

Residential  
Servicer

USA

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## Structured Finance

# Servicer Evaluation

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## Ocwen Federal Bank FSB

### Opinion

#### Ranking:

*Residential Special  
Loan Servicer* : **Strong**  
*Residential Subprime  
Loan Servicer*: **Strong**  
*Residential Alternative Loan  
Servicer*: **Above Average**

The rankings for Ocwen Federal Bank FSB (Ocwen), a wholly owned subsidiary of Ocwen Financial Corp., as a Residential Special Loan Servicer and a Residential Subprime Loan Servicer, are raised to STRONG from ABOVE AVERAGE. The ranking for Ocwen as a Residential Alternative Loan Servicer is affirmed at ABOVE AVERAGE.

These rankings are based on the company's tenured management team, comprehensive policies and procedures, superior data management and reporting capabilities, improved risk management methodologies, and extensive default management expertise. Ocwen has established an impressive track record as a residential special servicer of nonperforming and subperforming mortgage assets. The company specializes in resolving problem assets for third parties on a fee basis, utilizing its well-developed proprietary technology and default management capabilities. Currently, Ocwen ranks as one of the largest third-party subprime loan servicers in the U.S., with more than \$21 billion in assets under management. During 2000, the company successfully executed some key strategic initiatives including converting to the platform-wide integration of its proprietary REALServicing™ technology from a vendor-supplied servicing system. In addition, the company continues to expand its Orlando, Fla. operation, which opened in 1999, utilizing its extensive physical plant to staff its call center operations, expand its collection and default management areas, and provide enhanced disaster recovery and business resumption alternatives. Ocwen continues to invest in technology and infrastructure to optimize loan-servicing efficiencies and refine data analytics for optimum asset management.

#### Outlook: **Stable**

The company's strategic focus will be to continue growing its third-party servicing business and expanding its Ocwen Technology Xchange (OTX) subsidiary, which markets the company's proprietary suite of loan-servicing technology products. Although Ocwen continues to be challenged by weak earnings, management's continued focus on risk management through strong internal controls, emphasis on technology, and implementing global best practices, ensures that Ocwen will remain a highly effective servicer of nonperforming, subperforming, and subordinate lien mortgage assets in the RMBS marketplace.

**Profile**

Ocwen is a federally chartered savings bank and a wholly owned subsidiary of Ocwen Financial Corp., a publicly held financial services holding company. During the past two years, Ocwen has moved away from its prior business strategy focused on discounted loan acquisition and resolution activities and investments in mortgage-related securities, and has been transforming itself into a third-party service provider for investors in residential and commercial mortgages and consumer finance loans. The bank’s current business strategy is to leverage its technological capabilities to

become a leading, low-cost provider of customized asset administration for third-party clients across all asset types. This is being accomplished through subservicing engagements and through the acquisition of mortgage servicing rights. In addition, the bank is actively expanding other specialty services on a third-party fee basis, such as property valuations, charged-off consumer collections, real estate disposition and international due diligence, and advisory services. Ocwen currently employs 1,241 persons and is headquartered in West Palm Beach, Fla. The bank also maintains a call center facility in Orlando, Fla.

**Management and Organization**

*Ranking: Strong* The ranking for Management & Organization is raised to STRONG from ABOVE AVERAGE.

**MANAGEMENT AND STAFFING  
RECRUITMENT, DEVELOPMENT  
AND TRAINING**

Ocwen has maintained solid management depth throughout the organization and continues to benefit from comprehensive procedures and internal controls.

- Senior managers average more than 16 years of industry experience. Middle managers in key servicing areas average about 14 years of industry experience, with five years of experience at Ocwen.
- The annualized turnover rate at the Orlando facility is approximately 30%, which is acceptable for a call center environment. Employee turnover at the West Palm Beach headquarters is better than industry averages at approximately 17%.

