

Announcement - Servicer: Moody's affirms Ocwen's SQ ratings of SQ2- as a subprime servicer and SQ2 as a special servicer

Global Credit Research - 29 Mar 2010

U.S. Residential Mortgage Servicer Rating Actions

New York, March 29, 2010 -- 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. Since the prior review, Ocwen opened a new site in Montevideo, Uruguay to focus on customer service, collections and loss mitigation.

Since the prior review, Ocwen expanded its hours of operation for its collections and loss mitigation groups to increase agent availability to delinquent borrowers. The company also became a participant in the U.S. Treasury's Making Home Affordable Program in April 2009 and has adopted the unique practice of collecting documentation for the program prior to signing up borrowers for trial modification plans. The company continues to experience challenges managing the rate of abandoned calls in its customer service and collections units.

As of February 28, 2010, Ocwen's servicing portfolio totaled approximately 342,000 loans for an unpaid principal balance of approximately \$48.6 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 February 18, 2009. 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.

New York
Linda Stesney
Managing Director
Structured Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Gene Berman
Asst Vice President - Analyst
Structured Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653



© Copyright 2010, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of MOODY'S Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Any publication into Australia of this Document is by MOODY'S affiliate MOODY'S Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to wholesale clients (within the meaning of section 761G of the Corporations Act 2001). By continuing to access this Document from within Australia, you represent to MOODY'S and its affiliates that you are, or are accessing the Document as a representative of, a wholesale client and that neither you nor the entity you represent will directly or indirectly disseminate this Document or its contents to retail clients (within the meaning of section 761G of the Corporations Act 2001).