



Straight Into the FIRE

As the Chair of One of the Country's Largest Non-Bank Servicers, Phyllis Caldwell Drives Support of Ocwen's Diversity and Inclusion Initiatives

By Brian Honea

Typically, wherever there is smoke, there is fire. And wherever there is fire, there is Phyllis Caldwell moving in to help.

When Caldwell is asked why she has always run “toward the fire” throughout her career, she considers it a compliment.

She simply does not back down from a challenge, whether it's working in the Obama Administration to clean up the housing industry after the crisis or taking the helm at Ocwen Financial Corp. to help the company reclaim its leadership role in the mortgage industry following a string of legacy issues and regulatory problems over the last couple of years.

“I run toward the fire because I like to solve problems, but I'm generally an optimistic person,” Caldwell told *MReport* in an exclusive interview. “When you get through the fire, you come out on the other end, and things will work out.”

As the female African-American Non-Executive Chair of the Board

for a publicly-traded non-bank mortgage servicer with a portfolio containing more than 1.4 million loans nationwide—making Ocwen one of the country's largest non-bank servicers by loan volume—Caldwell knows that her work will be scrutinized more closely than that of her male counterparts.

And to her, that's okay. “I don't think it's bad or unfair,” she said. “I think it just is in the way that when you see change or see things that are different, people look at it and scrutinize it differently.”

At the same time, she said Ocwen has been welcoming of the change since she took over as Chair of the Board in March 2016. A finance and economic advisor by trade, Caldwell's position with Ocwen's Board of Directors is the latest of several key leadership roles she has filled over the last three decades—President of Community Development Banking with Bank of America, CEO of the Washington Area Women's Foundation, and Chief of the Homeownership

Preservation Office for the U.S. Department of Treasury (in the years immediately after the crisis), to name a few—that put her under an intense microscope.


“I do think there's scrutiny, but I don't think it has necessarily been bad,” Caldwell said, “and I don't think it has changed the way in which I would choose to lead, in part because in my own background as an executive in a large, public company, and then in the Treasury Department where you have a lot of public scrutiny. I'm also used to being in roles that are scrutinized whether it's gender or not.”

Caldwell took over as Chair of the Board at Ocwen during a critical time in the company's history. When she was elected Chair in March 2016 after serving as a Director on the Board for a year, Ocwen was only a little more than a year removed from a \$150 million settlement with the New York Department of Financial Services that resulted in the departure of Ocwen's founder and executive chairman, William Erbey.

The changes at Ocwen appear to already be paying dividends. In the third quarter of 2016, Ocwen reported a net profit of \$9.5 million—the first profitable quarter for the company in more than a year.

“First and most important, my role is to both lead the board as it oversees and supports the governance of Ocwen's management and the company's drive for change across the organization,” Caldwell said. “Second, I see the board as part of a new Ocwen. Starting in 2015, Ocwen's management team has really been on a path to put legacy issues behind it and embrace a culture of compliance, diversity, inclusion, and service excellence. Our board is actually coming together as an independent group with diverse backgrounds. We're setting the tone, I think, for a stronger, more responsive, and more diverse Ocwen.”

With Caldwell as Chair of the Board, Ocwen's focus for the future includes resolving the company's legacy and regulatory issues and ending various monitorships in a timely manner; investing in

A woman with short brown hair, wearing a purple button-up suit jacket, is smiling and standing in an office. Her right hand is on a desk, and her left hand is on her hip. The background is a blurred office setting with a painting on the wall.

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compliance, risk management, and service initiatives throughout all of the company's business units; helping struggling homeowners remain in their homes (Ocwen has granted more than 700,000 loan modifications since January 1, 2008); and growing the company's origination sector.

"On the origination front we continue to focus on enhancing our asset generation capability," Caldwell said, "which includes completing our build-out of our mortgage lending technology with the goal of growing our lending business into a top originator and diversifying through our commercial automotive floor plan lending business."

Caldwell added, "We believe non-bank servicers such as Ocwen fill an important role. A profitable, healthy, effective Ocwen is critically important to the stability of the U.S. housing market and for the non-agency RBMS market."

Time's Making Changes

The diversity and inclusion landscape in the industry in 2016 is quite different from 1987 when Caldwell's journey in the

industry began. Through it all, she has been what she calls a "participant observer" to the seismic shift that has taken place.

At the forefront of the change in the last 30 years has been the evolution of the industry from meeting mandated diversity quotas—"checking a box to hit certain diversity goals," as Caldwell puts it—to seeing diversity as a business imperative.

In other words, diversity and inclusion used to be something that companies were required to practice, and now it is simply the right thing to do for business.

"As others have tried to emulate those tools of success, it feels like in the last decade we've hit a tipping point, and that has become, in my view, more commonly accepted than it was years ago," Caldwell said, adding that diversity in business, "delivers benefits to customers, employees, shareholders, and that there's a lot of business value in having diverse perspectives around any table, whether it's at the boardroom or at the customer-facing level. I think it's been just a tremendous change throughout the industry."