Ocwen provides a solid training environment at the corporate and departmental

levels. The company employs full-time professional trainers at the West Palm Beach and Orlando locations who administer entry-level and advanced training curriculum. The trainers are well tenured with more than five years of industry experience.

- The company’s new hire orientation program consists of four weeks of general mortgage banking instruction and job-specific training modules and technology courses.
- Call center hires in customer service and collections receive approximately 184 hours of training.
- Multiple dedicated training facilities at both site locations.
- Skills testing and certification is required and students must receive acceptable passing grades before graduating into the call center environment.
- A well-structured career-pathing program is offered to customer service and collections personnel, which requires certification based upon a predefined course curriculum.
- Advanced career-pathing curriculum consists of 25 to 40 hours of training,

depending on job function. Loan resolution consultants receive more than 90 hours of instruction.

- Managers and supervisors receive almost 70 hours of training in supervisory skills, performance appraisal training, time management, and other topics.
- Multi-media training materials (video, CD-ROM) are available to all employees.

The company provides a variety of professional development courses designed to promote and enhance leadership and communication skills among supervisors and management. The human resources area tracks attendance for all classes and company personnel actively participate in industry conferences and seminars offered by vendors. Overall, Ocwen's training programs are effectively designed to equip new hires with the specific skill sets necessary to successfully perform their job-specific functions.

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#### INTERNAL CONTROLS

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Ocwen has developed policies and procedures that are well drafted and highly comprehensive, and are driven by job functionality so they serve as an excellent resource tool for new hires and experienced staff alike.

- Effective January 2001, all loan servicing policy and procedure manuals are available to employees on-line. This enhancement ensures that employees are uniformly apprised of the most recent company and investor guidelines.
- Policy and procedure changes are made by individual business leaders and may be reviewed by the law department.
- Policy and procedure manuals are reviewed by the internal audit and compliance departments on an annual basis.

- All customer correspondence is reviewed and approved by the law department.

Ocwen maintains an internal audit and quality assurance department that conducts periodic audits of each of the bank's departments, and reports to an internal audit committee of the board of directors. Internal audits of the servicing operation are performed annually.

- The audit group develops an annual scope based on a risk assessment model that prioritizes those areas requiring audit resources as determined by risk exposure.
- An audit calendar is developed for each calendar year and a process for summarizing findings and drafting plans for corrective action is in place.
- An audit database is maintained to monitor the status of the audit plan throughout the year and audit findings, as well as management responses, are similarly tracked on an internal database.
- No significant findings on the 2001 USAP report.

The internal audit scope is expansive, covering all areas of significant risk, including investor accounting and reporting, default management, and cashing, in addition to many other areas such as escrow administration, customer service, disaster recovery, and human resources. Standard & Poor's reviewed copies of various internal audits performed during the past 18 months and found only minor exceptions that were addressed by management in an expeditious manner.

Ocwen maintains an additional level of loan servicing review via the quality assurance department, which mitigates risk and enhances the customer experience in its call

center activity.

- Monthly telephone monitoring of customer service and collection representatives to ensure call quality and compliance with state and federal regulations.
- 100% review of prepayment penalty calculations.
- 100% daily review of speed pay transactions.
- Verification of financial information on forbearance plans.

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### TECHNOLOGY

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Ocwen operates in a superior integrated systems environment efficiently utilizing a combination of vendor and proprietary computer technology.

- REALServicing™ Residential Loan Servicing System, marketed by OTX, is the primary servicing system, managing the total life cycle of the loan-servicing process, including escrow management, reconveyance processing, default management, and asset management and sales.
- Fully scalable client server technology in REALServicing system offers unlimited capacity for portfolio growth.
- Proprietary data warehouse that allows extensive portfolio data stratification and analysis for management reporting.
- Davox® autodialer is used to design and conduct customized calling campaigns for the collection of delinquent accounts.
- CenterForce Technologies Inc.'s CenterForce Optimizer™ software is used to optimize the correct party contact rate for collection efforts.
- Automated call distribution system is in place to direct incoming call volume and an interactive voice response unit (IVR) provides automated account

information to borrowers.

