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**Home Retention**

**INCENTIVE COMPENSATION PLAN**

**EFFECTIVE DATE**

This Plan is effective **1st August 2022** and is expected to continue for the foreseeable future until otherwise amended or terminated by the Company. Refer to the Administrative Terms & Conditions below.

**ELIGIBILITY**

The following positions Home Retention Consultant (US, St. Croix, India and Manila) and/or named employees (collectively “Employees” or “Participants”) are eligible to participate in the Plan upon the later of the effective date above or the date they begin in the position:

* Home Retention Consultant –600 – US and St. Croix
* Home Retention Consultant – INR 25,000 – India
* Home Retention Consultant – PHP 17,250 – Philippines

**PURPOSE**

The Plan reinforces Ocwen’s pay-for-performance compensation philosophy by offering a variable compensation structure designed to motivate Employees to achieve certain business objectives, including:

* Provide a competitive compensation plan to reward and retain top people
* Promote strong team collaboration and communication across the organization
* Achieve sustained long-term business profitability and growth
* Support the business strategy

**PERFORMANCE METRICS AND INCENTIVE CALCULATIONS**

* + - RM’s will earn credits as per ICP parameters. This includes activities related to loan resolutions and Net Promoter Score (NPS).
    - Payout is tied to overall department performance metrics.
    - RM’s earning below the minimum resolution credits threshold will not be eligible for a resolution credit payout (Thresholds will be set at the beginning of each quarter).
    - Bottom ranked RMs based on NPS scores will not be eligible for NPS payout.

**Department Level Metrics**

* **Department Metric 1– Cure Rate**
* Fifty percent of the monthly funding of the ICP payout pool is tied to overall department performance on cure rate.
* Actual pool for cure rate for a given month will be based on achievement level against cure rate target.
* Cure rate for a month is Total Resolutions / All loans in a default status at beginning of month (excluding REO loans).
* Cure rate targets will be set by Director at the beginning of each quarter.
* **Department Metric 2– NPS**
* Fifty percent of the monthly funding of the ICP payout pool is tied to overall department performance on NPS survey scores.
* Actual payout pool for NPS for a given month will be based on achievement level against NPS target.
* NPS score for a month is calculated as (total number of Promoters – total number of Detractors) / total number of surveys (i.e. No. of Promoter + No. of Passive + No. of Detractor).
* NPS targets will be set by Director at the beginning of each quarter.

**Individual RM Level Metrics**

* **Resolution Credits:**
  + RMs will earn credits for various loan resolution achievements.
  + Resolution Credits per day will be calculated by dividing the total resolution credits with the Agent’s workdays.
    1. RM’s workdays = Total workdays in the month – PTO
    2. For the calculation of RM’s workdays, only PTO will be reduced from the workdays. Any UPTOs taken during the month will count toward workdays for calculation of this metric.
  + An RM must earn a minimum number of resolution credits to qualify for resolution payout. The minimum threshold to qualify will be set and will be revised on a quarterly basis.

Resolution credits include, but are not limited to:

