\$ 45,000	\$ 45,000	—	\$ 90,000
Ronald J. Korn	\$ 52,500	\$ 45,000	—	\$ 97,500
William H. Lacy	\$ 45,000	\$ 45,000	—	\$ 90,000
David B. Reiner	\$ 30,000 (4)	\$ 45,000	—	\$ 75,000
Barry N. Wish	\$ 50,000	\$ 45,000	—	\$ 95,000

- (1) The number of shares issued pursuant to the Directors' Stock Plan is based on the "fair market value" of our common stock on the date of election (or re-election) of such Director to our Board of Directors. The term "fair market value" is defined in the Directors' Stock Plan to mean the average of the high and low prices of the common stock as reported on the New York Stock Exchange on the relevant date. Shares issued pursuant to the Directors' Stock Plan are subject to forfeiture during the twelve (12) full calendar months following election or appointment to the Board of Directors or a Committee thereof, if the Director does not attend an aggregate of at least 75% of all meetings of the Board of Directors and Committees thereof of which the Director is a member during such period.
- (2) In March 2005, the Board of Directors adopted a Deferred Compensation Plan for Directors, pursuant to which Directors are permitted to defer receipt of their compensation granted under the Directors' Stock Plan. During 2009, Ms. Goss and Messrs. Korn and Wish did not elect to defer their \$45,000 in equity compensation and were each issued 5,510 shares of common stock as a result. Our remaining non-management Directors, Messrs. Lacy and Reiner elected to defer their \$45,000 in equity compensation pursuant to the terms of the Deferred Compensation Plan. Our non-management Directors have no shares subject to option awards outstanding as of December 31, 2009.
- (3) Although not seeking re-election in 2010, Ms. Martha Goss was a member of our Board of Directors and received compensation for her services during 2009.
- (4) Mr. Reiner was appointed to our Board of Directors on May 6, 2009. He received pro-rated Director compensation for Q2 and full Director compensation for Q3 and Q4.

Cash Compensation

We provide the following cash compensation to our non-management Directors in quarterly installments:

- an annual retainer of \$40,000;
- an additional \$12,500 to the Audit Committee Chairperson;
- an additional \$5,000 to all Committee Chairpersons (other than the Audit Committee Chairperson); and

- an additional \$5,000 to all Audit Committee members.

Equity Compensation

We provide our non-management Directors an annual award of restricted shares of common stock with a fair market value of \$45,000 pursuant to our 1996 Stock Plan for Directors adopted by our Board of Directors and our shareholders in July 1996. Equity compensation is paid for the prior year of service after the annual organizational meeting of the Board of Directors which immediately follows the Annual Meeting of Shareholders. The Company's management Directors do not receive compensation for their service on the Board of Directors.

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Directors' Deferral Plan

The purpose of the Deferral Plan for Directors is to provide Directors with the opportunity to defer the receipt of all or a portion of their equity compensation earned for their service as Directors. The plan is administered by the Compensation Committee, and all non-management Directors are eligible to participate. Before the end of each calendar year, the Directors make an election to either receive the equity portion of their annual compensation, for the following grant year, in restricted stock or to obtain a credit to their deferral account for the number of share units equal to the number of shares of restricted stock granted to such Director. A Director will become vested in the share units and will receive dividend equivalents to the same extent as such Director would if the original award of restricted stock had not been deferred.

Each Director electing deferral must specify the payment date at the time of election as (i) the six (6) month anniversary of the Director's termination date or (ii) any other date elected by the Director which is at least two (2) years after the last day of the year of service for which the compensation was awarded. At least thirty (30) days prior to payment of deferred compensation, a Director shall elect to receive such payment in the form of either (i) cash in an amount equal to the fair market value of the number of whole and fractional share units credited to the deferral account or (ii) whole shares of common stock equal to the number of whole share units credited to the deferral account with fractional share units to be paid in cash.

Other Compensation Issues

Any Director compensation may be prorated for a Director serving less than a full one (1) year term as in the case of a Director joining the Board of Directors after an annual meeting of shareholders. Directors are reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board of Directors and its Committees. Directors' compensation is subject to review and adjustment by the Board of Directors from time to time.

EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

The following table sets forth certain information with respect to each person who currently serves as one of our executive officers but does not serve on our Board of Directors. Our executive officers are elected annually by our Board of Directors and generally serve at the discretion of our Board of Directors. There are no arrangements or understandings between us and any person for election as an executive officer. None of our Directors and/or executive officers is related to any other Director and/or executive officer of Ocwen or any of its subsidiaries by blood, marriage or adoption.

Name	Age(1)	Position
David J. Gunter	51	Executive Vice President and Chief Financial Officer
Paul A. Koches	56	Executive Vice President, General Counsel and Secretary
Daniel J. Seguine	35	Vice President and Chief Accounting Officer

(1) As of March 8, 2010

The principal occupation for the last five (5) years, as well as certain other biographical information, for each of our executive officers that is not a Director is set forth below.