- Platform-wide imaging that provides immediate access to all employees and allows conversion of acquired portfolios' imaging.
- Extensive web site for customer service and investor relations.

System security is overseen by an independent officer in the internal audit group to ensure proper segregation of duties. Disaster recovery services are contracted through an external vendor providing a hot site location and a mobile data unit for resumption of critical systems applications and servicing functions. The disaster recovery plan is tested twice annually. The company's business resumption plan appropriately identifies critical business functions such as cashiering, investor accounting, and default management, are resumed within 24 to 48 hours of a disaster and the corresponding key personnel responsible for coordinating the applicable resources and activities. System back-up tapes are routinely performed and stored at an off-site archival facility. The company will utilize its Orlando call center site for short-term business resumption capabilities not requiring the use of a full-scale hot site. Ocwen's continued commitment to developing superior technology remains one of the servicing operation's key strengths.

Ocwen maintains appropriate insurance coverages and management states that there are no material lawsuits outstanding. Upon exiting the domestic and foreign subprime loan origination business in late 1999, Ocwen continues to focus on its core competency, primarily fee-based businesses such as third party servicing of subprime and distressed assets. In addition, the company will continue to leverage its default management and technology

expertise in creating opportunities for third party servicing of distressed assets in foreign markets. Lastly, the company will continue to market its various software products through its OTX subsidiary to further improve and diversify earnings. Ocwen has established a reputation as one of the most active participants in the special servicing arena, with an established track record of resolving distressed residential mortgage assets. It is expected that Ocwen will continue to be a highly effective servicer of subprime and distressed RMBS assets.

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#### LOAN ADMINISTRATION

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All residential loan-servicing functions are directed by Ronald M. Faris, president. Senior managers oversee the core asset management teams responsible for primary servicing functions such as payment processing, investor accounting and reporting, customer service, and default management.

The company presently services a portfolio of approximately 214,000 subprime loans in addition to more than 79,000 subordinate lien loans. Ocwen's special servicing portfolio consists of nearly 5,000 assets and the company services a small number of conforming loans. Ocwen's loan servicing portfolio has good geographic diversity with the largest concentration of mortgage loans located in California (15%), followed by Florida (8%), and Texas (6%). The company's geographically diverse portfolio serves to minimize risk of loss from regional economic downturns.

Standard & Poor's reviewed all areas of loan servicing, including new loan boarding, escrow administration, mortgage reconveyance processing and tracking, and adjustable-rate loan analysis. Overall, these areas were found to be satisfactory.

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#### CASH MANAGEMENT AND INVESTOR ACCOUNTING

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Ocwen has effective controls in its payment processing area. The cashiering group has been relocated in a separate, secure location to enhance security.

- Very efficient lockbox capture rate of 70%.
- Low lockbox reject rate of 2%.
- Total automated payment processing rate of 95%.
- Payments requiring research are housed in a fireproof safe and check images are forwarded to the appropriate areas for research.
- Unprocessed checks are tracked on a database for follow-up and to ensure a prompt turnaround time.
- Supervisors and senior managers check desks periodically for unprocessed drafts to reduce the risk of loss or misappropriated items.
- Efficient nightly sweep of funds from the clearing accounts to the corresponding custodial accounts.
- Treasury department performs a daily reconciliation of the clearing account utilizing on-line access to the bank account statements to facilitate the balancing process and promoting proper segregation of duties.

Overall, Ocwen maintains solid controls and efficient processes in its payment posting area that effectively minimize the risk of loss from fraud or error.