|  |  |  |  |
| --- | --- | --- | --- |
| **Credit Category** | **Description** | **Applicable Group** | **Credit Count** |
| Repayment Plan Setup   * Task – Notify Borrower of Approved Plan | Credit awarded upon approval and setup of submission   * Has -Start Date during the current month | HRD | 1 |
| Repayment Plan Receipt of Signed Agreement   * Task - Receipt of Signed RPP | Credit will be awarded upon receipt of the signed agreement   * Has - Complete during the current month | HRD | 1 |
| Repayment Plan Down Payment   * Task – Down Payment Installment Due | Credit awarded upon receipt of the repayment plan down payment amount   * Has -Complete during the current month | HRD | 1 |
| Repayment Plan Subsequent Payment   * Task – Repayment Plan Installment | Credit awarded upon receipt of the repayment plan subsequent payment amount   * Has -Complete during the current month | HRD | 1 |
| Repayment Plan Completion  Task – Repayment Plan Satisfied | * Credit awarded upon successful completion of a repayment plan Has -Complete during the current month | HRD | 1 |
| Short Sale Credits   * Note Type-Loss Mit Referral SS * Active Workflow– Loss Mitigation – Short Sale * Active Workflow– Loss Mitigation Family Sale | Credit awarded upon successful completion of a Short Sale.   * Task – Receipt of SS Closing funds * Task – Receipt of Family Sale Proceeds * Must have a complete date | HRD | 3 |
| Deed In Lieu Credits   * Note Type-Loss Mit Referral DIL * Active Workflow– Deed n Lieu | Credit awarded upon successful completion of a Deed-in-lieu.   * Task – Receipt of Executed Deed – Instruct Attorney to record * Must have a complete date | HRD | 3 |
| Collection of Missing Occupancy Certificate   * Note Type - Promise Occupancy * Active Workflow - Occupancy | Credit awarded upon collection of Missing Occupancy Certificate   * Receipt of Annual Occupancy Certification Letter Task * Must have a complete date | HRD  30 – days to receive | 1 |
| Collection of Missing Insurance Doc   * Note Type – Promise Tax & Ins Doc * Active Workflow - Insurance | Credit awarded upon collection of Missing Insurance   * Receipt of Borrower Policy Information * Must have a complete date | HRD  30 – days to receive | 1 |
| Collection of Missing Tax Doc   * Note Type – Promise Tax & Ins Doc * Active Workflow -Tax Monitoring | Credit awarded upon collection of Missing Tax Doc   * Receipt of Proof of Taxes Paid * Must have a complete date | HRD  30 – days to receive | 1 |
| Payoff Credits   * Promise Payoff | Credit awarded upon successful completion of a Total Debt Payoff | HRD  30 – days to receive | 2 |
| Reinstatement Credits (>$2,000)   * Note Type Promise Payoff | Credit awarded upon successful completion of a Zero TOTs balance | HRD  30 – days to receive | 3 |
| Reinstatement Credits (<$2,000)   * Note Type Promise Payoff | Credit awarded upon successful completion of a Zero TOTs balance | HRD  30 – days to receive | 2 |
| Complete Package Credit   * Note Type – Loss Mit Referral – SS * Note Type – Loss Mit Referral – DIL | Credit awarded upon receipt of complete package   * Active Workflow– Deed n Lieu * Active Workflow– Loss Mitigation – Short Sale * Active Workflow– Loss Mitigation Family Sale Pending | HRD  30 – days to receive | 1 |
|  |  |  |  |
| Marketing Extension Credit   * Note Type – Loss Mit Referral – Mkg Ext | Credit awarded for approval of Marketing Extension   * Active -Pending Marketing Extension Request Alert | HRD | 1 |
| At Risk Extension Credit   * Note Type – Loss Mit Referral – At Risk Ext | Credit awarded for approval of At Risk Extension   * Active At-Risk Extension Approval Letter Alert | HRD | 1 |

* + The Resolution credits/day will be multiplied by below grid to arrive at final Resolution Credits/day

|  |  |  |
| --- | --- | --- |
| **Resolution Credit Payout Distribution** | | |
| Tiers | % of Agents | Res Credit Multiplier |
| Tier 1 | 10% | 1.5 |
| Tier 2 | 20% | 1.25 |
| Tier 3 | 40% | 1.0 |
| Tier 4 | 20% | 0.7 |
| Tier 5 | 10% | 0.5 |

**Stella Star Rating**

Stella star rating payout of RM will be based on their individual Stella star rating performance in relation to all agents globally, based on below payout tiers.

|  |  |  |
| --- | --- | --- |
| **Stella Star Rating Payout Distribution** | | |
| Tiers | % of Agents | Stella Star Rating Multiplier |
| Tier 1 | 10% | 1.75 |
| Tier 2 | 20% | 1.50 |
| Tier 3 | 40% | 1.0 |
| Tier 4 | 20% | 0.50 |
| Tier 5 | 10% | 0.25 |

