



## Ocwen Financial Corporation Corporate Governance Guidelines

Last Reviewed and Approved February 15, 2017

These Corporate Governance Guidelines were first adopted by the Board of Directors (the "Board") of Ocwen Financial Corporation (the "Company") at its meeting on November 7, 2002 to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. These Corporate Governance Guidelines are not intended to change or interpret any Federal or State law or regulation, including the Florida Business Corporation Act, or the Certificate of Incorporation or By-laws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

### **THE BOARD**

#### **Role of Directors**

The business and affairs of the Company shall be under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits and to review prior to meetings material distributed in advance for such meetings. Directors are also expected to attend the annual meeting of shareholders. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Secretary in advance of such meeting.

#### **The Board's Goals**

The Board's goal is to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. The Board is also responsible for assuring that the Company's management and employees operate in a legal and ethically responsible manner. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor.

#### **Selection of the Chair of the Board; Lead Independent Director**

The Board does not believe that it is in the best interests of the Company and its shareholders to mandate the separation of the offices of Chair of the Board of Directors and Chief Executive Officer. Rather, the Board retains the discretion to make determinations on this matter from time to time as may be in the best interests of the Company and its shareholders. As of the date of last adoption of these Corporate Governance Guidelines, the Board believes that separating

the roles of Chair and Chief Executive Officer is in the best interests of the Company and its shareholders.

In the event that the Board determines that the same individual shall serve as Chair and Chief Executive Officer, the Board shall appoint a lead independent director (“Lead Independent Director”) and shall designate to such director such responsibilities as the Board shall determine are appropriate in order to address any corporate governance issues that it determines exist, or have the potential to exist, if the same individual serves as Chair and Chief Executive Officer.

### **Size of the Board**

The Board believes that it should generally have no fewer than five and no more than eleven directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

### **Selection of New Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nomination/Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Nomination/Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

### **Board Membership Criteria**

Nominees for director shall be selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities.

The Nomination/Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

### **Stock Ownership Guidelines for Directors**

Directors are expected to own shares in the Company worth at least five times the base annual cash retainer for service as a director. Such threshold shall apply as of the fifth anniversary of August 18, 2015 (the date of adoption of the stock ownership guidelines set forth in this paragraph) for directors serving as of such date and shall apply as of the fifth anniversary of the appointment of any subsequent director. Shares that count toward these stock ownership guidelines shall include (i) shares held in trust for the benefit of the director or his or her family members and (ii) shares with respect to which a deferral election has been made pursuant to the Company's Deferral Plan for Directors. If a director has met his or her applicable ownership threshold and a subsequent decline in the Company's share price causes the value of his or her ownership to fall below the applicable threshold, the director will be considered to be in compliance with the stock ownership guidelines so long as he or she continues to hold at least the number of shares that were owned at the time when he or she achieved the threshold.

## **Other Public Company Directorships**

The Company's general policy is to limit the number of other public company boards of directors upon which a director may sit to four. The Board retains the discretion to appoint or nominate for election by the shareholders individuals who sit on more than four other public company boards of directors if the Board considers the addition of such individual to the Board to be in the best interests of the Company and its shareholders.

The Nomination/Governance Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member and shall consider (and make recommendations to the Board as to) whether that prospective nominee's membership on such other board(s) is, or is has the potential to be, in conflict with the duties of membership of the Board.

## **Independence of the Board**

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange (the "NYSE") and applicable law. In addition, the Board shall have no more than two directors who are employees of the Company.

The Board shall review annually the relationships that each director has with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or otherwise). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or otherwise) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the NYSE or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

## **Directors Who Change Their Present Job Responsibility**

The Board does not believe that the Directors (including employee directors) who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Nomination/Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Nomination/Governance Committee's recommendation following such review.

## **Retirement Age**

It is the general policy of the Company that no director having attained the age of 78 years shall be nominated for re-election or reappointment to the Board. However, the Board may determine to waive this policy in individual cases.