The company undertook several initiatives in 2000 and 2001 to improve the remittance and account reconciliation processes. A contract compliance function was introduced to ensure compliance with the requirements of pooling and servicing

agreements, and internal policies and procedures. The company also grew its investor reporting staff by 50% to enhance efficiencies. Lastly, Ocwen developed and introduced an investor reporting DataMart that serves as a central repository for third-party reporting data. The DataMart is a robust analytical model that interfaces with all loan-servicing systems and downloads data directly based on a set schedule and is consolidated in one consistent format. The DataMart performs all loan-level calculations and provides an audit trail for all data adjustments and changes. A table of investor characteristics is programmed with various data points extracted directly from the individual pooling and servicing agreements.

Ocwen exhibits the requisite segregation of

duties in its investor accounting and reporting functions.

- Requisite segregation of duties among investor reporting, remitting, and bank account reconciliation functions.
- All custodial bank account reconciliations must be reconciled within 45 days of the cut-off date.
- Supervisor and manager must sign off on all bank account reconciliations.
- 100% electronic reporting to investors.
- 100% electronic remittance to investors.
- No significant findings on annual USAP report.
- Senior management represents that there have been no late reporting penalties or unreconciled items during the past 18 months.

## Residential Alternative Loan Servicing

*Ranking:* **Above  
Average**

The ranking  
of ABOVE

AVERAGE is affirmed for Residential  
Alternative Loan Servicing.

**Table 1 Key Statistics (Subordinate Lien Portfolio)**

	As of December 31			
	2001	2000	1999*	1998
<b>Residential Loan Portfolio</b>				
Volume (\$000s)	2,644,057	1,403,702	314,294	351,530
Loans (#)	79,589	44,268	9,822	10,986
<b>Delinquencies (%)</b>				
Total	8.78	8.10	3.60	4.58
30-59 day	2.94	4.40	2.25	2.59
60+ day	0.92	1.50	0.77	1.32
90+ day	4.92	2.20	0.58	0.67
Bankruptcy	1.51	1.80		
Foreclosure	0.05	0.00	0.40	0.21
REO	0.01	0.00	0.18	0.05

\*As of June 30, 1999.

The company significantly increased its subordinate lien-servicing portfolio during 2000 and 2001. The portfolio primarily consists of high loan-to-value subordinate lien loans, but also includes home equity lines of credit and HUD Title One program loans. To provide optimum servicing for this rapidly growing segment of its portfolio, the company has bifurcated functions in areas such as default management and customer service to provide a dedicated level of expertise for subordinate lien mortgage loans. Dedicated policies and procedures and appropriate default management timelines have been developed for the subordinate lien portfolio.

In the event that an equity analysis of a subordinate lien mortgage loan does not suggest foreclosure, the loan may be approved for legal action and subsequently referred to the unsecured collections department for referral to a collection attorney, if recovery seems plausible. Loans that are not approved for legal action are charged off at the 210th day of delinquency with senior management approval. Ocwen has the requisite procedures in place for servicing HUD Title One loans. Approximately 35% of HUD Title One loans have been declined for mortgage insurance due to pool coverage depletion. Ocwen receives a monthly status report from HUD including all pending insurance claims and the corresponding pool reserves for each contract number.

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## CUSTOMER RELATIONS

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Customer service functions are centralized at Ocwen's Orlando call center facility. The company has a well-trained customer service staff that is dedicated to first call resolution and portfolio retention. Service indicators are as follows:

- Extensive monthly monitoring of customer service representatives by management team and quality assurance group.
- Extended call center hours to cover geographically diverse portfolio.
- Bilingual 24/7 voice response unit (VRU) capture rate of 30%.
- Trending analysis of VRU calls performed to identify servicing trends and training issues.
- Average speed of answer rate of 42 seconds, which is very competitive with industry standards.
- Call abandonment rate of 4.4%, which is acceptable.
- Robust web site available for account information, customer service inquiries.
- Dedicated customer service representative responds to e-mails. Turnaround time averages 2.6 days. All inquiries handled in accordance with RESPA guidelines.
- Call escalation process involving executive service representatives and research intervention representatives for optimum customer satisfaction.

Overall, Ocwen promotes a productive and responsive call center environment.