* The star rating payout for a given month will be based on average star rating at an individual agent level
* The actual payout pool for NPS payout will be distributed among all the RM’s qualified for NPS payout.
* Any employee who have not received any Stella surveys would get target pay they contributed to NPS pool

**Quality Assurance**:

* RMs with a monthly QA average score less than 90% will be disqualified from receiving any ICP for resolution credits. RMs achieving a QA average score of 90% will be eligible for 100% of their overall payout.
* Any un-utilized amount after the QA payout deductions, will be re-distributed among all eligible RM’s to enable 100% utilization of the payout pool.
* QA payout deductions will only impact the resolution credit portion of the payout of RM’s.

**ICP Payout Calculation Explanation**

1. **ICP Payout Pool funding**

* Target Pool is determined as number of RMs \* Target ICP (ex: US target is $600)
  + Example: If there are total 100 RMs with a target ICP of $600/RM, then target pool funding would be calculated as (100 X $600) = $60,000.
* All RMs in the department is considered together to determine the global target pool
* Once the target pool is determined, the final pool allocation would be calculated based on the level of achievement in the two department level metrics. Both these metrics carry 50% weightage

1. **Cure Rate achievement -** is defined by the cure rate achieved for the month compared to the target cure rate for the department for the quarter.

1. **NPS achievement -** is defined by the NPS result achieved for the month compared to the target NPS for the department for the quarter.

* The total ICP payout pool will be a combination of the two departmental KPIs (cure rate and NPS) based on the achievement level of each KPI.
* Example: If the target cure rate is 5.25% and the achieved cure rate for the month is 6%, the actual pool is 114.29% (6% / 5.25%) of target. Thus, the actual cure rate payout pool amount is = $60,000 \* 50% \* 114.29% = $34,287.
* Similarly, if the NPS target is 30% and the achieved is 32%, the actual pool is (100 + 32) / (100 + 30) = 101.54%, Thus the actual NPS payout pool amount is = $40,000 \* 50% \* 101.54% = $30,462
* The actual combined department payout pool would be 107.91% (average of 114.29% and 101.54%) of the target pool ($60000 \* 107.91%) = $64,746
* The actual combined pool would be = $34,287 + $30,462= $64,749 for in this example.
* The overall department payout will have a maximum of 115% of target and minimum of 85% of target
* The department payout pool will be shared between the departmental KPIs (cure rate and NPS) based on the achievement level of each KPIs for associate level distribution

1. **Associate Level Payout:**

* **Resolution Credits per day -** Payouts to RMs are based on an RM’s contribution to the total resolution credits per day earned in the department.
  + Example: Individual agent earned 11 credits/day. Average credits for all eligible agents is 100 credits/day. Associate receives 11/100 = 11% of agent’s contribution amount to the cure rate payout pool.
  + QA deductions, if any, will be applied on resolution credit payout for all HRD agents
  + Any un-utilized amount remaining after the QA payout deductions and resolution disqualifications will be re-distributed among all eligible associates to enable 100% utilization of the budget.
* **Stella Star Rating –** Payouts to RMs are based on RM’s Stella star rating results relative to global
* ranking, in reference to the above Stella Star Rating Payout Distribution Table. 
  + Example: Agent achieved average stella star rating of 4.5, which fell into Tier 2 of star

rating payout distribution. The score will be multiplied by the payout tier factor of 1.50,

resulting in a final adjusted score of 4.5\*1.5 = 6.75. If the average of all adjusted scores is

6.5, this agent’s star rating performance would be 6.75/6.5 = 103.85%. Therefore, the

agent would receive 103.85% of the agent’s NPS payout pool contribution amount.