David J. Gunter. Mr. Gunter joined Ocwen as Senior Vice President and Chief Financial Officer in May 2006. Mr. Gunter has served as Executive Vice President and Chief Financial Officer since May 2008. In addition, he has also served as Treasurer from May 2007 until August 2008. From 2002 until joining Ocwen, he held the positions of Senior Vice President, Corporate Finance and Senior Vice President, Chief Accounting Officer at Equifax, Inc., where he was responsible for managing accounting, finance, Securities and Exchange Commission reporting, Sarbanes-Oxley Section 404 implementation, planning, analysis, real estate and procurement. Mr. Gunter holds a Bachelor of Science in Accounting from Concord University and a Masters of Professional Accountancy from West Virginia University.

Paul A. Koches. Mr. Koches has served as Executive Vice President and General Counsel since May 2008 and as Secretary since August 10, 2009. He previously served as Senior Vice President and General Counsel of Ocwen from August 2002. Prior to joining Ocwen, Mr. Koches was a Partner with Arent Fox, LLP in Washington, D.C. Mr. Koches holds a Bachelor of Arts from the University of Connecticut and a Juris Doctorate degree from the University of Miami Law School.

Daniel J. Seguine. Mr. Seguine joined Ocwen as the Vice President and Chief Accounting Officer in February 2009. Prior to joining Ocwen, Mr. Seguine worked at Goldman, Sachs & Co. as a Vice President since 2004 with responsibilities including external financial reporting, accounting policy and investment banking advisory services. He holds a Bachelor of Science in Accounting and a Masters of Accountancy from Brigham Young University.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND RELATED SHAREHOLDER MATTERS

Beneficial Ownership of Common Stock

The following table sets forth certain information regarding the beneficial ownership of our common stock as of the record date by:

- each Director and named executive officer of Ocwen;
- all Directors and named executive officers of Ocwen as a group; and
- all persons known by Ocwen to own beneficially 5% or more of the outstanding common stock or to have a Schedule 13D or Schedule 13G on file with the Securities and Exchange Commission.

The table is based upon information supplied to us by Directors, executive officers and principal shareholders and filings under the Securities Exchange Act of 1934, as amended.

Name of Beneficial Owner:	Shares Beneficially Owned as of March 8, 2010(1)		Percent
	Amount		
Wellington Management Company, LLP(2) 75 State Street Boston, Massachusetts 02109	9,883,674	9.88	%
FMR LLC(3) 82 Devonshire Street Boston, Massachusetts 02109	5,238,286	5.24	%
The Guardian Life Insurance Company of America(4) New York	5,147,029	5.15	%
Dimensional Fund Advisors LP(5) Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	2,869,324	2.87	%
Altus Capital Inc.(6) 6120 Parkland Blvd, Suite 303 Mayfield Heights, Ohio 44124	2,623,783	2.62	%
Directors and Named Executive Officers:	Amount		Percent
William C. Erbey(7)	18,913,168	18.70	%
Ronald M. Faris(8)	1,220,787	1.21	%
Martha C. Goss	16,160	*	
Ronald J. Korn	16,796	*	
William H. Lacy	12,579	*	
David B. Reiner	0	*	
Barry N. Wish(9)	5,450,042	5.45	%
David J. Gunter(10)	132,822	*	
Paul A. Koches(11)	118,355	*	
Daniel J. Seguire	0	*	
All Directors and Executive Officers as a Group (10 persons)	25,880,709	25.30	%

* Less than 1%

(1) For purposes of this table, an individual is considered the beneficial owner of shares of common stock if he or she directly or indirectly has or shares voting power or investment power, as defined in the rules promulgated under the Securities Exchange Act of 1934, as amended. Unless otherwise indicated, an individual has sole voting power and sole investment power with respect to the indicated shares. No shares have

been pledged as security by the named executive officers, Directors or Director nominees.