## Residential Subprime Loan Servicing

*Ranking:* **Strong**

The ranking as a  
Residential

Subprime Loan Servicer is raised to  
STRONG from ABOVE AVERAGE.

**Table 2 Key Statistics\* (Residential Subprime Portfolio)**

	As of December 31				
	2001	2000	1999*	1998	1997
<b>Subprime Loan Portfolio</b>					
Volume (\$000s)	18,906,174	5,374,939	29,929	42,636	88,013
Loans (#)	214,897	62,179	62,651	63,644	23,388
<b>Delinquencies (%)</b>					
Total	4.01	4.90	4.95	6.95	3.36
30-59 day	2.93	3.80	3.42	4.70	2.45
60-89 day	0.53	0.50	1.24	1.62	0.69
90+ day	0.55	0.60	0.29	0.63	0.22
Bankruptcy	1.39	0.90	N/A	N/A	N/A
Foreclosure	5.42	5.90	4.24	3.17	1.11
REO	1.86	2.70	1.61	1.14	0.34

\*As of June 30, 1999.

### DEFAULT ADMINISTRATION

Ocwen has a bifurcated collections structure. Representatives in the performing collections unit, located in the company's 125,000-square-foot call center in Orlando, handle accounts in the initial 90 days of delinquency. New collectors are assigned to the 0-29 day unit, while more seasoned collectors are responsible for advanced delinquencies. Ocwen's seasoned collectors average six to 10 years of industry experience, resulting in a tenured and knowledgeable collection staff. Ocwen has three levels of collectors, based upon employee experience, that handle the 0-29 days past due, 30-59 days past due, and 60-89 days past due accounts respectively. This assignment of responsibilities provides career-pathing and advancement opportunities for collectors beyond their immediate tasks. In late 2000,

the collection function was split between first and subordinate lien asset servicing. Service indicators are as follows:

- Random assignment of accounts to prevent collector complacency.
- Well-written policies and procedures available to collectors electronically.
- Extensive monitoring and performance counseling of collection representatives.
- In-depth four-week collector training program including annual FDCPA re-training seminar.
- Extended weekday and weekend shifts to canvass geographically diverse servicing portfolio.
- Appropriately aggressive collection timelines based on asset type.
- Predictive dialer technology used to coordinate and conduct customized calling campaigns for optimum portfolio penetration.

- On-line call scripting for consistent call resolution.
- Freddie Mac Early Indicator scoring technology and behavior modeling software is used for account scoring to maximize recovery on delinquent portfolios.
- Blended call center environment to efficiently handle inbound and outbound call volume.
- Effective right party contact rate of 31%.
- Excellent promise to pay cure rate of 76%.
- Reasons for default recorded on all delinquent accounts for trend analysis in loss mitigation and foreclosure review process.
- Property inspection orders are system-generated based on collection timelines to protect the asset and minimize risk of loss due to damage or neglect.
- Daily tracking of month-to-date actuals versus goals for individual performance tracking and benchmarking.

Collectors have discretionary authority to enter into short-term repayment plans with borrowers based upon company-established guidelines. Repayment plans outside of the pre-established guidelines require supervisory approval and have an average multiple payment rate of approximately 80%, indicating a well-trained and managed collection staff.

Collection calls are routinely recorded and monitored by management to assure

adherence to FDCPA guidelines, company and investor guidelines, and quality of overall communication and negotiation skills. These monitoring sessions result in a monthly report and quality score for each collector, which provides an excellent feedback mechanism for collectors while identifying training issues, and ensures a sustained quality-oriented approach to the collections approach. Collectors are eligible to receive a quarterly financial bonus based on individual and department-based goals. A review of Ocwen's incentive plan indicates that it is well administered and not financially excessive. Ocwen's integrated systems environment provides management with extensive data reporting tools that track the quality and effectiveness of the company's collection effort on a daily, weekly, and monthly basis. Overall, Ocwen has a highly proactive, well-trained, effectively managed primary collections unit.