* + Any unallocated amount from the NPS payout pool will be distributed to all stella star rating qualified agents proportionately.
* **QA –** Final Payout of an RM will be based on the quality score achieved.
  + Any un-utilized amount remaining after QA payout deductions will be re-distributed among all eligible associates to enable 100% utilization of the pool

**Other Considerations:**

1. **Written Warning:** RM will have 50% of their ICP deducted in the month in which they receive a written or final warning.
2. **Minimum work required for earning ICP**: RM needs to work minimum 12 days in a month to be eligible for ICP
3. **Corrections/Exceptions:** Any correction that is required to be made to an incorrect payout will be made in the following month’s ICP pay cycle or any exception(s) to ICP will need approval from the Business Unit Vice President or above.

**INCENTIVE CAP**

Business unit will not exceed 115% of the group target payout in any month. If the standard calculation for the ICP delivers a total payout amount greater than 115%, all incentive payouts will be reduced proportionally based on the below calculation to achieve the 115% maximum.

**TREATMENT OF EMPLOYMENT EVENTS**

* **New hires**.
  + **External New Hires** - For new hires/new to Ocwen, the 3-month probation begins the 1st full month that they received a pipeline. If they reach their HRD during their probation period, they can elect to receive their payout and waive their remaining probation period.
  + **Internal New Hires from Different BU** - internal transfers within Ocwen but from a different business unit, the 3-month probation begins the 1st full month that they received a pipeline. If they reach their thresholds during their probation period, they can elect to receive their payout and waive their remaining probation period. If the agent had an ICP in their prior position they will NOT be eligible for the ICP until the reach their thresholds.
  + **Internal New Hire from HRD changing to different role in HRD** *(example going from a RM role to a Team Lead)* - For new hires that are transfers from another position within our business unit, the 3-month probation begins the 1st full month that they are aligned a team. If they reach their thresholds during their probation period, they can elect to receive their payout and waive their remaining probation period. If the employee was receiving an ICP in their prior position, they may continue to receive an ICP payout during their probation period. The ICP payout will be the lesser of:
    - 1. Their prior 3-month ICP payout average
    - 2. The target payout for the position
* **Paid Time Off and/or Leave of Absence**. Employee needs to work minimum 12 days in a month to be eligible for ICP
* **Termination.** Except as outlined below or as directed by local laws and regulations, participants must be actively employed on the payment date to receive payment.

**PAYMENT**

Payment of incentives earned under this Plan will be paid concurrent with the last available payroll in the month following the end of the performance period. Payments will occur in the same manner as your normal paycheck (i.e. direct deposit, if elected). Payments will be offset by any amounts owed by the employee to the Company.

**OTHER TERMS & CONDITIONS**

1. **Plan**. The Plan is sponsored and administered by Ocwen Financial Corporation and its subsidiaries (collectively “Ocwen” or the “Company”), including but not limited to PHH Mortgage Corporation. Ocwen has the absolute right, in its sole discretion, to interpret Plan provisions and amend, modify or terminate the Plan at any time.
2. **Participation**. Upon presentation of this Plan document, the participant is considered to be bound by the terms and conditions of the ICP if they continue their at-will employment with the Company and accept payments earned under the Plan, unless local regulations require a signed acknowledgement.
3. **Employment-At-Will**. This Plan does not constitute a contract for employment nor provide any rights or promise to wages and/or future incentive awards.
4. **Conduct**. Employees are expected to adhere to all Company policies, including but not limited to the Code of Business Conduct & Ethics. A participant may be disqualified from this Plan at any time and for any reason at the sole discretion of the Company, including but not limited to change in business strategy or circumstances, employee misconduct, violation of Company policy or procedure, falsification of records, or manipulation of accounts. Any employee who is terminated with cause due to a violation of Company policy will not be entitled to receive any payment under the Plan.
5. **Governance**. This Plan is developed under Ocwen’s Incentive Compensation Plan (ICP) Global Governance Policy (“Policy”) which outlines the standards and guidelines for the development and administration of ICPs. Employees should report any disputes of Plan interpretation and/or violations or exceptions made to the Policy through senior management of their department and Human Resources.

**APPROVALS**

Director, Servicing Financial Operations – Kevin Bartulewicz Date

VP/SVP, Business Unit Date

EVP, Business Unit - Scott W. Anderson Date