- (2) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 11, 2010 by Wellington Management Company, LLP. Includes 9,334,274 shares as to which shared voting power and 9,883,674 shares as to which shared dispositive power is claimed.
- (3) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 16, 2010 by FMR LLC. Includes 49,680 shares as to which sole voting power is claimed and 5,238,286 shares as to which sole dispositive power is claimed.
- (4) Based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 11, 2010 by the Guardian Life Insurance Company of America. Includes 5,147,029 shares as to which shared voting power and shared dispositive power is claimed.
- (5) Based on information contained in a Schedule 13G/A filed with the Securities and Exchange Commission on February 8, 2010 by Dimensional Fund Advisors LP, an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. Includes 2,830,069 shares as to which sole voting power and 2,869,324 shares as to which sole dispositive power is claimed.
- (6) Based on information contained in a Schedule 13G/A filed with the Securities and Exchange Commission on February 11, 2010 by Altus Capital, LLC. Includes 487,150 shares as to which sole voting power and sole dispositive power is claimed. Includes 2,136,633 shares as to which shared voting power and shared dispositive power is claimed.
- (7) Includes 12,328,906 shares held by FF Plaza Partners, a Delaware partnership of which the partners are William C. Erbey, his spouse, E. Elaine Erbey, and Delaware Permanent Corporation, a corporation wholly-owned by William C. Erbey. Mr. and Mrs. William C. Erbey share voting and dispositive power with respect to the shares owned by FF Plaza Partners. Also includes 5,409,704 shares held by Erbey Holding Corporation, a corporation wholly-owned by William C. Erbey. Also includes options to acquire 1,137,312 shares, which are exercisable on or within sixty (60) days after March 8, 2010.
- (8) Includes 6,260 shares held jointly with Mr. Faris' spouse. Also includes options to acquire 904,577 shares, which are exercisable on or within sixty (60) days after March 8, 2010.
- (9) Includes 5,203,047 shares held by Wishco, Inc., a corporation controlled by Barry N. Wish pursuant to his ownership of 93% of the common stock thereof, and 37,000 shares held by the Barry Wish Family Foundation, Inc., a charitable foundation of which Mr. Wish is a Director.
- (10) Includes options to acquire 129,738 shares, which are exercisable on or within sixty (60) days after March 8, 2010.
- (11)

Includes options to acquire 116,250 shares, which are exercisable on or within sixty (60) days after March 8, 2010.

Equity Compensation Plan Information

The following table sets forth information as of the end of the most recently completed fiscal year with respect to compensation plans under which our equity securities are authorized for issuance. The information is split between all compensation plans previously approved by security holders and all compensation plans not previously approved by security holders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	9,278,581	\$ 4.97	11,199,316
Equity compensation plans not approved by security holders	—	—	—
Total	9,278,581	\$ 4.97	11,199,316

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, Directors and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, Directors and greater than 10% shareholders are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely upon review of the copies of such reports furnished to us and written representations that no other reports were required, all Section 16(a) filing requirements applicable to its executive officers, Directors and greater than 10% shareholders were complied with during 2009.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section provides information regarding the following:

- compensation programs for our Chief Executive Officer, Chief Financial Officer, three (3) other most highly compensated executive officers and former President and Chief Operating Officer of Ocwen Solutions;
- overall objectives of our compensation program and what it is designed to reward;
- each element of compensation that we provide; and
- the reasons for the compensation decisions we have made regarding these individuals.

Our named executive officers for 2009 were as follows:

Name	Position
William C. Erbey	Chairman and Chief Executive Officer
David J. Gunter	Executive Vice President and Chief Financial Officer
Ronald M. Faris	President
Paul A. Koches	Executive Vice President, General Counsel and Secretary
Richard Delgado	Senior Vice President and Treasurer
William B. Shepro	President and Chief Operating Officer of Ocwen Solutions

Compensation Philosophy and Objectives

We believe that the most effective executive compensation program is one that aligns executives' interests with those of the shareholders by rewarding performance that achieves or exceeds specific annual, long-term and strategic goals with the ultimate objective of improving shareholder value. We seek to promote individual service longevity and to provide our executives with long-term wealth accumulation opportunities to the extent Ocwen has consistent, high-level financial performance. The Compensation Committee evaluates both performance and compensation annually to ensure that we maintain our ability to attract and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of our peer companies. To achieve these objectives, we generally believe executive compensation packages should include both cash and equity-based compensation that rewards performance as measured against established goals.

Role of Executive Officers in Compensation Decisions

Certain executives including the Chief Executive Officer are involved in the design of executive compensation programs proposed for approval by the Compensation Committee. These executives annually review the performance of each executive officer (other than the Chief Executive Officer whose performance is reviewed by the Compensation Committee) and present their conclusions and recommendations regarding incentive award amounts to the

Compensation Committee for its consideration and approval. The Committee can exercise its discretion in accepting, rejecting and/or modifying any such executive compensation recommendations; however, executive compensation matters are generally delegated to the Chief Executive Officer for development and execution.

Role of Compensation Consultant

Pursuant to its authority to retain independent counsel or other advisers as it deems necessary, the Compensation Committee entered into an advisory agreement with Exequity, LLC in February 2010. The consulting firm will provide the following services as needed from time to time: (i) review of Director pay proposals and program designs, (ii) competitive assessments or benchmarking analysis of executive compensation, (iii) updates on market trends and regulatory considerations impacting compensation and benefit programs, (iv) assistance with preparation of executive pay proposals and (v) various other requests.

Elements of Compensation

The current compensation package for our executive officers consists of base salary and annual incentive compensation. This compensation structure was developed in order to provide each executive officer with a competitive salary, while emphasizing an incentive compensation element that is tied to the achievement of corporate goals and strategic initiatives as well as individual performance. We have no employment agreements with our executive officers. We believe that the following elements of compensation are appropriate in light of our performance, industry, current challenges and environment.

Base Salary. Base salaries for our executive officers are established based on individual qualifications and job responsibilities while taking into account