Ocwen has a dedicated skip tracing unit responsible for locating debtors. Individuals in the skip tracing unit have a minimum of three years industry experience and use various tools, including access to credit bureau information, Lexis-Nexis, Fastdata and First Pursuit, among others, to locate missing debtors. Standard & Poor's believes that a dedicated skip tracing unit is an excellent use of resources to locate missing debtors, while collectors maximize recovery on delinquent loans by focusing on collection calls. The skip tracing area is highly successful, with a find rate exceeding 68% within an average five-day turnaround time.

## Residential Loan Servicing

*Ranking:* **Strong**

The ranking for Residential Loan

Special Servicing is raised to STRONG from ABOVE AVERAGE.

**Table 3 Key Statistics (Residential Special Servicing Portfolio)**

	As of December 31			
	2001	2000	1999*	1998
<b>Loan Portfolio</b>				
Volume (\$000s)	402,489	507,009	440,505	279,255
Loans (#)	4,799	5,848	4,834	3,029
Performing (#)	2,889	3,230	1,913	936
Performing (\$000s)	243,406	283,073	175,949	87,853
Non-performing (#)	1,910	2,618	995	861
Non-performing (\$000s)	159,083	223,936	93,019	80,674
Active Foreclosures (#)	961	1,414	1,563	1,147
Active Foreclosures (\$000s)	80,775	123,743	140,932	102,623
<b>Loan Portfolio Resolutions</b>				
Reinstatements (#)	415	498	90	19
Reinstatements (\$000s)	42,323	53,260	8,751	1,925
Modifications (#)	1	1	1	0
Repayment Plans (#)	1,400	1,577	525	286
Repayment Plans (\$000s)	128,087	140,287	48,573	27,584
Short Sales (#)	113	85	101	39
Short Sales (\$000s)	11,952	9,973	10,202	4,205
Deeds-in-Lieu (#)	9	19	17	0
Total Debt Payoffs (#)	318	425	377	257
Total Debt Payoffs (\$000s)	35,315	46,380	41,387	26,207
<b>REO Dispositions</b>				
Market Value (\$000s)	74,605	84,393	10,366	232
Net Sale Proceeds (\$000s)	69,620	78,142	9,289	216
Assets (#)	1,057	1,226	104	6
Net Sale/Market Value (%)	93	93	90	93

Loss mitigation and foreclosure are pursued simultaneously on a dual track. Loss mitigation efforts are conducted by loan resolution counselors, primarily located at the West Palm Beach headquarters, although the company has expanded this function to its Orlando call center location. The loan resolution department conducts loss mitigation analysis on all loans past 90 days due. The company's proprietary loan resolution workstation is used to perform a net present

value analysis and track workout approvals. Based upon property valuation information, updated financial data from the borrower, reasons for default, and willingness to pay, the loan resolution workstation performs a comparative analysis with the projected carrying costs of foreclosure and REO marketing to assist the counselor in developing the best exit strategy for a particular loan in default. Essentially a financial modeling tool, the loan resolution workstation also

ties back to the company's proprietary pricing model for benchmarking loss severity on various portfolios. The loan resolution workstation provides management with excellent reporting tools to track loan resolution counselor productivity, volume by resolution type, and resolution value added as well as expense analysis. The department has created special dedicated loan resolution functions such as low loan-to-value and high loan-to-value loan resolution counselors as well as loan takeout facilitators that encourage alternative resolution strategies such as a third party takeout at sale.

Service indicators are as follows:

- Average of 45 resolutions per month, per loan resolution counselor.
- Extensive call monitoring of loan resolution counselors to ensure call quality and regulatory compliance.
- Daily review of any property market value changes more than 25%, as well as bi-weekly reviews of property market values decreasing in excess of \$15,000.
- More than 72% of third party assets resolved prior to foreclosure.
- More than 18,000 resolutions processed on an annual basis.
- Average net present value added on an annual basis is nearly \$16,000 per resolution.
- All resolutions are audited on a monthly basis.
- Recidivism rate of 20% is competitive with industry performance.