## **Director Tenure**

In connection with each director nomination recommendation, the Nomination/Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nomination/Governance Committee in connection with each director nomination recommendation.

## **Board Compensation**

The Company believes that compensation for directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Compensation Committee of the Board will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Changes to director compensation will be proposed to the full Board for consideration and approval.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee and the Compensation Committee may receive from the Company.

## **Separate Sessions of Non-Management Directors**

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis but no less than four times a year. Whenever the Chair is a non-management director, the Chair shall chair such executive sessions. Whenever the Chair is a management director, a non-management director shall chair such executive sessions on a rotational basis as determined by the non-management directors at each executive session. Anyone who desires to contact the non-management directors regarding the Company may do so by contacting the Office of the Secretary by mail addressed to the Secretary at the Company's headquarters.

## **Self-Evaluation by the Board**

The Nomination/Governance Committee will sponsor an annual self-assessment of the Board's performance. The self-assessment process shall also include self-assessments by those committees designated by the Nomination/Governance Committee. The Board shall receive reports of the results of such committee self-assessments and shall discuss the results of the Board and committee self-assessments. The self-assessment process should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nomination/Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

## **Strategic Direction of the Company**

It is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. As a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

## **Board Access to Management**

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Secretary of the Company, and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

## **Attendance of Management Personnel at Board Meetings**

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

## **Board Materials Distributed in Advance**

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

## **Board Interaction with Institutional Investors, Analysts, Press and Customers**

The Board believes that management generally should speak for the Company. Unless otherwise determined by the Board, each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

## **Board Orientation and Continuing Education**

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principle officers, internal auditors and independent auditors. Each director should consider participation, as appropriate, in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

## **BOARD MEETINGS**

### **Frequency of Meetings**

There shall be four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

### **Selection of Agenda Items for Board Meetings**

The Chair of the Board shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chair of the Board in consultation with the Board may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

## **COMMITTEE MATTERS**

### **Number and Names of Board Committees**

The Company shall have six standing committees: Audit, Compensation, Compliance, Nomination/Governance, Independent Review and Executive. The purpose and responsibilities for the standing committees shall be outlined in committee charters adopted by the Board. The Board may want, from time to time, to form a new committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time and determine the composition and areas of responsibility of such committees.

### **Independence of Board Committees**

Each of the Audit Committee, the Compensation Committee, the Nomination/Governance Committee and the Independent Review Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee. All other standing Board committees shall be chaired by Independent Directors, except that the Executive Committee shall be chaired by the Chair of the Board, even if he is not an Independent Director.

### **Assignment and Rotation of Committee Members**

The Nomination/Governance Committee shall be responsible, after consultation with the Chair of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nomination/ Governance Committee's recommendations, the Board shall be responsible for appointing the Chair and members to the committees on an annual basis.

The Nomination/Governance Committee shall annually review the Committee assignments and shall consider the rotation of the Chair and members with a view toward balancing the benefits

derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

## **LEADERSHIP DEVELOPMENT**

### **Selection of the Chief Executive Officer**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity and reputation in the business community.

### **Evaluation of the Chief Executive Officer**

The Board will provide the Chief Executive Officer with an annual performance review for the prior year during the first quarter for each fiscal year. The following steps will be utilized to carry out this review:

- The Compensation Committee will review the performance of the Chief Executive Officer pursuant to the goals approved by the Compensation Committee and report their evaluation to the non-management directors in executive session during the first quarter of the fiscal year.
- The Chair of the Compensation Committee or, if so determined by the non-management directors in executive session, the non-management directors will meet with the Chief Executive Officer, to discuss the assessment of the Chief Executive Officer.

### **Succession Planning**

The Board shall plan for the succession to the position of the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall prepare and distribute to the Board an annual report on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed the Chief Executive Officer and other senior management positions.

### **Management Development**

The Board shall determine that a satisfactory system is in effect for education, development and orderly succession of senior and mid-level managers throughout the Company.