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**Specialized Home Retention**

**INCENTIVE COMPENSATION PLAN**

**EFFECTIVE DATE**

This Plan is effective **1st December 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 (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:

* Specialized Home Retention Consultant – $700 – US and St. Croix
* Specialized Home Retention Consultant – INR 30,000 – India
* Specialized Home Retention Consultant – PHP 20,125 – Manila

**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**

* HRCs will earn credits as per ICP parameters. This includes activities related to loan resolutions
* Payout is tied to overall department performance metrics
* Payouts are distributed based on individual HRC ranking on credits earned
* Agents must achieve >75% of the team average in credits earned in order to qualify for ICP. For example, the group average is 20 credits per agent; 75% of 20 = 15 credits. Therefore, an agent must achieve 16 credits or better to qualify for ICP.
* Each team will be evaluated on the following performance metrics:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Team** | **Resolution Effectiveness / Credits** | **Customer Service / QA** | **Portfolio Management** | **Stella Star Rating** |
| Escalation | Yes | Yes | Yes | Yes |
| Litigation | Yes | No | Yes | Yes/No |
| Contested | Yes | Yes | Yes | Yes |
| Mediation | Yes | Yes | Yes | Yes |

1. **Resolution Effectiveness Credits** (Escalation, Litigation, Contested and Mediation,)

* HRC’s will earn credits based on various resolutions and milestones for accounts in their portfolio
* HRCs that achieve earned credits > than the average credits earned for their team will receive a 150% multiplier for their final credit count
* HRC’s are required to enter the following Pending Log Code Comments.
* Qualified 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 current month | HRD | 1 |
| Repayment Plan Receipt of Signed Agreement  Task - Receipt of Signed RPP | Credit awarded upon receipt of signed agreement  Has - Complete during 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 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 current month | HRD | 1 |
| Repayment Plan Completion  Task – Repayment Plan Satisfied | Credit awarded upon successful completion of a repayment plan Has -Complete during 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 complete date | HRD | 2 |
| 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 Compliance Certification | 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 document   * Receipt of Proof of Taxes Paid * Must have a complete date | HRD  30- days to receive | 1 |
| Payoff Credits   * Note Type Promise Payoff | * Credit awarded upon successful completion of a Zero TOTs balance | HRD  30- days to receive | 2 |
| Reinstatement Credits (>$2,000)  Note Type Promise Reinstatement Funds | * Credit awarded upon successful completion of a Zero TOTs balance | HRD  30- days to receive | 3 |
| Reinstatement Credits (<$2,000)   * Note Type Promise Reinstatement Funds | * Credit awarded upon successful completion of a Zero TOTs balance | HRD  30- days to receive | 1 |
| Complete Package Credit  Note Type – Loss Mit Referral – SS  Note Type – Loss Mit Referral – DIL | Credit awarded upon receipt of complete package  Active Workflow– Loss Mitigation – Short Sale  Active Workflow– Loss Mitigation Family Sale Pending | HRD | 1 |
| COVID Plan Credits (\*this is a temporary credit category specially added based on the nature of calls during the pandemic\*)   * Note Type – Loss Mit Referral – COVID | Credit awarded upon successful set-up of a COVID PLAN)   * ML 2020-06 Extension Approved - Active Alert | HRD valid until alert closed | 1 |
| Marketing Extension Credit  Note Type – Loss Mit Referral – Mkg Ext | Credit awarded for approval of Marketing Extension   * Pending Marketing Extension Request – Active alert | HRD valid until workflow closed | 1 |
| At Risk Extension Credit  Note Type – Loss Mit Referral – At Risk Ext | Credit awarded for approval of At Risk Extension   * At-Risk Extension Approval Letter - Active alert | HRD valid until workflow closed | 1  At-Risk Extension Approval Letter |
| Specialized HRC Review | Credit awarded for miscellaneous resolution | HRD valid 30 days | 1 |
| Consent to Judgement   * Note Type – Not interested – Walking away * Active Workflow – Foreclosure | Credit awarded for completed foreclosure sale on Consent to Judgement   * Foreclosure sale held must have a complete date | HRD valid 120 days | 1 |

1. **Quality Assurance** (Contested, Mediation, Advocacy, Escalation)

* 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.