Foreclosure and bankruptcy cases are tracked on the company's proprietary timeline management system that is programmed with individual state foreclosure guidelines. The company maintains an on-line list of approved counsel and attorneys are graded based upon their performance. Document imaging is used to transmit files to counsel

and the event driven tracking module monitors the case through all aspects of litigation. Service indicators are as follows:

- Ratio of foreclosure files per full-time employee equals 630.
- Ratio of bankruptcy files per full-time employee equals 438.
- Dedicated group performs file review and set-up for foreclosure referral.
- Assignment of files is state-specific, although all representatives are cross-trained to ensure depth of expertise.
- Timeline-specific event tracking and reporting.
- Daily monitoring of attorney performance.
- Foreclosure cure rate of approximately 77%.
- 93% of foreclosure caseload is completed ahead of Freddie Mac timeline.
- Proprietary internal proof of claim system dramatically reduces processing time and costs.
- More than 65% of chapter 13 bankruptcy cases are performing per plan specifications.
- System tracks nonperforming bankruptcy plans and will flag accounts for lift of stay motion within 60 to 90 days of default.
- Average eviction time is 91 days.
- PACER is used to monitor the status of bankruptcy cases.

Extensive quality control procedures include the early detection of timeline delays and irregular processes and Ocwen's in-house counsel tracks litigation and acts as a liaison with outside counsel. Foreclosure cases completed outside of designated state timelines are reviewed on an individual basis. Overall, Ocwen's foreclosure and bankruptcy caseload is highly efficient and effectively managed to minimize risk of loss

from unnecessary delays occurring in the foreclosure and bankruptcy timeline.

Ocwen has a tightly controlled and highly effective REO management function. The company's REO subsidiary, Ocwen Realty Advisors, manages its REO inventory utilizing Order Tracking, a transactional database. Properties are assigned to asset managers based on region to develop and maximize familiarity and expertise with various housing markets. Asset managers handle approximately 130 properties each, which is an acceptable caseload. Ocwen has developed standardized real estate management guidelines and policies for its broker network, which provides guidance and delegated financial authority for property securing, maintenance, winterization, repairs, cash for keys, and a full appendix of forms. The manual serves as an excellent tool for ensuring vendor asset disposition according to Ocwen's corporate standards. Ocwen obtains a minimum of two property valuations, including a full interior appraisal, post-foreclosure sale. If there is a 10% or more variance, Ocwen will secure a third asset valuation to establish the listing price.

- Approximately 20 to 25% of properties require eviction.
- Property valuations are ordered through the order tracking system.
- The order tracking system stores property and borrower information.

- All property valuations are reviewed by a licensed or certified analyst for quality assurance.
- Ocwen's REALTrans<sup>(SM)</sup> system is used to generate monthly vendor scorecards.
- Automated an on-line matrix for running repair versus as-is disposition scenarios.
- Asset disposition plan is developed for each property containing as-is and repaired values, book value and list price, as well as the anticipated resolution timeframe.
- Average days on market (marketability to closing) is a highly efficient 97 days.
- Ratio of net sales-to-market value is a highly effective 93%.

Recommendations for property disposition are proposed by the asset manager with various levels of management signoff required on the business plan. In addition to its broker network, Ocwen has established an alternative sales strategy group to manage auctions and web events. Currently, the broker network accounts for approximately 84% of all property dispositions, while auctions result in about 15% of property dispositions with the remaining 1% via the company's web site. Overall, Ocwen has a highly effective and well-structured REO asset management marketing and disposition effort.

The ranking of AVERAGE is affirmed for

## Financial Position

Ranking: **Average**

Financial Position.

Ocwen Federal Bank FSB's credit strength is based upon its parent Ocwen Financial Corp.'s 'BB-' long-term counterparty credit rating.

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