Diversity and inclusion are particularly critical for the

mortgage industry because housing comprises such a large piece of the economy—after all, a home is considered to be a key component in wealth-building for U.S. citizens. For many, it will be the largest financial asset they own.

"It is a tangible asset that crosses a wide swath of the country," Caldwell said. "I think among industries, it is very, very important that this industry reflects the customers and the population in which we serve."

Diversity is not only the right thing to do in the mortgage industry, Caldwell said, but it also makes economic sense if you are going to serve a diverse customer base—which the population of first-time home buyers in the coming years is expected to be. And simply understanding diversity will not be enough as the industry serves a diverse population from origination on through the housing life cycle.

"It's not only understanding diversity, but really embracing it and having the workforce and the leadership reflect the people that are going to be buying houses, taking out mortgages, and refinancing homes is critical," Caldwell said.

'A Virtuous Circle'

Diversity and inclusion have notably become an area of focus for many companies in all industries in the past decade, and the mortgage industry is no exception.

"We've figured out that not only do you need to have a diverse employee base that reflects the customers in which you serve, but you need a culture of inclusion to allow those voices to be heard," Caldwell said.

But even with all the progress the mortgage industry has made, Caldwell said there are still more work that needs to be done.

"I think most companies are making strides," Caldwell said. "You have to continue to work at it. Diversity and inclusion are not easy, and so I think it's something where we will always have to be working, but as long as we stay focused on doing the right thing for customers, it will make business sense. I think if we start to see more people, more women and people of color in leadership positions, it helps build the pipeline. As you build the pipeline, you create more momentum for change in organizations."

The pipeline is not built by

Shaping the Diversity Agenda

Ocwen Financial Corporation has taken an active role in furthering diversity and inclusion in the mortgage industry over the last several years.

"Diversity and inclusion are an integral part of our core values, which are built on a commitment to integrity and ethical behavior," said Ron M. Faris, President and CEO of Ocwen. "We respect each team member's unique character and contributions."

Ocwen is a member of the American Mortgage Diversity Council (AMDC), an

independent organization formed in June 2015 with the focus of advancing the conversation of diversity and inclusion in the industry. In mid-November, Ocwen's Human Resources Leader for the company's U.S. Operations, Lola Oyewole, was named a member of the AMDC's Executive Council.

"Caldwell, along with our senior leadership team, sets the tone of diversity and inclusion throughout Ocwen," Oyewole said. "We are proud of the diversity and independence of our Board."

Ocwen has a section on its website dedicated

to diversity and inclusion that features the company's four areas of focus: leadership, workforce, vendor diversity, and community engagement.

"Ocwen's workforce represents varied backgrounds and experiences from throughout the world, a significant strength for Ocwen providing a competitive advantage," Faris said. "Because of our diverse workforce, we gain valuable insights from all levels of the organization that lead to better business solutions and more engaging work for our team members. Solid solutions come from using the talents of every individual."



COVER STORY

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accident or through natural progression, however. It takes effort from those in the industry—a combination of a general change in attitude combined with experience and exposure, Caldwell said. “As more people work in global companies and around different types of people, the more comfortable people get in those settings,” Caldwell said. “I think it’s a virtuous circle, if you will. Experience, if it’s good experience, begets change, which then creates more people with experience and more change.”

It Starts at the Top

Like any change in attitude, culture, or way of thinking at large organizations, diversity and inclusion at Ocwen start with the company’s leadership and trickle down.

Ocwen’s eight-member Board of Directors includes two women, two African-Americans, and one member who has worked largely outside the United States and has dual citizenship. Caldwell was chosen to be a member of the company’s Board of Directors in January 2015 because of her extensive experience in the housing and financial services industries both in the private sector and in government. She was elected Chair of the Board in March 2016. A month earlier, former Federal Housing Administration Commissioner Carol Galante was named to Ocwen’s Board of Directors.

The members of Ocwen’s Board come from a variety of professional backgrounds—from business consulting, to housing, to government, to banking, and even the clergy.

“I think we’re a racially, ethnically, and internationally diverse Board,” Caldwell said. “Plus we bring diverse experiences. I think it’s important to think of Ocwen as diverse all the way from the top of the house at the

Board of Directors through the workforce onto the clients which we serve.”

The diversity of Ocwen’s customer base—the 1.4 million mortgage loans in the United States that Ocwen services—include customers from all walks of life, all demographics, and all types of profiles.

“Because the customer base is diverse, diversity in our own workforce is a business imperative,” Caldwell said. “We have a workforce that is about 42 percent people of color. It’s a global diverse force because of our huge offshore presence in India, plus the diversity of teammates across the United States. Diversity and inclusion are not only a core value of the company, but are also just a critical way in which we do business.”

The industry will never reach a point of perfection as far as diversity and inclusion, Caldwell pointed out; the need for diversity and inclusion initiatives is perpetual. The challenge of making the industry more diverse and inclusive will always be there.

In other words, the fire will always burn. And as long as it does, Phyllis Caldwell will accept the challenge and run toward that fire. **M**



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