1. **Portfolio Management** (Litigation, Contested and Mediation)

* HRCs will be evaluated on their ability to properly manage their pipeline. Agents will be expected to provide detailed status updates on each of the loans in their pipelines. Reporting will be provided to evaluate the HRCs efficiency. HRCs must provide a detailed update on every loan in their pipeline a minimum of one time per month. HRCs that complete 100% of the required updates will receive a full payout. HRCs that complete 95.0% to 99.99% of the required updates will receive a 70% payout. HRCs that complete 90% to 94.99% of the required updates will receive a 35% payout. HRCs that complete <90% of the required updates will be disqualified from any ICP.
* **Escalation**

HRCs will be evaluated on their ability to properly manage their pipeline. Agents will be expected to provide detailed status updates on each of the loans in their pipelines. Reporting will be provided to evaluate the HRCs efficiency. HRCs must provide a detailed update on every loan in their pipeline a minimum of four times per month . HRCs that complete 100% of the required updates will receive a full payout. HRCs that complete 95.0% to 99.99% of the required updates will receive a 70% payout. HRCs that complete 90% to 94.99% of the required updates will receive a 35% payout. HRCs that complete <90% of the required updates will be disqualified from any ICP.

1. **Stella Star Rating**

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

|  |  |  |
| --- | --- | --- |
| **Stella Star Rating Payout Distribution** | | |
| Tiers | % of Agents | Stella Star Rating Multipliers |
| Tier 1 | 10% | 1.75 |
| Tier 2 | 20% | 1.50 |
| Tier 3 | 40% | 1.00 |
| 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’ qualified for NPS payout

Any employee who have not received any stella surveys would get target pay then contributed to NPS pool

1. **Department Metric – Cure/Inventory %** (Escalation, Litigation, Contested, Mediation, Advocacy, and HOST Team)

* Monthly funding of the ICP payout pool is tied to overall department performance on cure %
* Cure % for a month is calculated as follows: Loans removed from inventory / Beginning of month inventory (contested, litigation, advocacy, mediation, and escalations) - excluding REO loans
* Cure % targets will be set by HRD SVP at the beginning of each quarter

1. **Calculations**
2. **ICP pool funding**

Target Pool is determined as number of RMs \* Target ICP (ex: US target is $700)

All RMs in the department is considered together to determine the global target pool

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 ($60,000 \* 107.91%) = $64,746

The actual combined pool would be = $34,287 + $30,462= $64,749 for in this example.

1. **Cure Rate Multiplier**

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.

\*\*Cure Rate

\*\*NPS Achievement

1. **Payout**

* Payout is based on the HRC’s contribution to the total credits for their particular process/team.
  + Ex: Total qualified HRC credits for the team = 100. Individual HRC makes 10 credits. HRC contribution is 10/100 = 10%. HRC gets 10 percent of the total pool.
  + Pool is calculated by using logic in parts 5-a & 5-b above. In addition, pool is affected by call queue disincentives when applicable.
* The actual pool will be distributed fully each month. Only amounts reduced due to other KPI’s deductions from agents will be redistributed among qualified HRC’s

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 arebased on RM’s Stella Star Ratings results globally, in reference to the above NPS Payout Distribution Table.
  + Example: Agent achieved a average Stella Star Ratings of 4.5, which fell into Tier 2 of Stella Star Ratings payout distribution. The score will be multiplied by the payout tier factor of 1.50, resulting in a final adjusted performance would be 6.75/6.5 =103.85%.Therefor, the amount would receive 103.85% of the agent’s NPS payout contribution amount
  + Any unallocated amount from the NPS payout pool will be distributed to all NPS 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

1. **Miscellaneous Calculation and Payoff Policies**

* Written Warning: HRC’s will lose 50% of their ICP in the month which they receive a written or final warning
* Minimum work required for earning ICP: An HRC needs to work minimum of 12 business days to be eligible for ICP
* 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 HRD 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 specialized ICP until the reach their HRD.
  + **Internal New Hire from SHRD changing to different role/team in SHRD** *(example going form a Contested agent to a Litigation agent)* - For new hires that are transfers from another specialized position within our business unit, 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. If the agent was receiving an ICP in their prior specialized 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**

16-12-2022

Director, Reverse Servicing Customer – Max Nieves Date

16-12-2022

VP/SVP, Business Unit - Sherri Goodman Date

16-12-2022

EVP, Business Unit - Scott W. Anderson Date